SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1965

No. 303

UNITED STATES, APPELLANT,

vs.

VON'S GROCERY COMPANY, ET AL.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CALIFORNIA

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[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION

Civil No. 336-60-WM

UNITED STATES OF AMERICA, Plaintiff,

v.

VON'S GROCERY COMPANY AND SHOPPING BAG FOOD STORES, Defendants.

COMPLAINT—Filed March 25, 1960

The United States of America, plaintiff, by its attorneys, acting under the direction of the Attorney General of the United States, brings this Civil Action to obtain equitable relief against the above-named defendants and complains and alleges as follows:

Jurisdiction and Venue

1. This complaint is filed and this action instituted against the defendants under Section 15 of the Act of Congress of October 15, 1914, c. 323, 38 Stat. 736, as amended by the Act of December 29, 1950, c. 1184, 64 Stat. 1125, entitled "An Act to supplement existing laws against unlawful restraints and monopolies and for other purposes," commonly known as the Clayton Act, in order to prevent and restrain the violation by the defendants, as hereinafter alleged, of Section 7 of said Act.

2. Both defendants transact business and are found within the Southern District of California.

Defendants

3. Von's Grocery Company, hereinafter referred to as "Von," is made a defendant herein. Von, a corporation organized and existing under the laws of the State of Delaware, maintains its principal offices in Los Angeles, California.

4. Shopping Bag Food Stores, hereinafter referred to as "Shopping Bag," is made a defendant herein. Shopping Bag, a corporation organized and existing under the laws of the State of California, maintains its principal offices in El Monte, California.

Trade and Commerce

5. There is a steady stream of commerce involved in the distribution of groceries and related products from producers located throughout the United States to consumers residing in the Los Angeles marketing area. Chains of supermarkets have become important factors in this flow of commerce. Such chains operate purchasing offices which are in contact with suppliers located throughout the United States to purchase and effect the shipment of substantial quantities of groceries and related products from producing facilities located in the various States to the chains' distribution centers and supermarkets in the Los Angeles area. Products shipped to the chains' distribution centers continue in the flow of commerce in trucks owned and operated by the chains to their supermarkets for distribution to the ultimate consumer.

6. In 1958 20 leading chains of supermarkets operating in the Los Angeles area purchased, distributed and sold groceries and related products having a retail value in excess of $1.1 billion and accounted for more than 50% of all grocery sales in the area. These chains competed intensively with each other and with other corporations and firms engaged in the purchase, distribution and sale of groceries and related products in the Los Angeles area.

7. Von is one of the leading chains of supermarkets in the Los Angeles area. It was incorporated in Delaware in 1958 and is the successor of incorporated and unincorporated business entities which have been engaged in the purchase, distribution and sale of a complete line of groceries and related products since 1932.

8. In the 1959 fiscal year Von operated 28 complete supermarkets in the Los Angeles area which had total annual sales of more than $85 million. All of Von's supermarkets are of the self-service, cash-and-carry type. The average annual sales of these supermarkets are in excess of $3 million per store.

9. Von also owns and operates a modern distribution center in a 216,000 square foot building located on a 20-acre tract of land in the Los Angeles area. This distribution center provides facilities to receive and re-ship groceries and related products to Von's supermarkets throughout the Los Angeles area. Von owns and operates approximately 33 tractors and 39 trailers which it uses for transporting merchandise from the distribution center to its various supermarkets. In the course of its business Von purchases, receives and distributes for re-sale in its supermarkets a substantial volume of groceries and related products which are produced outside the State of California.

10. Shopping Bag is also one of the leading chains of supermarkets in the Los Angeles area. It has operated under its present name since 1947, and is the successor to incorporated and unincorporated business entities which have been engaged in the purchase, distribution and sale of a complete line of groceries and related products in the Los Angeles area since 1933. In the 1959 fiscal year Shopping Bag operated 38 complete supermarkets in the Los Angeles area which had total annual sales of over $84 million. All of Shopping Bag's supermarkets are of the self-service, cash-and-carry type. The average annual sales of these supermarkets are more than $2.1 million per store.

11. Shopping Bag also operates a substantial distribution center to receive and re-ship groceries and related products to its supermarkets. To facilitate distribution through its supermarkets of the products received at its distribution center, Shopping Bag owns and operates a fleet of trucks, trailers and automobiles comprising about 166 units in all. In the course of its business Shopping Bag purchases, receives and distributes for re-sale in its supermarkets a substantial volume of groceries and related products which are produced outside the State of California.

12. In dollar sales Von was the third largest retailer of groceries and related products in the Los Angeles area and Shopping Bag was the fifth largest in 1958. In terms of the total number of markets operated, Shopping Bag was the sixth largest and Von was eighth largest. Combined, Von and Shopping Bag, with approximately 8% of total grocery store sales, will be the second largest chain of supermarkets

in the Los Angeles area in terms of dollar sales and number of supermarkets.

Offense Charged

13. Under a merger agreement between Von and Shopping Bag, dated January 25, 1960, and effective March 28, 1960, all assets and properties of Shopping Bag will be transferred to Von and all outstanding Shopping Bag stock will be converted into Von common stock. This acquisition by Von of Shopping Bag's assets and properties will violate Section 7 of the Clayton Act in that the effect, with respect to the above-described trade and commerce, may be substantially to lessen competition or to tend to create a monopoly, among other ways, as follows:

(a) Actual and potential competition between Von and Shopping Bag in the purchase, distribution and sale of groceries and related products may be eliminated.

(b) Actual and potential competition generally in the purchase, distribution and sale of groceries and related products may be substantially lessened.

(c) Shopping Bag will be eliminated as a substantial independent competitive factor in the purchase, distribution and sale of groceries and related products.

(d) Von's competitive advantages over smaller sellers of groceries and related products may be enhanced to the detriment of actual and potential competition.

(e) Independent retailers of groceries and related products may be deprived of a fair opportunity to compete with the combined resources of Von and Shopping Bag.

(f) The number of competing entities in the Los Angeles area available to producers and wholesalers of groceries and related products will be lessened.

(g) Mergers and acquisition on the part of other chains of supermarkets in the Los Angeles area may be fostered, thus causing a further substantial lessening of competition and tendency toward monopoly in the trade and commerce heretofore described.

(h) Concentration of ownership, management, and control of supermarkets in a few large corporations may be increased.

14. Defendants threaten to carry out the above-described Merger Agreement and plaintiff believes it will be carried out and that it will have continuous unlawful effects unless the relief hereinafter prayed for is granted.

Prayer

Wherefore, plaintiff prays:

1. That the proposed acquisition by Von of the properties and assets of Shopping Bag, described herein, be adjudged a violation of Section 7 of the Clayton Act.
2. That the defendants Von and Shopping Bag, their officers, directors, agents and all other persons acting on their behalf be enjoined from carrying out the Merger Agreement or any similar plan or agreement.
3. That a preliminary injunction issue against defendants preventing and restraining them from taking any action in furtherance of the Merger Agreement or any similar plan or agreement pending final adjudication of the merits of this complaint.
4. That plaintiff have such other and further relief as the Court may deem just and proper.
5. That plaintiff recover the costs of this suit.

/s/ William P. Rogers, Attorney General. /s/ Robert A. Bicks, Acting Assistant Attorney General. /s/ Charles L. Whittinghill, Attorney, Department of Justice. /s/ George B. Haddock, Attorney, Department of Justice. /s/ Laughlin E. Waters, United States Attorney. /s/ James J. Coyle, /s/ Theodore F. Craver, Attorneys, Department of Justice.

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60 WM

[Title omitted]

ANSWER TO COMPLAINT—Filed April 14, 1960

• • • • • • •

5. Admits the allegations contained in Paragraph 5 thereof.

• • • • • • •

James E. Bates and O'Melveny & Myers, Edward C. Freutel, Jr., William W. Alsup, William W. Vaughn, Richard E. Sherwood, /s/ by William W. Alsup, Attorneys for Defendant, Von's Grocery Co.

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60 WM

[Title omitted]

ORDER ALLOWING DEFENDANT LEAVE TO FILE AN AMENDED ANSWER—February 7, 1961

Good Cause Appearing Therefor, It Is Hereby Ordered that defendant may have leave to file an amended answer to the plaintiff's complaint herein. Said amended answer shall be in all respects the same as defendant's answer now on file except that Paragraph 5 shall be changed to read as follows:

"5. Denies each and every allegation contained in Paragraph 5 thereof, except admits that some of the products

sold in retail grocery stores in the Los Angeles area are produced or manufactured outside the State of California. Some such products are sold directly by the producer or manufacturer thereof to grocery companies which operate retail grocery stores in the Los Angeles area, and some are sold to said grocery companies by and through brokers, jobbers, wholesalers or wholesale cooperatives located in the State of California, after the same have been shipped to California. Such products are usually retained for a period of time in warehouses or distribution centers maintained by said grocery companies or by said brokers, jobbers, wholesalers or wholesale cooperatives, as the case may be, before being shipped by truck to the retail stores owned or operated by said grocery companies.

"Alleges in that connection that the retail sale of groceries and related products in the Los Angeles Metropolitan Area by said grocery companies and specifically by defendant to the public is entirely local in character and is not a part of any stream or flow of commerce, is not in interstate commerce and is not part of nor is it itself a line of commerce within the meaning or scope of Section 7 of the Clayton Act.

"Alleges further that the purchase of groceries and related products by said grocery companies and specifically by defendant from business concerns or persons who produce, manufacture or warehouse said products in the State of California is likewise local in character and is not a part of any stream or flow of commerce, is not in interstate commerce and is not part of nor is it itself a line of commerce within the meaning or scope of Section 7 of the Clayton Act."

Dated: February 7, 1961.

Wm. C. Mathes, Judge.

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60 WM

[Title omitted]

AMENDED ANSWER TO COMPLAINT—Filed February 7, 1961

Von's Grocery Co. (sued herein as "Von's Grocery Company and Shopping Bag Food Stores" and hereinafter referred to as "Von's") for answer to the complaint herein admits, denies and alleges as follows:

First Defense

1. Admits the allegations contained in Paragraph 1 thereof, except denies that this defendant has violated Section 7 of the Clayton Act either as alleged, or otherwise, or at all.

2. Answering Paragraph 2 thereof, this defendant admits that as of March 25, 1960 both Von's and Shopping Bag Food Stores transacted business and were found within the Southern District of California, but alleges that on March 28, 1960 the defendant Shopping Bag Food Stores was merged into Von's and the separate corporate existence of Shopping Bag Food Stores ceased and terminated on March 28, 1960.

3. Admits the allegations contained in Paragraph 3 thereof.

4. Admits that the allegations contained in Paragraph 4 were correct as of the date the complaint was filed, but alleges that on March 28, 1960 said defendant Shopping Bag Food Stores was merged into Von's and the separate corporate existence of Shopping Bag Food Stores ceased and terminated on that date.

5. Denies each and every allegation contained in Paragraph 5 thereof, except admits that some of the products sold in retail grocery stores in the Los Angeles area are produced or manufactured outside the State of California. Some such products are sold directly by the producer or manufacturer thereof to grocery companies which operate

retail grocery stores in the Los Angeles area, and some are sold to said grocery companies by and through brokers, jobbers, wholesalers or wholesale cooperatives located in the State of California, after the same have been shipped to California. Such products are usually retained for a period of time in warehouses or distribution centers maintained by said grocery companies or by said brokers, jobbers, wholesalers or wholesale cooperatives, as the case may be, before being shipped by truck to the retail stores owned or operated by said grocery companies.

Alleges in that connection that the retail sale of groceries and related products in the Los Angeles Metropolitan Area by said grocery companies and specifically by defendant to the public is entirely local in character and is not a part of any stream or flow of commerce, is not in interstate commerce, and is not part of nor is it itself a line of commerce within the meaning or scope of Section 7 of the Clayton Act.

Alleges further that the purchase of groceries and related products by said grocery companies and specifically by defendant from business concerns or persons who produce, manufacture or warehouse said products in the State of California is likewise local in character and is not a part of any stream or flow of commerce, is not in interstate commerce, and is not part of nor is it itself a line of commerce within the meaning or scope of Section 7 of the Clayton Act.

6. This defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 6 thereof, except that it believes the figures contained therein are generally accurate, and it admits that said chains competed intensively with each other and with other corporations and firms engaged in the sale of groceries and related products in the Los Angeles area.

7. Admits the allegations contained in Paragraph 7 thereof.

8. Admits the allegations contained in Paragraph 8 thereof.

9. Admits the allegations contained in Paragraph 9 thereof.

10. Admits the allegations contained in Paragraph 10

thereof were accurate as of the date the complaint herein was filed, but alleges that on March 28, 1960 said defendant Shopping Bag Food Stores was merged into Von's and the separate corporate existence of Shopping Bag Food Stores ceased and terminated on that date.

11. Admits the allegations contained in Paragraph 11 thereof were accurate as of the date the complaint herein was filed, but alleges that on March 28, 1960 said defendant Shopping Bag Food Stores was merged into Von's and the separate corporate existence of Shopping Bag Food Stores ceased and terminated on that date.

12. This defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 12 thereof, except that it believes the figures contained therein are generally accurate.

13. Denies each and every allegation contained in Paragraph 13 thereof, except admits and alleges as follows:

(a) Admits and alleges that under a merger agreement between Von's and Shopping Bag Food Stores dated January 25, 1960 and effective March 28, 1960, all assets and properties of Shopping Bag Food Stores were transferred to Von's, and all outstanding Shopping Bag Food Stores stock was converted into Von's common stock.

(b) Alleges that prior to said merger there was no actual or potential substantial or other competition between Von's and Shopping Bag Food Stores in the purchase or distribution of groceries and related products; that as between the great majority of the Von's and Shopping Bag Food Stores markets there was no competition, and with respect to none of said Von's markets was there any actual or potential substantial competition with any Shopping Bag Food Stores market in the sale of groceries and related products; that except as to a few locations the Von's and the former Shopping Bag markets did not draw patrons from the same neighborhood; that as to the few locations referred to the trading areas of the respective grocery stores do not overlap to any substantial degree.

(c) Admits that Shopping Bag Food Stores as a result of said merger has been eliminated as a separate entity, but in this connection alleges that the former

Shopping Bag markets will continue to operate and to compete; that there remain 38 chains of supermarkets and approximately 4,500 additional independent markets and supermarkets doing business in the Los Angeles Metropolitan Area; that there is and has been and will continue to be vigorous competition in the said metropolitan area between the stores of each of said chains and independent markets in the neighborhoods from which they draw customers; that competition will not be substantially lessened or affected adversely as a result of said merger.

(d) Alleges that Von's will not as a result of said merger gain a competitive advantage over independent or smaller sellers of groceries and related products; that a substantial majority of said sellers in the Los Angeles Metropolitan Area are members of one or more wholesale cooperatives; that by virtue of such membership said independent and smaller sellers are able to compete effectively with the grocery stores of the larger chains.

(e) Alleges that the merger of Von's and Shopping Bag Food Stores will not and cannot substantially or otherwise lessen competition or tend to create a monopoly in the purchase, distribution of sale of groceries or related products in the Los Angeles Metropolitan Area or elsewhere.

14. Answering Paragraph 14 thereof, alleges that said merger agreement was carried out on March 28, 1960 and denies that said merger has or will have continuous or any other unlawful effects.

Second Defense

15. Safeway Stores, Inc. is the largest grocery chain in the Los Angeles Metropolitan Area both in number of stores and in percentage of total sales of grocery and related products. Said Safeway Stores, Inc. does business in many states of the United States and has total annual sales in excess of $2,000,000,000 and it has total assets in excess of $400,000,000.

16. By reason of said merger Von's will be better able to compete with Safeway Stores, Inc.

Wherefore, defendant prays that plaintiff take nothing herein.

Dated: February —, 1961.

James E. Bates and O'Melveny & Myers, Edward C. Freutel, Jr., William W. Alsup, William W. Vaughn, Richard E. Sherwood. /s/ by William W. Vaughn, Attorneys for Defendant, Von's Grocery Co.

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60 CC

[Title omitted]

PRE-TRIAL CONFERENCE ORDER April 24, 1961 [AS AMENDED] —June 17, 1963

Following pre-trial proceedings under Rule 16 of the Federal Rules of Civil Procedure and Local Rule 9 of this Court, It Is Ordered:

I

This is an action brought by the Attorney General of the United States to prevent and restrain an alleged violation by the defendants of Section 7 of the Clayton Act (15 USC § 18).

Plaintiff is the United States of America. The named defendants are Von's Grocery Company and Shopping Bag Food Stores.

Prior to March 28, 1960 the defendants operated as separate corporations; subsequent to March 28, 1960 they have operated as a single corporation, under the name Von's Grocery Co. Where used in this order the word "defendants" refers to the separate defendants prior to the merger and to the combined defendants subsequent to that date. The answer and all subsequent defense pleadings have been filed by defendant Von's Grocery Company on behalf of both defendants.

The issues are raised by the complaint and by the answer and the amended answer filed herein, and by the statement of contentions of fact and law filed herein by the parties.

II

Federal jurisdiction is invoked upon the ground that Section 15 of the Clayton Act (15 USC § 25) invests the federal courts with jurisdiction to prevent and restrain violations of the Clayton Act. Plaintiff contends, and defendants deny, that the effect of the merger between the defendants in this case may be substantially to lessen competition or tend to create a monopoly in violation of Section 7 of the Clayton Act. The material and relevant portions of Section 7 of the Clayton Act read as follows:

> Sec. 7. That no corporation engaged in commerce shall acquire, directly or indirectly, the whole or any part of the stock or other share capital and no corporation subject to the jurisdiction of the Federal Trade Commission shall acquire the whole or any part of the assets of another corporation engaged also in commerce, where in any line of commerce in any section of the country, the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly.

III

The following facts are admitted and require no proof:

1. This action was commenced on March 25, 1960 when the Government filed a civil complaint charging that the merger between the defendants would violate Section 7 of the Clayton Act as amended.

2. The Government filed a motion for a temporary restraining order and motion for preliminary injunction on March 25, 1960 to prevent the consummation of the merger pending a resolution of the case on the merits by the Court.

3. On March 28, 1960 the Court denied the Government's motion for a temporary restraining order and on June 13, 1960 it denied the Government's amended motion for a preliminary injunction.

4. On March 28, 1960 the merger alleged in the complaint was consummated.

5. In a stipulation agreed to by the parties and approved by the Court on February 3, 1961, it was provided that trial shall be confined to the issue of whether the merger violates Section 7 of the Clayton Act as amended. In the event the Court determines that Section 7 has been violated, hearings will thereafter be held as to appropriate relief.

6. Defendant Von's Grocery Co. (hereinafter referred to as Von) is a publicly held corporation organized and existing under the laws of the State of Delaware. At the time the complaint was filed it maintained its principal offices in Los Angeles, California. Subsequent to the merger, Von has moved its offices to the former Shopping Bag headquarters at El Monte, California.

7. Von is one of the leading chains of supermarkets in the Los Angeles area. It is the successor of incorporated and unincorporated businesses which have been engaged in the purchase, distribution, and retail sale of a complete line of groceries and related products since 1932.

8. In the 1959 fiscal year, Von operated 28 complete supermarkets in the Los Angeles area which had total annual sales of approximately $85 million for an average of approximately $3 million in sales per store. All of the Von supermarkets are of the self-service, cash-and-carry type.

9. Prior to the merger, Von also owned and operated a modern distribution center in a 216,000 square foot building located on a 20 acre tract of land in the Los Angeles area. Direct railroad and truck shipments were made to this distribution center which provided facilities to receive and distribute groceries and related products to Von's supermarkets throughout the Los Angeles area. Von owned and operated approximately 33 tractors and 39 trailers which it used for transporting merchandise from the distribution center to the various supermarkets.

10. Subsequent to the merger Von sold its distribution center to a competitor and now uses the former Shopping Bag distribution center.

11. Prior to March 28, 1960, defendant Shopping Bag Food Stores (hereinafter referred to as Shopping Bag) was a publicly held corporation organized and existing under the laws of the State of California and maintained its principal offices in El Monte, California. On March 28, 1960, Shopping Bag was merged into Von and the separate

corporate existence of Shopping Bag was terminated on that date.

12. Prior to its merger into Von, Shopping Bag was one of the leading chains of supermarkets in the Los Angeles area. It was the successor to incorporated and unincorporated business entities which had been engaged in the purchase, distribution, and retail sale of a complete line of groceries and related products in the Los Angeles area since 1933. In the 1959 fiscal year, Shopping Bag operated 36 complete supermarkets in the Los Angeles area which had total annual sales of approximately $79 million for an average of approximately $2.1 million in sales per store. All of the Shopping Bag Stores were of the self-service, cash-and-carry type. [As amended.]

13. Immediately prior to the merger, Shopping Bag also operated a substantial distribution center which was served directly by railroad and truck, and which received and distributed groceries and related products to Shopping Bag supermarkets. To facilitate distribution to its supermarkets Shopping Bag owned and operated a fleet of trucks, trailers, and automobiles comprising about 166 units in all.

14. In 1958 Von ranked third and Shopping Bag fifth in terms of total sales by grocery stores in the Los Angeles Metropolitan Area. Von had approximately 4.1% and Shopping Bag approximately 3.9% of all grocery store sales in the Los Angeles Metropolitan area, as reported in the Food Topics Magazine study, which is discussed below. Shopping Bag ranked sixth and Von eighth in terms of total number of markets operated in this area in the same year.

15. On the basis of Food Topics Magazine combined Von and Shopping Bag rank second in terms of dollar sales and in terms of total number of supermarkets in the Los Angeles Metropolitan Area. Following the merger Von's total assets were approximately $42 million and it accounted for approximately 8% of all grocery store sales in the area.

16. In the course of their business both defendants purchased, received at their distribution centers, and sold in their supermarkets a substantial volume of groceries and related products which were produced outside of the State

of California, and which represented approximately 51% of all retail sales by the defendants.

17. Groceries and related products consist of, but are not limited to, the following: groceries, meats, produce, bakery goods, dairy products, delicatessen products, frozen foods, fruits, vegetables, household supplies, drugs, and sundries. They are the products taken as a whole which are generally distributed to the public by grocery stores and supermarkets. Taken as a whole these products constitute the relevant line of commerce in this case.

18. In 1959 the sale of food products accounted for approximately 90% of all sales by grocery stores in the Los Angeles area.

19. In the same period grocery stores accounted for a substantial part of all food sales for off-premise consumption in the Los Angeles area.

20. The relevant trade area in which the defendants operated prior to the merger was the Los Angeles Metropolitan Area, consisting of Los Angeles and Orange Counties.

21. Combined Los Angeles County and Orange County have also been defined by the Bureau of the Census as the Los Angeles Metropolitan Area since, taken together, they meet the tests set by the Department of Commerce in terms of population and commercial interchange.

22. Los Angeles ranks as the second largest metropolitan area in the United States in terms of population, income, and retail dollar sales.

23. Approximately 6,750,000 persons reside in the Los Angeles Metropolitan Area, and total retail sales in the area were approximately $9,100,000,000 in 1957, representing 42% of all California retail sales, 33% of total retail sales on the Pacific coast, and 25% of such sales in the 11 western states.

24. Since the beginning of World War II and particularly during the last 15 years, Los Angeles has been one of the most rapidly expanding areas in the United States.

25. The Los Angeles Metropolitan Area is more than a community. It is an appreciable trade area and a section of the country within the meaning of Section 7 of the Clayton Act.

26. Sales of groceries and related products in the Los

Angeles trade area are in the neighborhood of $2.5 billion annually.

27. Such products are produced, manufactured, processed or packaged by numerous suppliers located throughout the United States.

28. A substantial volume of groceries and related products originate outside the State of California and is shipped into the Los Angeles area where it represents approximately 51% of all retail sales of such products.

29. These products are shipped by air, truck, rail, and sea transportation into the Los Angeles area and subsequently sold by the defendants and other retail grocery firms to consumers in the Los Angeles area.

30. In order to maintain a supply of such products at all times the defendants and other retail grocery firms in the Los Angeles area purchase and distribute, or cause the distribution to their stores of new products to replenish or replace products sold. In the course of such distribution some of the products handled by the defendants are warehoused in their distribution center and some are not.

31. Some groceries and related products are perishable and must be sold to the ultimate consumer in a very short time.

32. A number of chains in the Los Angeles area operate purchasing offices staffed by full time employees who are in contact with suppliers located throughout the United States to secure and effect the shipment of substantial quantities of groceries and related products into the Los Angeles area from facilities located outside the State of California.

33. The buyers of groceries and related products employed by some of these chains occasionally make trips to other states and foreign countries to arrange the purchase and shipment of groceries and related products into the Los Angeles area.

34. As a result of their buying operations substantial quantities of groceries and related products which are produced or manufactured outside the State of California are shipped to distribution centers operated by the supermarket chains from which points they are delivered in trucks operated by the chains to the chains' retail stores for sale to consumers in the Los Angeles area.

35. Numerous retailers in the Los Angeles Metropolitan Area also receive from cooperatives groceries and related products which originated from suppliers located throughout the United States.

36. These cooperatives maintain warehouses and distribution centers which receive direct shipments of substantial quantities of groceries and related products from producing facilities located in various states and distribute such products in trucks to the retail stores operated by their members, pursuant to orders from such members.

37. Such cooperatives also maintain full time buying offices which are in contact with suppliers located throughout the country to effectuate the purchase and shipment to the Los Angeles area of groceries and related products. Such products are generally sold in retail grocery stores operated by the members of the cooperatives, but some cooperatives sell to non-members.

38. Alfred M. Lewis, Inc., which now does business as Orange Empire Co-Op, services numerous retail members and non-members in California, Arizona, and Nevada. Alfred M. Lewis, Inc. was formerly a grocery wholesaler but it now calls itself a cooperative. It has annual wholesale sales of approximately $280 million.

39. Numerous producers, manufacturers, processors, and packagers of groceries and related products located outside the State of California are represented by food brokers and manufacturers' representatives in the Los Angeles area who arrange for the distribution of their products to retail grocery firms in the Los Angeles area.

40. These brokers and manufacturers' representatives secure the shipment of products from warehouses located either inside or outside the state to retail grocery firms, cooperatives or other wholesalers in the Los Angeles area.

41. Von and Shopping Bag, prior to the merger, were engaged in interstate commerce and Von presently is engaged in interstate commerce.

42. In the last 20 years there has been an increase in the size of individual retail grocery stores in the Los Angeles area.

43. In the same period there has also been an increase in the size of individual retail grocery stores in other parts of the United States.

44. Since 1940 there has been a decrease in the number of grocery stores in operation in the Los Angeles Metropolitan Area.

45. During the same period there has been a decrease in the total number of retail grocery stores in the United States.

46. Prior to the merger the twenty leading chains of supermarkets in the Los Angeles Metropolitan Area were all a part of the retail grocery competition in the Los Angeles Metropolitan Area and as such each of these chains competed with each other and with other corporations and firms engaged in the purchase, distribution and retail sale of groceries and related products in the Los Angeles Metropolitan Area. As part of the competition, the major chains as well as other grocers frequently responded to competitive practices originated by one of the other major chains. But defendants contend that competition between individual Von and Shopping Bag stores was limited to those instances where a store of each company was so located that both could compete for some of the same customers and defendants admit that in such instances the competition was intensive. [As amended.]

47. Prior to the merger both defendants were competitive factors in the Los Angeles Metropolitan Area.

48. The order and importance of retail chains in the Los Angeles area can be found in various statistical tables. One such table appearing in Food Topics Magazine was used by the Government in preparing Government's Exhibit 8 for the hearing on the preliminary injunction and was introduced by the defendants as Exhibit A in that hearing. The parties agree that it is accurate in certain respects. However, both parties clearly understand that this table is an estimate and may introduce other statistics and figures which are at variance with estimates appearing in the Food Topics table.

49. Prior to the merger both defendants competed effectively against Safeway.

50. In the same period certain other chains and independents also competed successfully against Safeway.

51. Between 1949 and 1959, both defendants expanded into new areas, increased the number of their stores in operation, and increased their total dollar sales.

52. Prior to the merger some other chains and independents also increased their sales. Some other chains also expanded into new areas and increased the number of stores in operation.

IV

The reservations as to the facts recited in paragraph III above are as follows:

1. The parties reserve objections as to the admission in evidence of any of said facts on the ground of immateriality and irrelevancy.

2. The effect of the admission of the parties to each and all of said facts is limited to this action only and said admission is for the purpose of this action only and neither constitutes an admission by either party for any other purpose nor may be used against the parties in any other proceeding.

3. The parties reserve the right to submit statistical information which may be inconsistent with material appearing in the Food Topics study.

V

There are no facts which, though not admitted, are not to be contested at the trial by evidence to the contrary.

VI

The issues which are to be litigated upon the trial are maxed issues of fact and law. It was found that the clearest way to set them forth was to treat them in part VIII of this order which has been broadened to include issues of fact and law.

VII

The exhibits to be offered at the trial will be exchanged by the parties in accordance with the pre-trial stipulation approved by the Court on April 18, 1961. The exhibits upon which the Government intends to rely are set forth in Appendix A of this order. The exhibits upon which the defendants intend to rely are set forth in Appendix B of this order.

VIII

The issues of fact and law in this case are set forth below. In setting forth the issues the parties have noted the instances in which issues are the subject of agreement between the parties.

1. Were both defendant corporations engaged in interstate commerce and subject to the jurisdiction of the Federal Trade Commission?

The parties are in agreement that the answer as to this issue is in the affirmative.

2. Does the Court have jurisdiction to determine whether the merger of the defendants in this case violates Section 7 of the Clayton Act?

The parties are in agreement that the Court has jurisdiction to determine this issue.

3. What are the relevant issues to be determined by the Court in a Section 7 Clayton Act proceeding?

The parties agree that the relevant issues are: (a) the line of commerce, (b) the section of the country, and (c) whether the effect of the merger may be substantially to lessen competition or to tend to create a monopoly in any line of commerce in any section of the country.

4. What is the meaning of the word "may" in Section 7 of the Clayton Act?

The parties agree that the word "may" in Section 7 of the Clayton Act means more than "mere possibility" and less than "certainty or actuality". The Government need not prove that any substantial lessening of competition or tendency to create a monopoly has actually occurred, but it must prove that there is a reasonable probability of the merger producing the prohibited effects.

5. Who has the burden of proof as to these issues?

The parties agree that the plaintiff has the burden of proof as to each of these issues.

6. The parties' agreements with respect to issues stated in paragraphs 9, 12, and 13, below, and with respect to paragraphs 17 and 46 in Part III above, are subject to the following reservations which are issues in this case [as amended]:

(a) The Government contends that both the interstate and the intrastate activities of the defendants and other retail grocers in the Los Angeles Metropolitan Area who are otherwise covered by the statute are within the scope of Section 7 of the Clayton Act because all such activities affect interstate commerce or are a part of the interstate flow of groceries and related products.

(b) The defendants do not agree that intrastate activities of the defendants and other retail grocers in the Los Angeles Metropolitan Area are within the scope of Section 7 of the Clayton Act.

(c) The defendants assert that the Los Angeles Metropolitan Area is not the relevant section of the country as to the wholesale purchase and sale of groceries and related products. The Government assumes no burden of proof as to the relevant section of the country at the wholesale level since it intends to base its case on the probable effects of the merger in the relevant section of the country for grocery retailers, which is the Los Angeles Metropolitan Area.

The contentions of the parties with respect to these matters are set forth in the parties' respective memoranda of contentions of fact and law and will be discussed in detail in their respective pre-trial briefs.

7. Is the line of commerce in a Section 7 Clayton Act case any product or group of products which have sufficient peculiar characteristics and uses to make them distinct from all other products?

The parties are agreed that the answer to this issue is in the affirmative.

8. Do groceries and related products, taken as a whole, have peculiar characteristics and uses in the operation of

retail grocery stores which make them distinguishable from all other products?

The parties agree that the answer to this issue is in the affirmative.

9. Are groceries and related products the relevant line of commerce for determining whether this merger violated Section 7 of the Clayton Act?

The parties are in agreement that the answer to this issue is in the affirmative.

10. Is the section of the country in a Section 7 Clayton Act case the area of effective competition?

The parties are in agreement that the answer to this issue is in the affirmative.

11. Need the section of the country in a Section 7 case be the entire nation? If not, may it be any appreciable segment of the trade which is largely segregated from, independent of, and not affected by the trade in that product in other parts of the country?

The parties agree that the relevant section of the country need not be the entire nation.

12. Is the Los Angeles Metropolitan Area the relevant section of the country for determining the effect of this merger?

The parties are in agreement that the answer to this issue is in the affirmative.

13. When the Court has determined the relevant line of commerce and the relevant section of the country, is the sole issue remaining whether the effect of the merger may be substantially to lessen competition or to tend to create a monopoly in said line of commerce in said section of the country?

The parties are in agreement that the answer to this issue is in the affirmative.

14. What are the factual and legal tests which the Government must meet in proving that the effect of this merger may be substantially to lessen competition in violation of Section 7 of the Clayton Act?

The parties do not agree as to this issue. Their positions on the issue are set forth in their respective memoranda of contentions of fact and law and will be discussed in detail in their respective pre-trial briefs.

15. What are the factual and legal tests which the Government must meet in proving that the effect of this merger may be to tend to create a monopoly in violation of Section 7 of the Clayton Act?

The parties do not agree as to this issue. Their positions on the issue are set forth in their respective memoranda of contentions of fact and law and will be discussed in detail in their respective pre-trial briefs.

IX

The foregoing admissions having been made by the parties, and the parties having specified the foregoing isues of fact and law remaining to be litigated, this order shall supplement the pleadings and govern the course of the trial of this cause, unless modified to prevent manifest injustice.

Dated: April 24, 1961

/s/ William Mathes, United States District Judge.

X

In view of the fact that the pre-trial conference order dated April 24, 1961 was amended during the trial by stipulation and with the approval of the Court, it was deemed desirable to file a substitute pre-trial order in order to consolidate all of the matters into one written document.

Dated: June 17, 1963

Charles H. Carr, United States District Judge.

Approved as to form and content:

Malcolm F. Knight, Attorney, Department of Justice
Johnson, Bates & Sheffield and O'Melveny & Myers. By William W. Vaughn, Attorney for Defendants.

UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF CALIFORNIA

Office of the Clerk
Room 231, U. S. Post Office & Court House
Los Angeles 12, California

June 21, 1961.

James J. Coyle,
Theo F. Craver
Special Asst to
Attorney General
312 North Spring St.,
Los Angeles 12, California

Wm. W. Alsup
O'Melveny & Myers
433 South Spring St.,
Los Angeles 13, California

James E. Bates
Suite 340
727 West Seventh Street
Los Angeles 17, California

Re: United States of America

vs.

Von's Grocery Co., et al

Civil Case No. 336-60-WM

Gentlemen:

You are hereby notified that the Trial scheduled on the calendar of August 1, 1961 in the above-entitled cause, have been continued, on the Court's own motion to 9:30 AM on October 31, 1961.

John A. Childress, Clerk, By R. T. Ericksen, Deputy Clerk.

IN THE UNITED STATES DISTRICT COURT

No. 336-60-WM Civil

[Title Omitted]

At: Los Angeles, Calif.

Present: Hon. Wm. C. Mathes, District Judge;
Deputy Clerk: W. E. Payne
Reporter: none
Counsel for Plaintiff: no appearance
Counsel for Defendant: no appearance

MINUTE ENTRY OF ORDER—SEPTEMBER 21, 1961

Proceedings:

It is ordered that trial of this case is continued from Oct. 31, 1961, to Nov. 14, 1961, at 10 AM. Counsel notified.

IN THE UNITED STATES DISTRICT COURT

No. 336-60-S Civil

[Title Omitted]

At: Los Angeles, Calif.

Present: Hon. Albert Lee Stephens, Jr., District Judge;
Deputy Clerk: Chas. E. Jones
Reporter: Virginia Wright
Counsel for Plaintiff: Malcolm Knight, Assistant U.S. Attorney for USA, John F. Hughes, Assistant U.S. Attorney for USA
Counsel for Defendant: Von's: Wm. W. Alsup

MINUTE ENTRY OF ORDER—NOVEMBER 14, 1961

Proceedings: For Court trial.

Court orders that trial date of Nov. 14, 1961, is vacated, and case is now set for pretrial Dec. 18, 1961, 2 PM.

IN THE UNITED STATES DISTRICT COURT

No. 336-60-CC Civil

[Title Omitted]

At: Los Angeles, Calif.

Present: Hon. Charles H. Carr, District Judge;
Deputy Clerk: L. B. Figg
Reporter: none
Counsel: James J. Coyle, for Plaintiff U.S.A., Att'y Anti-Trust Div., Dep't of Justice.
Counsel: Wm. F. Alsup, Wm. Vaughn, for Defendant

MINUTE ENTRY OF ORDER—FEBRUARY 19, 1963

Proceedings:

Court and counsel discuss procedural matters, and it is ordered that the case is set for trial 10 AM, June 11, 1963.

[fol. 1] IN THE UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION

Honorable CHARLES H. CARR, Judge Presiding

No. 336-60-CC Civil

UNITED STATES OF AMERICA, Plaintiff,

v.

VON'S GROCERY CO., ETC., Defendants.

Transcript of Proceedings—June 11, 1963

• • • • • • •

[fols. 2-3] APPEARANCES:

For the Plaintiff: James J. Coyle, John F. Hughes, Malcolm F. Knight, Attorneys for the U.S. Department of Justice, Antitrust Division, 1602 Federal Building, Los Angeles, California.

For the Defendants: O'Melveny & Myers, 433 South Spring Street, Los Angeles, California; by William W. Alsup, William W. Vaughn and Johnson, Bates & Sheffield, 727 West 7th Street, Los Angeles, California; by James E. Bates.

[fol. 4] Los Angeles, California, Tuesday, June 11, 1963, 10:00 A.M.

COLLOQUY BETWEEN COURT AND COUNSEL

The Clerk: Case No. 336-60-CC Civil, United States of America vs. Von's Grocery Company, and so forth, for court trial.

Mr. Coyle: Ready, your Honor.

Mr. Alsup: The defendants are ready, your Honor.

The Court: Proceed.

Mr. Coyle: If your Honor please, I am James Coyle, representing the United States Government in this case.

In view of the lengthy briefs that have been filed, I don't know whether the court wants an opening statement. But I am prepared to make a very brief opening statement.

The Court: Well, I would like to know how you propose to present the case. It is all in already, isn't it?

Mr. Coyle: Pretty much, your Honor, yes.

The Court: You have no oral testimony, have you?

Mr. Coyle: Yes, we do. We have three witnesses we propose to call.

The Court: Why couldn't you do it by affidavit?

Mr. Coyle: Your Honor, we have done some by affidavits——

[fol. 5] The Court: I understand you have, but I am talking about these three.

Mr. Coyle: These three that we submitted summaries of testimony on the evidence of these three—two of the three have been deposed. But we had intended to call these three to give the court some live testimony.

The Court: It won't impress me any more than the—whatever the unlive is.

Mr. Coyle: Yes, your Honor.

The Court: Go ahead. How long will you take with them?

Mr. Coyle: We propose to take a day with the witnesses and the exhibits.

The Court: The exhibits in what fashion?

Mr. Coyle: The exhibits are introduced by affidavit, your Honor. We have them bound in a book. I don't know whether your Honor has that book or not.

The Court: This is the book here?

Mr. Coyle: Yes, your Honor. And each exhibit is involved in the affidavit. It is a looseleaf——

The Court: I thought in your brief that you had covered all of this material, haven't you?

Mr. Coyle: I think we pretty well covered the material. But I propose to go through the exhibits, if the court so desires——

[fol. 6] The Court: Well, I will give you ample time, of course, counsel——

Mr. Coyle: No, I didn't mean that. I thought the court might want us to go through the affidavits and introduce the exhibits one by one.

The Court: I don't think it is necessary. Why don't you just put all the exhibits in at one time?

Mr. Coyle: I will do that, your Honor.

The Court: Unless there is some procedural difficulty. Is there, counsel for the defense?

Mr. Alsup: No procedural difficulty, your Honor. There are objections to some of them.

The Court: What is the general basis of your objections?

Mr. Alsup: Well, in large part lack of materiality, going beyond the pretrial order, in some cases presenting an incomplete picture.

For example, we have exhibits showing Von's and Shopping Bag were merged in 1958, and failing to disclose that they were merged in 1960, and that since 1960 some of their top leading chains have gone out of business.

They create an incorrect impression of market share. But I can cover that in argument or in——

The Court: Well, I was going to say, counsel, I have a [fol. 7] practice that many judges probably don't have. I just disregard immaterial stuff. I think I have had enough experience to know immaterial from material, and hearsay from non-hearsay, and I just don't pay any attention to it.

Whenever a witness on this stand gives hearsay testimony—unless it is expert opinion—I just close my ears. I don't hear it. So it is a waste of time for a lawyer to ask for a hearsay answer in this court. I don't even listen to it.

Now, I will let you make your objections if you think your record ought to be protected, naturally. But I will tell you now if it is immaterial—and you will point out how it is immaterial—I will completely disregard it. I won't even read it.

Mr. Alsup: That is perfectly satisfactory to me, your Honor.

I would like to make a brief comment upon, if I may, the hearsay matter.

Some surveys which were made for the purpose of determining——

The Court: There are exceptions, counsel——

Mr. Alsup: Which were made for the purpose——

The Court: I understand the exceptions, I think I do, most of them.

Mr. Alsup: Better than I, I am sure, your Honor.

[fol. 8] The Court: I am not saying that, but I think I

understand it—at least I read Wigmore through from the front page to the back. That I have done.

Mr. Alsup: I have not.

Well, I think then, your Honor, that to receive——

The Court: But I don't want to preclude you, counsel, from protecting—if you feel that there is some error that might be prejudicial, I certainly want you to protect your record. But I am telling you, so that I will save you the time, that I will not pay any attention to any incompetent testimony.

Mr. Alsup: Your Honor, I am sure that being so, I will not be prejudiced.

The Court: As I understand this case, gentlemen, we are down to really one issue, really one issue, and that is: Does it substantially lessen competition? Isn't that the real issue in this case?

Mr. Coyle: Yes, your Honor.

The Court: What other issue do we have?

Mr. Coyle: Whether it tends to substantially lessen competition.

The Court: I believe you are contending that the interstate commerce feature of it is raised.

Mr. Alsup: We have raised that issue, your Honor.

The Court: Are you serious about it?

[fol. 9] Mr. Alsup: Yes, very serious, your Honor.

The only comparable case under Section 7 is U.S. vs. Byrd involving the Daily Journal, decided by the Ninth Circuit a year and a half ago, and holding that section does not apply to the acquisition of these competing advertising newspapers.

Now, that is only one of our arguments, your Honor. And I must say we are much more convinced by our other argument. But we feel it is a very valid argument.

The Court: I see. Well, my first impression is that I am probably against you on the store.

Mr. Alsup: I think, your Honor, that would be true but for the fact that the pretrial order makes it very clear that the effect, if any, of this merger on suppliers is not an issue.

The Court: That is correct. That is what your pretrial order says.

Mr. Alsup: Right. So what we are really talking about

in this case now then is competition between retail stores and a local two-county area of one state. And we feel it is a valid point but——

The Court: Well, let me put it this way: I believe in the more or less Socratic method of disposing of these discussions. So if both sides, the court and the lawyers, discuss it in that way and arrive at some understanding [fol. 10] and some conclusion based upon reasoning, the reasoning process. Judge Cardozo calls it the judicial reasoning process. And I need the assistance of both counsel on both sides.

Now, I understand your point, and that is, since you have eliminated by your pretrial order the situation of suppliers, I understand your position is that therefore interstate commerce is not affected. It is local in its nature, is that right?

Mr. Alsup: That is correct. This case deals with competition in the local retail area.

Mr. Coyle: Well, your Honor, we feel——

The Court: Well, counsel, I was concerned when I read the pretrial order about that situation because by the pretrial order you have said—do you remember the paragraph?

Mr. Coyle: I don't remember the paragraph, I am looking for it, your Honor.

Mr. Alsup: I think it is paragraph 86(2), your Honor, I believe.

The Court: Do you have the page, counsel?

Mr. Coyle: Yes.

Mr. Alsup: Your Honor, it it pages 11 and 12.

The Court: Page 11?

Mr. Alsup: And 12. It runs over to 12.

[fol. 11] The Court: But there is a specific statement somewhere, counsel. That is not it, is it? The one I am referring to, I think, just says plainly that it eliminates the suppliers.

Mr. Coyle: I don't think there is any statement on that, to that effect.

The Court: But that is strange, I read it last night.

Mr. Alsup: We made that last statement in the brief, your Honor.

The Court: I thought I saw it in the pretrial order. Maybe I am in error about it. Maybe I got it from the brief.

Mr. Coyle: I don't think we ever said that, your Honor.

I think that all we said was that we were going to prove its effect, that in the Los Angeles Metropolitan Area, and and we were not worried about the effect in the other areas. But we have never said this would affect the interstate commerce flow of groceries, because it obviously will because obviously there were two concerns buying groceries, Von's and Shopping Bag and now there is one. That would automatically affect interstate commerce because——

The Court: Well, I thought—maybe I am mixed up with the brief, but I thought that the—I got the impression that [fol. 12] in the pretrial order there was elimination of the suppliers. Am I wrong about that?

Mr. Coyle: As far as I know, your Honor, you are.

The Court: I see.

Mr. Coyle: All we stipulated was that this was over the area of competition. Now——

The Court: That part I understand, your stipulation as to the line of commerce——

Mr. Coyle: The relevant area——

The Court: The section, you have stipulated to that.

Mr. Coyle: Yes, there is no question in our mind but what we are content that the retail sale of groceries, the purchase, distribution and sale of groceries by the retail grocery chains in the Los Angeles Metropolitan Area is part of this general flow of interstate commerce——

The Court: Well, I agree with you, except I had gotten the impression that by the pretrial order you had eliminated suppliers. So if I am in error about that, of course I go back to my original position, that it would certainly have an indirect effect and maybe a direct effect on interstate commerce.

Mr. Coyle: We have said we are not going to call any suppliers to prove that suppliers are injured, because we don't think that is necessary. But other than that—— [fol. 13] The Court: I see. Then I guess I am in error about that, counsel.

Mr. Alsup: Yes, your Honor, although I would like to add this: When we say that the relevant section of the country is the Los Angeles Metropolitan Area, that necessarily eliminates suppliers from the case, because some of the suppliers are interstate and some intrastate.

We agree that the relevant product line is groceries and related products taken as a whole.

And where they disprove any intent—disclaim any intent to prove the relevant section of the country on the wholesale level, it seems to me it necessarily follows that takes the supplier issue out of the case.

Now, we have admitted in the pretrial order proceedings that we are engaged in the interstate commerce——

The Court: Well, I think probably we are doing the age-old thing that lawers and judges do. We are in the field of semantics again.

So we will proceed and find out what happens.

Mr. Alsup: Thank you.

The Court: But my offhand impression is that the commerce feature is pretty much obvious in the case.

Mr. Alsup: I agree with your Honor. The commerce feature is obvious in the case and I must say I would feel a lot worse about this case if that were the——

[fol. 14] The Court: Well, I was rather thinking, divining that that would be your thinking.

Go ahead, counsel.

Mr. Coyle: Your Honor——

The Court: May I ask you about these experts? Who are they, professors?

Mr. Coyle: Your Honor, we don't have any experts on our case in chief. These witnesses that we have are government statisticians, a man from—a former economist from the Department of Justice.

The Court: I see.

Mr. Coyle Who made some charts. And another man from the FBI who made some charts. And a man from the State Board of Equalization.

The Court: Just to show facts, economic facts, is that right?

Mr. Coyle That is correct, your Honor.

The Court: I see.

Mr. Coyle: We do have some experts as rebuttal witnesses, depending upon your Honor's ruling on certain of the expert testimony that defendants are offering.

The Court: Well, counsel, I want to hear any expert testimony that will enlighten me, but not just to hear somebody's opinions that are no better than my opinions.

Mr. Coyle: We don't——

[fol. 15] The Court: I hope we don't get into that——

Mr. Coyle: We don't have any expert to testify as to the ultimate issues, your Honor.

The Court: Yoy know, some of these economists—I want to tell you—are off to start with. They ought to be examined.

Mr. Coyle: If your Honor please, then I would offer in evidence all of the government's exhibits, starting with exhibit 1——

The Court: Any objection to this method?

Mr. Coyle: Exhibits 1 through 71.

The Court: They will all be admitted into evidence.

Now, if you have any objections, counsel, you can seriatim go down now on each one and state your objections.

Mr. Alsup: We had some serious objections, your Honor, to certain statistical exhibits prepared by the State Board of Equalization. But since we have the deposition and the affidavit of that man which we feel discredit the effect to be given to those exhibits, and in view of your Honor's prior statement, we are not going to make any objection.

The Court: Very well.

All right. They will all be admitted in evidence.

[fol. 16] The Clerk: That is Plaintiff's Exhibits 1 to and including 71 marked and received.

(The exhibits referred to were marked and received in evidence as Plaintiff's Exhibits 1 to 71.)

Mr. Coyle: Now, your Honor, we do have the problem of these affidavits, and as to our industry witnesses, I think at the last pretrial conference the court said that it wasn't necessary to submit affidavits. So we submitted summaries as to what the individual industry witnesses would testify to. And then the defendants deposed them on the basis of those summaries.

The Court: Well, that was my understanding.

Is that correct, counsel?

Mr. Alsup: Yes, your Honor. We agreed that we could do it either by statement of what they would testify to, or by affidavit.

The Court: Well, now, then, what do you want to do, put these in evidence?

Mr. Coyle: I suppose we had better put the affidavits and the summaries in evidence then, in view of this procedure. We will put them all in.

Mr. Alsup: And the depositions.

Mr. Coyle: And the depositions, yes.

Now, I suppose they would have to be marked, wouldn't [fol. 17] they?

The Court: I think they should be, yes.

Mr. Coyle: Perhaps we could call our witness and have him testify and then at recess perhaps we could mark the——

The Court: Does it take quite a bit of marking, counsel?

Mr. Coyle: No, it wouldn't take much.

The Court: May I just see it, please? Pass it to me, Mr. Clerk, the affidavits—I thought you had them in one group.

Mr. Coyle: These are the summaries of the industry witnesses, what the industry witnesses will testify——

The Court: I see. I wonder if we can't just put this in as a whole.

Mr. Coyle: I suppose we could, your Honor.

The Court: Any objection to that?

Mr. Alsup: No, your Honor. I assume that will be copied into the record, along with the depositions of the witnesses immediately following it. We need the record——

The Court: Yes, that is correct. You do need a record.

Now, I wonder, rather than have the lawyers stand here in court and read them into the record, I wonder if they can be copied in by the reporter. Is there any problem [fol. 18] there?

Mr. Alsup: No, your Honor.

The Court: Why don't we have it done that way?

Mr. Alsup: Then we would not have them marked as exhibits, they would be copied into the record immediately following——

The Court: I think just as an order of caution, I will have it marked as an exhibit and then she will know to copy that into the record. So you won't have to take it up on an appeal, you can eliminate it, once it is copied into the record. Is that satisfactory?

Mr. Alsup: That is very satisfactory, your Honor.

I might mention in this connection that they have 30

statements virtually identical of all of their so-called industry witnesses.

We took the depositions of 18 of them. We then entered into a stipulation with counsel that the 18 were representative of what the remaining 12 would be testifying to. So I think that should be in the record, too.

The Court: It certainly should. The stipulation is—where is the stipulation?

Mr. Coyle: It is filed with the court.

The Court: It is filed?

Mr. Alsup: It is filed, yes, your Honor.

The Court: Well, that stipulation is on file as part of [fol. 19] the record. Then I think there is nothing further required, is there?

Mr. Alsup: Nothing, your Honor.

The Court: Unless you want it copied in at the time it is copied in in connection with the—let's mark this first. Mark this as an exhibit.

The Clerk: That will be Plaintiff's Exhibit No. 72.

Mr. Coyle: 72.

(The exhibit referred to was marked Plaintiff's Exhibit 72 for identification.)

The Court: 72, for the record, contains—state it, counsel, what it contains.

Mr. Coyle: Government's Exhibit 72 contains statements of proposed testimony which we expect to elicit from the government's industry witnesses.

The Court: Well, these are filed in lieu of those by stipulation with counsel for the defense, is that correct?

Mr. Coyle: Yes.

The Court: Is that correct, counsel?

Mr. Alsup: I am not sure I understood that, your Honor. I am sorry.

The Court: Well, these—these are called affidavits or narrative statements, which?

[fol. 20] Mr. Coyle: Narrative statements.

The Court: Narrative statements?

Mr. Coyle: Yes.

The Court: Which are the testimony, or would have been the testimony of the witnesses had they been called to the stand. This is filed in lieu of calling these witnesses to the stand.

Mr. Alsup: That is correct, your Honor.

The Court: And this is by stipulation.

Mr. Alsup: And after each such statement as it appears in the record will then be copied the deposition.

The Court: Now, that is a problem that the reporter—I don't know how she will work that out there. How are we going to do that?

Mr. Coyle: There will be a lot of typing for her.

The Court: Well, what she does is to dictate, I think, and then someone else does the typing. So if she has the material at the proper place—I am talking about placing it—you want it to go in the record, the affidavits or the depositions. From what you say you want it to go in following the testimony of the narrative statement of that particular witness, is that correct?

Mr. Alsup: Yes, your Honor, right. And all of these depositions have been filed and they are here in court.

[fol. 21] The Court: Well, the reporter is instructed to copy the depositions of those particular persons right after the narrative statement that she copies from Exhibit 72. Is that understood?

Mr. Alsup: Your Honor, the stipulation as to the remaining 12, whom we did not depose, was filed on May 7th, 1963. And it is very short, I wonder if it might not be just as well to read that into the record at this time.

The Court: That is perfectly all right, if you care to.

Mr. Alsup: Yes, your Honor.

The Clerk: 72, I presume, is admitted in evidence?

The Court: 72—the purpose of putting a number on 72 is to—I suppose we should put it in evidence. It will be a duplication, but it is to be sure that it is identified for the reporter in making her copywork.

Mr. Alsup: Yes, your Honor.

The Court: So it will be admitted into evidence.

The Clerk: That is 72 in evidence.

(The exhibit referred to was received in evidence as Plaintiff's Exhibit No. 72.)

Mr. Alsup: I can ask my associate, Mr. Vaughn, to read this, your Honor. I seem to be losing my voice.

The Court: Counsel for the government, don't you [fol. 22] think you ought to sign this document?

Mr. Coyle: Yes, your Honor.

The Court: It is an original document.

Mr. Coyle: We just prepared it this morning.

The Court: All right. Sign it, will you, please?

Mr. Alsup: I might say, your Honor, we were talking and we did not sign the printed brief we filed.

The Court: Yes, I noticed that. That is rather unusual. Are you ashamed of the brief, counsel?

Mr. Alsup: Hardly, your Honor. If you will notice, the printer made a mistake and printed our names twice on the last page. And if we had signed it would have been a third time.

The Court: All right. You have signed it now?

Mr. Alsup: No, your Honor.

The Court: I think it probably should be signed.

Mr. Alsup: Yes.

The Court: That is the rule of the court.

Mr. Alsup: Yes, I would like to apologize to the court.

The Court: Well, you can do it later.

Mr. Vaughn: Your Honor, would you like me to read the stipulation in the record now?

The Court: Yes, go ahead.

[fol. 23] Mr. Vaughn: This is a stipulation filed May 7th.

> "I. The government has furnished defense counsel with summaries of the testimony of a total of 30 proposed industry witnesses (10 under date of December 14, 1962; 10 under date of January 17, 1963; and 10 under date of February 18, 1963).
>
> "II. Between April 15, 1963, and April 24, 1963, the defendants took the depositions of 18 of the government's industry witnesses. It was the defendants' decision to take the depositions of these witnesses and the selection of the witnesses to be deposed was made by the defendants.
>
> "III. The defendants have now noticed the depositions of the remaining 12 witnesses commencing on May 8, 1963.
>
> "IV. In order to expedite litigation by eliminating further depositions it is agreed between the parties that the testimony to be given at the depositions of the remaining 12 government industry witnesses would be

similar to the testimony given at the 18 depositions already taken."

Signed by counsel for both parties.

The Court: All right, Mr. Coyle.

[fol. 24] (The narrative statements and depositions of the witnesses referred to appear in the following words and figures, to-wit:)

TESTIMONY OF LLOYD E. ALLEN

If subpoenaed to testify, Lloyd E. Allen would testify as follows:

1. He is the owner of Allen's Northridge Market, 8738 Reseda Boulevard, Northridge, Los Angeles County, California. He has owned and operated this market for the past 18 years. In 1959 Allen's Northridge Market had gross sales of about $1,250,000.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, Mr. Allen closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the Key Services and follows the prices of all of the major chains appearing in these booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age" and the "Progressive Grocer."

[fol. 25] 3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that a single store operator cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many [fol. 26] more people than they did in the past. As a result, fewer grocery stores are needed in the area to serve a comparable number of people.

6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from Certified Cooperative and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major perishable products as fresh dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperative but have decreased their purchases voluntarily when they developed their warehousing and distribution system. Thus, they have combined the advantages of

the cooperative with direct purchasing and a highly devel- [fol. 27] oped distribution system.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the picture presented in defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would [fol. 28] state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for new locations is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's Shopping Bag."

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

13. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of gro- [fol. 29] cery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 30] TESTIMONY OF SOLOMON BARONDESS

If subpoenaed to testify, Solomon Barondess would testify as follows:

1. He is the owner of Trade-Rite market, 2809 Honolulu Avenue, Montrose, Los Angeles County, California. He purchased this store in 1958. In 1959 it had sales of approximately $190,000.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, he closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the

"Black Book", a pricing publication similar to the Key Services, and follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Commercial Bulletin", "Super Market Merchandising", "Chain Store Age" and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area the witness would testify that in the period since he has been [fol. 31] in business the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that single store operators cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result fewer grocery stores are needed in the area to serve a comparable number of people.

[fol. 32] 6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those

warehouses, and operate large trucking facilities. As a result they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from Certified Cooperative and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major products as dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution systems. Thus they have combined the advantages of the cooperatives with direct purchasing and a highly developed distribution system. In addition some of the chains, including Von's and [fol. 33] Shopping Bag, belong to a dairy cooperative named "Jersey Maid", which gives them advantages over grocery stores which do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.3 percent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area,

[fol. 34] that they were profitable operations which and experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair, and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's & Shopping Bag".

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars". He would testify, however, that he faces very vigorous competition from Von's.

13. He would also testify that there have been a number [fol. 35] of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major strike in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale

of groceries and related products in the Los Angeles metropolitan area.

[fol. 36] DEPOSITION OF SOLOMON BARONDESS, taken on behalf of the Defendants, at 433 South Spring Street, Los Angeles, California, at 11:00 a.m., Wednesday, April 24, 1963, before Harold M. Leibovitz, C.S.R., Notary Public pursuant to subpoena and notice.

SOLOMON BARONDESS, having been first duly sworn, deposed and testified as follows:

Direct examination

By Mr. Alsup:

Q. Mr. Barondess, would you state your name and address for the record.

A. Solomon Barondess. Do you want business address or residence address?

Q. Would you give both?

A. Business 2809 Honolulu Avenue, Verdugo City; residence is 553 Woodbury Road, Glendale.

Q. This statement says that Honolulu Avenue address is Montrose. It is really Verdugo City?

A. It is really Verdugo City but it is part of Glendale. It is just post office zoning.

Q. We have been furnished by the Governmebt attorneys a copy of a document entitled "Testimony of Solomon Barondess." Do you have a copy of that?

A. Yes, sir.

Q. You read it over before you signed it?

A. Yes.

Q. You are familiar with it?

A. Yes.

[fol. 37] Q. This statement states in Paragraph 1 that you bought this Trade Rite Market in 1958. When in 1958 did you buy it?

A. I took possession in August '58.

Q. From whom did you buy it?
A. Preston Bailey.
Q. What price did you pay for it, Mr. Barondess?
A. Ten thousand plus.
Q. Is that for the equipment plus the inventory?
A. That's right.
Q. You have a lease; is that correct?
A. Yes.
Q. I have here a picture, Mr. Barondess, and I ask you if that is a picture of your Trade Rite Market.
A. That is the place.

Mr. Alsup: I would like that marked as Barondess No. 1 for identification.

(The picture referred to was marked by the notary public as Barondess Exhibit No. 1 for identification, and is attached hereto.)

Mr. Alsup: Q. You say you bought it from Preston Bailey in August of 1958?
A. That's right.
Q. Where is your parking lot there, Mr. Barondess?
A. To the left of that building.
Q. Do you notice that your parking lot sign still has [fol. 38] the sign "Parking for Bailey's Market"?
A. That's right.
Q. I suppose sometime you will change it.
A. Well, people still refer to it as "Bailey's Market" and even though I have been there five years they still refer to it as Bailey's. I get a lot of checks made out to Bailey's Trade Rite Market. So anyway, he was there—he was there about 18-19 years and it is capitalizing on his name a little bit too.
Q. What did he do when he sold out to you, Mr. Barondess?
A. He is in the TV repair business.
Q. How large is your store?
A. Approximately 50 by 80, I would say.
Q. About 4000 feet?
A. Something like that.
Q. How old is it?
A. How long the store is there or how old is the building?
Q. How old is the building?

A. I wouldn't know, but I imagine it's about 30 some odd years, if I am not mistaken. But that is a guess.

Q. Is this what is known in the grocery business as a mom and pop type store?

A. It is a little bigger than a mom and pop store.

[fol. 39] Q. Do you know how many grocery items you carry?

A. Quite a complete line I would say. I wouldn't know offhand. I never took an itemized—how many items, but there is quite a few. Because I have practically a complete line of groceries.

Q. I have read that the smaller stores back in the '30's carried maybe four or five hundred items and the large supermarkets of today, the very large ones, carry as many as eight or nine thousand different items.

A. Well, I wouldn't say that I have eight or nine thousand but I would say that I have considerably more than four or five hundred, considerably more.

Q. What prior experience in the grocery business did you have prior to purchasing this store in August of 1958?

A. Well, I had business experience, but this is my first venture in the grocery business. I have been in business for the past twenty some odd years but this is my first grocery experience.

Q. You are what is referred to as a new entry in the grocery business in 1958?

A. Well, could be a new entry.

Q. Prior to that time what business had you been in?

A. Well, I have been in the restaurant business. I have always had some leases in hotels while I was in the restaurant business. I had some venture in the machine shop [fol. 40] business.

Q. Did you operate a cigar store?

A. That's right.

Q. That is one thing I always wondered about, Mr. Barondess. What happened to the cigar stores?

A. What happened to the cigar stores? It wasn't exactly a cigar store, it was more of a restaurant and beer place and all around. It was called a cigar store but that was an old trademark.

Q. Why did you decide to enter the grocery business in August of 1958?

A. Why? Why does anybody decide to go into business? To make a living.

Q. Had you made a study of the grocery business before getting into it?

A. Well, I investigated it, I have looked into it. I knew it wasn't an easy task but I felt capable that I could do it. I mean I have been successful in whatever I tried.

Q. And you have been successful in the grocery business too?

A. To a certain extent. I am not satisfied with my success. I am trying to get out, let's put it that way.

Q. Hasn't your store been profitable for you, Mr. Barondess?

[fol. 41] A. Well, I wouldn't call it profitable to the extent what I expected out of a business to return. I wouldn't call it profitable.

Q. Was this $10,000 that you paid for the store all in cash?

A. Well, it was—I assumed some loans when I went into business.

Q. How much of your own cash did you put into this purchase?

A. Offhand I couldn't—I would have to look up my record to know just how much, because I borrowed money, which was personal cash, and it was entirely a different setup.

Q. You paid part cash and part loan to make up the $10,000 purchase price?

A. That's right.

Q. Do you have a value on your store now?

A. Do I have a value on my store? Yes. I would sell today if I could get anywheres between six and eight thousand.

Q. Your statement says, in Paragraph 1, in 1959 you had sales of approximately $190,000; is that correct?

A. Yes.

Q. Were those sales down in 1960?

A. They are down considerably.

[fol. 42] Q. What were they in 1960?

A. I would say about one hundred fifty-two-fifty five, something like that.

Q. One hundred fifty-two or one hundred fifty-five thousand. What were they in 1961?

A. They have been running around $150,000.

Q. And '62?

A. '62 was, I think, $144,000.

Q. Now 1959 was the year in which there was a strike; isn't that correct?

A. That's right.

Q. Your statement says that the sales of the chains were down in 1959 because of that strike. Do you recall that?

A. Yes.

Q. Would you say that your sales were up in 1959 because of that strike?

A. Well, the strike did boost me in sales, that's right.

Q. Do you have any idea how much?

A. I would say for the year about twenty-five to thirty thousand increase on account of the strike. It was a one-month period.

Q. When you bought this store from Mr. Bailey in August of 1958 was there a Country Cousin Store just one block west on Honolulu Avenue?

[fol. 43] A. It was not a Country Cousin but it was under ownership of Fred Rebal.

Q. Did Paul Palmer of Country Cousin buy that store from Mr. Rebal?

A. As recently as, I think, two years ago, something like that if I am not mistaken.

Q. How large is that store, the Country Cousin Store, Mr. Barondess?

A. How large it is? I wouldn't know exact dimension but I would say it's a good size store.

Q. Several times larger than your store?

A. Yes.

Q. Is that your principal competitor in the area?

A. No, I wouldn't say that.

Q. Your closest competitor?

A. He is a close competitor, yes.

Q. From what area does your store draw its customers?

A. From as far up as close to Foothill Boulevard and from the Montrose section and the La Crescenta area. It is all one small neighborhood.

Q. In general what would you say the radius of this draw area is, a mile or two miles?

A. I would say about two miles.

Q. Will you tell me what other grocery stores there were in the area, in this two mile draw area that you have [fol. 44] referred to, when you bought in August of 1958?

A. Well, the same area there was the only change of stores right now is one store, Ajax closed up and one new store Safeway built that came up. In my immediate area that is about the only change since I came in.

Q. Where was this Ajax Store?

A. Ajax was on Verdugo Road in the Montrose district.

Q. What is that building used as now?

A. What?

Q. What is that Ajax Store building used as now?

A. As far as I know it's vacant now He completely went out of business.

Q. Did you know Mr. Ajax?

A. It wasn't a Mr. Ajax, but I don't know the man personally that owned it. It used to be originally a Thriftimart Store and it was bought by an individual and I understand he went in there. Let's put it he lost everything he went in with. But I never knew the man personally.

Q. You don't know if he really lost everything?

A. Well, I understand he lost considerably to what the deal is—I mean the people that he dealt with, that he liquidated to get out from under it. And it wasn't a profitable enterprise for him.

Q. Do you know the man's name?

A. No, I don't. I never met the man personally. I [fol. 45] heard him called by the first name but I wouldn't remember his name.

Q. You say the only other change that has occurred is that Safeway has built a new store in the area.

A. That's right.

Q. Where is that located?

A. They are on Verdugo Road also in the Montrose area I would say about three or four blocks away from where Ajax used to be.

Q. When did this Ajax Market close?

A. Ajax, if I am not mistaken, it is within the last year and a half or so that he closed up.

Q. When did the Safeway Store come into the area?

A. About the same time.

Q. Before or after?

A. I think Ajax closed up after Safeway opened up. I wouldn't be too positive about it but I think he closed after Safeway opened up.

Q. You referred to Ajax and Safeway. What other grocery stores were in this area at the time you bought it in August of 1958?

A. There is a Shopping Bag, there is Gelsinger's Meat Market.

Q. I am sorry, I missed that.

A. There is Gelsinger's Meat Market, Shopping Bag, [fol. 46] and then on Honolulu there is another small one, Honolulu Market, which is a liquor store and small market. And that's on Honolulu about the stores that are there.

Q. On Honolulu. But you referred to your draw area as going up to Foothill and Montrose and up to La Crescenta.

A. There is a Spike Jones Market, corner La Crescenta and Foothill. There is a Bert's Market on Honolulu past Country Cousins. That is about the closest ones near my area.

Q. That is all within this two mile radius?

A. There are more small stores but I wouldn't have a record of all of them.

Q. In this time since you have been in the business, Mr. Barondess, since August of '58, has your study of the grocery business been largely confined to your immediate operating area?

A. No. I tried to look at the industry as a whole. I have been getting publications and know what's what, trying to keep abreast of things.

Q. In your own immediate area you have seen one store close up and one come in, in the time you have been in there; isn't that right?

A. Yes, that's right.

Q. Have there been any discount houses opening in that general area?

[fol. 47] A. No, not in my immediate area.

Q. What is the nearest discount house to you?

A. The nearest discount house I would say is practically

on the other side of Glendale near the industrial, Robert Morton, if I am not mistaken, which I would say is a good seven or eight miles from me.

Q. They have a food center in this discount house?

A. I havn't been in there but I think they have a certain amount of foodstuffs in there.

Q. In your reading of the trade papers since you have been in the business, commencing August 1958, you have read about discount houses opening up all over the area, havn't you?

A. Yes.

Q. With food centers?

A. That's right.

Q. Supermarkets?

A. Yes, I read of the A-1 in the Valley, what he is doing.

Q. In this same period of time have you read about the bantam markets opening up in this area, so-called Speedee Marts and Pronto Marts and TinyTim's?

A. Yes, I have read about them opening but there were none in my area.

Q. And you wern't concerned with them if they wern't [fol. 48] in your area, I take it?

A. Well, I read what they were. I mean I was familiar with their operation. But, as I say, in my area they did not open up so I didn't get a personal look at them.

Q. Have there been any new liquor stores opening up in your area in this time?

A. No. There is one pending now that is trying to open up and he is having a battle. Wait a minute, there is one opened up, that's right, about three years ago, about three blocks from me.

Q. Does this liquor store sell products besides liquor?

A. Such as bread and milk, as far as I know.

Q. And some canned good items?

A. Hardly any. I wouldn't say that.

Q. In your study of the business since August of '58 have you noticed that the liquor stores are selling more and more grocery items all the time in this area?

A. Well, I have seen several of them. I have seen some that are strictly liquor and I have seen some that are more grocery than liquor for the simple reason of trying to peddle off an expensive license for sales on low priced items.

Q. Have there been any drive-in milk depots opening up in your general area?

[fol. 49] A. I understand one opened up on Foothill about, I would say, three miles from me. There is one opened up on Foothill Boulevard.

Q. This is a matter which you have read in the trade papers that most of the grocers are really complaining about, isn't it, these milk depots?

A. Well, let's put it this way, they are no help.

Q. Pardon?

A. They are no help to the grocery business.

Q. This is something that is quite new since you have entered the business, isn't it?

A. That's right.

Q. They not only sell milk and ice cream but weiners and bread and potato chips and other items, don't they?

A. Yes.

Q. There seem to be more and more of them all the time in this area; isn't that true?

A. Well, as far as I know the Glendale area there is three of them. In the whole Glendale area that I know of. Two in Glendale proper and one up on Foothill Boulevard. I am not sure whether it is in the Glendale annex or outside the Glendale annex. But I know it is not far from me, about three miles from me somewhere.

Q. But you testified that you tried to keep generally familiar with what is happening in this Los Angeles and [fol. 50] Orange Counties area, didn't you?

A. That's right.

Q. You notice from the trade papers there has been more and more of this in recent years?

A. That's right.

Q. That is also true of the discount houses, isn't it?

A. Yes.

Q. What trade papers do you subscribe to, Mr. Barondess?

A. There is quite a few of them. May I refer to this?

Q. Sure. You don't recall yourself?

A. The names are so interchangeable and I don't want to quote a wrong name. There is Supermarket News, there is the Food Mart. I don't recall the exact names of them.

Q. Do you read the Supermarket News pretty carefully?

A. As time allows I do read it fairly good.

Q. I have an article here, Mr. Barondess, taken from a recent issue of Supermarket News. I would like you to look at it and tell me if you read that article.

A. I remember seeing that article.

Q. That conforms to your general understanding based on your study of the industry, that article, doesn't it?

A. Yes.

Q. Haven't you observed in your study of the industry, Mr. Barondess, this frequently is the case that the chains [fol. 51] furnish the training and experience and background for people who decide, after they have got it, to leave the chain and go into business and start their own business and prosper?

A. Well, I could put it another way. The people that go in with the chains will, if they are smart, never tackle an independent business. After they observe the chain operation.

Q. You read this article about Mr. Hughes and Mr. Goodnight?

A. Yes. There is quite a few of them that have gained their experience and been good, and quite a few of them will be discouraged by the operation when they see what they have to compete with.

Q. Are you acquainted with Ted Wood of the Pantry Markets?

A. No, I am not acquainted with him. I mean I have heard of him.

Q. You are familiar with the Pantry Markets over in the Altadena and Pasadena area?

A. Yes, I have heard of them.

Q. You know Mr. Wood got started sometime in 1954 and has been very successful and has grown into a ten or eleven store chain?

A. I understand he is quite successful.

[fol. 52] Q. You know Mr. Goodnight left Alpha Beta in 1959 and started Michael's Markets, don't you? You read about that?

A. Yes.

Q. And he has been able to develop a successful chain in that time, has he not?

A. I would assume so.

Q. And there are others?

A. There are a few. But I wouldn't say they are plentiful. There are a few. There are some people that are quite outstanding but they can get enough finances and they are successful at certain things.

Q. This Paul Palmer of Country Cousins has a store near you and he is a good example of that, is he not?

A. Well, I don't think I would call Paul Palmer a good example of success in market operations.

Q. Why is that, Mr. Barondess?

A. Why is that? If I assume correctly, he has made his money on the real estate angle of it. He has bought markets cheaply when neighborhoods built up around it and it has paid off. And more or less he is developing his own, what you would call shopping center, bowling alley and stuff like that. So I wouldn't attribute it to his success in the grocery business.

Q. These properties that he has bought cheap, they [fol. 53] are basically grocery store properties and then the area builds up and he has sold them off.

A. Shopping area centers, in the one out at Thousand Oaks, it is complete shopping center areas. I don't think that he is doing fantastic with the one in Verdugo City.

Q. You are a member of Certified Grocers?

A. That's right.

Q. When did you join Certified?

A. When I purchased the store.

Q. I gather from the sign in the window, the picture we have marked as Barondess Exhibit No. 1 for identification, you get your milk from Knudsen Dairy?

A. That's right.

Q. Is Knudsen a well advertised milk?

A. Does Knudsen advertise milk?

Q. Is it well advertised?

A. It is well known milk. I don't think they are well advertised but it is well known milk in the area.

Q. It has good public acceptance?

A. It has public acceptance, that's right.

Q. And the price at which you sell that milk is fixed by State law, is it not?

A. Yes.

Q. And the price at which Von's sells Jerseymaid is fixed by State law, isn't it?

[fol. 54] A. The minimum prices, yes.

Q. You can't go less than a certain price. The milk depots have an advantage in that respect, don't they?

A. It is not the question of what you sell, it is a question of what discount you get.

Q. You don't know whether or not Von's investment in Jerseymaid pays them any more if they had invested the same amount of money in Knudsen stock, do you?

Mr. Coyle: You are arguing with the witness, Mr. Alsup, you are not asking questions.

The Witness: I wasn't trying to tell you that. I was trying to tell you that when the setup on the milk discount came out I was forced to eliminate—where I had two milk companies for choice of my customers, I was forced to go to one. Eliminate one so that instead of getting, let's say three or four cents from both of them I could get nine or ten cent discount from one. In other words, I was not able to give my customers the choice of milk. I had to stick with one in order to be able to come out on milk.

Q. Von's has an investment in Jerseymaid; right?

A. Right.

Q. And the price at which it sells that milk to the public is fixed by State law; right?

A. Right.

Q. Von's presumably makes money on its investment in [fol. 55] Jerseymaid; right?

A. I presume so.

Q. Just like Paul Palmer makes money in his investments in real estate.

A. Right.

Q. Paragraph 8, Mr. Barondess, of your statement says that on the basis of your continuing study of the retail grocery industry in this area you are in agreement with the defendants' exhibit showing that in the period between 1950 and 1958 the market share of the eight largest, the nine largest, the 15 largest and the 20 largest increased. You weren't making any study of the industry prior to your purchase of your store in August of 1958, were you?

A. No, I wasn't making a study of it but those figures

were pointed out to me and I agreed with them on the basis of my knowledge of the——

Q. Knowledge of what?

A. My knowledge of the grocery business when I went into it, that's all.

Q. Was it pointed out to you that the share of the top three declined between 1952 and 1960?

A. Decline?

Q. Yes.

A. From 1960 to what?

Q. From 1952 to 1960.

[fol. 56] A. I don't think it declined. I think they increased.

Q. What is the basis for that statement?

A. What?

Q. What is the basis for that statement?

A. Well, from what I have read and what I have been told, what I have seen, they couldn't have declined.

Q. Their sales might have increased but their market share might have decreased; isn't that possible, Mr. Barondess?

Q. Was it pointed out to you, when you were shown these exhibits, that the share of the top four declined between 1952 and 1960?

A. Decreased?

Q. Yes. Was that pointed out to you?

A. No.

Q. Was it pointed out to you that the share of the top five decreased between 1952 and 1960?

A. Not decreased.

Q. That was not pointed out to you?

A. No.

Q. All that was pointed out to you was that the share of the top eight, top nine, the top 15 and the top 20 increased between 1950 and 1958, is that correct?

A. Yes.

[fol. 57] Q. You state in Paragraph 9, Mr. Barondess, that Shopping Bag was a profitable operation prior to its merger with Von's, that you had observed the operations prior to the merger. What observations had you made on the basis of which you concluded that Shopping Bag was a profitable operation?

A. Well, they had considerable number of stores. I think it ran about 29 stores or something—28 or 29. Their stores were always well managed, well stocked. I know they were instituting their own warehouse and pulling away from Certified. And on that basis I concluded that their operation is successful.

Q. That was the basis on which you concluded that Shopping Bag was a profitable operation; right?

A. Yes. They were a growing organization.

Q. In that same period prior to 1960 Fox Markets was a profitable operation then, wasn't it?

A. Fox Market was supposed to have been profitable but I also heard that they were owing people a lot of money, such as Arden and Olson Eggs and stuff like that. And when I heard those astronomical figures what they owe, they are not paying bills, I was beginning to wonder.

Q. That was after they went into bankruptcy, wasn't it?

A. No. You heard those rumbles before they went into [fol. 58] bankruptcy.

Q. Not back in 1960 or '59, did you?

A. I always heard that Fox Markets were owing big sums of money to Arden's and Olson and several others.

Q. Fox was a rapidly growing concern up until 1961, wasn't it?

A. They were.

Q. And they had big stores?

A. Yes.

Q. And they appeared to be well managed?

A. Yes.

Q. How about McDaniel's, they appeared to be a very rapidly growing concern back in '59, '60 and '61, did they not?

A. Well, they were a growing outfit but I wouldn't put them in the same class as Shopping Bag.

Q. Why is that?

A. Well, McDaniel's, first of all they were a smaller chain. Second of all they did not indicate any saving such as their own warehouse, such as Shopping Bag. All that I didn't classify them in the same class as Shopping Bag.

Q. In your reading of these trade papers didn't you read about McDaniel's getting up at the end of 1960 to a 24-store chain?

A. I don't think it was that high. I think it was 16 or [fol. 59] 17 when I referred to McDaniel's. But I know definitely that he did not make any steps toward warehousing his own merchandise.

Q. Did you read in the trade papers that McDaniel's and Fox both expanded too rapidly with inadequate capital and got into financial troubles?

A. Yes.

Q. And they both went into bankruptcy; isn't that right?

A. Didn't McDaniel's sell off? Was McDaniel's bankruptcy or just a sell-off of individual stores?

Q. Didn't you read that McDaniel's sold off a number of individual stores to individuals and small chains?

A. That is what I read, they sold individual stores. Hughes bought several and somebody else bought several and all that stuff. But I didn't think it was bankruptcy.

Q. And then I think they went into bankruptcy later. Didn't you read the same thing about Yor-Way?

A. Yes.

Q. That was another case of a chain that appeared to be profitable and expanded rapidly and then got into financial troubles and went into bankruptcy in '61 or '62; isn't that right?

A. Well, that's right, they went—I don't know what caused them to go into bankruptcy, but from all appearances [fol. 60] they just couldn't—they were not expanding as rapidly as Shopping Bag, and also they did not have their own warehouse facilities.

Q. Are you sure of that, Mr. Barondess?

A. Yor-Way?

Q. Yes.

A. Yor-Way I don't think had their own warehouse.

Q. Are you sure McDaniel's didn't have a warehouse?

A. Not to the extent of what I mean warehouse in every bit of merchandising. Sure every chain has a certain amount of warehousing.

Q. Shopping Bag had a warehouse before it merged with Von's, did it not?

A. They had just completed it then, if I am not mistaken, about a year before or so, somewheres around that time.

Q. That was their new warehouse out in El Monte, wasn't it?

A. Yes.

Q. And they had one before that.

A. Well, they were buying a big share from Certified until they completed their new warehouse.

Q. And Von's had a warehouse before it merged with Shopping Bag, did it not?

A. I assume so.

[fol. 61] Q. You don't know?

A. About Von's I wouldn't say. I am not familiar with it.

Q. If they both had warehouses before the merger the merger didn't change that situation at all, did it?

A. If they both had warehouses, no.

Q. Before the merger Shopping Bag could get into shopping centers, couldn't it?

A. I assume they could. I wouldn't know but I imagine they could.

Q. You don't know if they were in any shopping centers?

A. If they were in any shopping centers? I know they had quite a few stores in shopping centers. They were contemplating new purchases at all times.

Q. And before the merger Von's could get into shopping centers; right?

A. Yes.

Q. And the merger didn't change that situation, did it?

A. It might have, it might not. I am not one to judge on that.

Q. You don't know?

A. I mean twenty million and twenty million is good credit, but sixty million is better.

Q. What other large chains do business in this area, Mr. Barondess?

[fol. 62] A. In the Glendale area?

Q. No. In the Los Angeles metropolitan area.

A. There is Ralphs, Alpha Beta, there is Cracker Barrel, but I wouldn't call them a chain.

Q. They are a small organization.

A. A small one in comparison. The Fox Markets that were taken over by American Foods.

Q. Food Fair?

A. Food Fair, I mean. There is Food Giant and there is two more or so, I think.

Q. Boy's?

A. Boy's Markets.

Q. A & P?

A. A & P I don't think is a big factor in the food market in the Los Angeles area for some reason.

Q. They have about 18 or 20 stores, don't they, Mr. Barondess?

A. They have a certain number of stores out here but I don't think they are a big factor in the food industry out here.

Q. From your reading in these trade papers would you say that A & P is the largest retail grocery concern in the United States?

A. Yes.

Q. Have you read that it does about five billion dollars [fol. 63] a year total business?

A. Somewhere around there. It's an astronomical figure for me.

Q. And for me too. You didn't mention Safeway.

A. Safeway is a major chain, that's right.

Q. Have you read that Safeway is the second largest national chain in the United States?

A. Yes. Is Safeway second or is Kroger's second?

Q. I have read that Safeway is but I will take your word for it, Mr. Barondess.

A. I don't know. It's a tossup. I would engage them with a slide rule. I was under the impression that Korger's has quite a substantial empire in the food business.

Q. Korger is not doing business here, fortunately, yet.

A. Fortunately. For how long I don't know.

Q. The American Stores, I think they are called Acme Markets, Inc., has entered this market by acquiring Alpha Beta; isn't that right?

A. Yes.

Q. And they are generally considered to be the fourth largest national chain; isn't that right?

A. They are considered pretty big, yes.

Q. And more recently Food Fair acquired these remaining Fox Stores out of bankruptcy and they are now doing [fol. 64] business here, you mentioned.

A. Yes.

Q. And they are generally considered to be the sixth largest national chain; isn't that right?

A. I presume so.

Q. You didn't mention Thriftimart.

A. I didn't think of it. Thriftimart is a factor in the Los Angeles food area.

Q. And Mayfair?

A. I told you there is quite a few of them. I didn't memorize them that they should stick in my mind immediately.

Q. As a matter of fact, there are a large number of so-called larger chains, a large number of smaller chains like Hughes and Shoppers and Pantry and so forth, are there not?

A. Yes.

Q. And an even larger number of smaller chains like Country Cousins and Michael's Markets and Cracker Barrel that you mentioned. A great number of those, are there not?

A. Well, from my observation I would say that they are on the diminishing point.

Q. You would?

A. Yes.

Q. That is based on your study of the industry?

A. Yes.

[fol. 65] Q. There are several single store operators doing business in Los Angeles and Orange Counties, are there not?

A. There are.

Q. Mr. Barondess, do you have any knowledge whatsoever that Von's intends to merge with anyone else?

A. No, I have no knowledge. But I assume that if the merger of Von's and Shopping Bag will be successful that eventually there will be a merger of several more.

Q. And that is pure imagination on your part? You are speculating, are you not?

A. Well, it is not imagination. It is the growth of a certain thing that you see just magnifies and grows. I mean if you take two chains merge and they are successful, eventually they will merge with a third and fourth and they could control the market.

Q. You have seen in this study of the industry that Fox engaged in a number of mergers and acquisitions, did you not?

A. Yes.

Q. And they got into financial trouble and went into bankruptcy; isn't that right?

A. Yes.

Q. And the same thing is true of Yor-Way, is it not?

A. I am not familiar on what their acquisitions and mergers were but I know they went into bankruptcy.

[fol. 66] Q. And you know McDaniel's made several acquisitions and got into financial trouble and went into bankruptcy, don't you?

A. I know they got into financial problems. What their acquisitions were offhand I don't know.

Q. These chains which you list in Paragraph 10 of your statement, do you have any knowledge that any one of them intends to engage in any merger in the future?

A. Well, I have heard talks that Ralphs and Kroger were negotiating on a merger. How much of it has gone through I don't know but I have heard of such talk.

Q. Just rumors?

A. Well, I wouldn't say it is rumors, but it is shop talk.

Q. Any others?

A. Offhand I wouldn't commit myself—I mean I couldn't pinpoint it.

Q. Paragraph 13 of your statement, Mr. Barondess, says that you would testify there have been a number of acquisitions and consolidations in the retail grocery field since 1948. Now, you entered into the business in August of '58. Before that you had been engaged in the restaurant, hotel and machine shop businesses; right?

A. Right.

Q. What mergers were you referring to in this Para-
[fol. 67] graph 13?

A. As I say that was before I got in and I wouldn't remember the name, but it was pointed out to me there were certain mergers and I took that for granted.

Q. Who pointed this out to you?

A. I mean in the publications they were mentioned.

Q. What publications?

A. The trade publications.

Q. And you can't recall a single one?

A. No. Not everything would register with me, I regret to say.

Q. Was it pointed out to you that Fox had acquired Iowa Pork Shops?

A. I wouldn't recall that.

Q. Was it pointed out to you that Yor-Way had made some acquisitions?

A. It was pointed out that Yor-Way made acquisitions. I know it was pointed out that Mayfair and Arden's had combined in the food business. But I couldn't pinpoint every detail. My memory is not that good.

Q. You don't know whether Mayfair has sold more stores in this area than it has acquired, do you?

A. No.

Q. Paragraph 12 of your statement, Mr. Barondess, says that you would testify you face vigorous competition from [fol. 68] Von's. What Von's stores are you referring to in that Paragraph 12?

A. Well, there is a Von's-Shopping Bag Market in the area. There are several in Glendale. But the immediate area, when Von's right after the merger of Von's and Shopping Bag, there was a definite trend to cutthroat prices on staple items to lead customers their way.

Q. So you are referring to the Shopping Bag Store in your area?

A. I am referring to the Von's-Shopping Bag. It is not Von's-Shopping Bag any more.

Q. Before the merger this was a Shopping Bag store.

A. Yes.

Q. And before the merger there ware Shopping Bag stores in Glendale?

A. Yes.

Q. No Von's stores?

A. Yes, Glendale had a Von's store.

Q. Where in Glendale?

A. No, I don't think Von's is in the Glendale area.

Q. Have you seen any lessening in the vigor of competition in this area since the merger of Von's and Shopping Bag?

A. Lessening?

Q. Yes.

[fol. 69] A. No. Since the merger I have seen an increase in the competition.

Q. You state in Paragraph 14, Mr. Barondess, that this

merger of Von's and Shopping Bag is a "major stride in increasing the market share of the large chains." Do you know how much this increased the market share of Von's when it merged with Shopping Bag?

A. Percentagewise?

Q. Yes.

A. Offhand I couldn't form any opinion. I assume it increased substantially.

Q. You assume that but you have no knowledge of what Shopping Bag's market share was before the merger?

A. In dollars and cents?

Q. No. I am talking about percentage of food sales in this area.

A. I wouldn't want to quote the figure, but I mean I have an idea, but it would be very rough.

Q. Will you give me the rough figure?

A. Shopping Bag alone?

Q. Yes.

A. Shopping Bag I would say had about ten per cent of the food sales.

Q. How much would you guess that Von's had before the merger with Shopping Bag?

[fol. 70] Mr. Coyle: Why ask him to guess? If you want guesses on the record let him guess if you want to.

Mr. Knight: What good is a guess on the record?

Mr. Alsup: Q. Will you answer, Mr. Barondess?

A. I would say they had about ten per cent, somewheres around there.

Q. What market share would you say Safeway had in this area before the merger of Von's and Shopping Bag?

Mr. Knight: Are you going to guess, Mr. Barondess?

The Witness: Well, I don't remember the figures so I couldn't quote accurately.

Mr. Alsup: Q. But you have studied the industry, you say, since you got into it in August of 1958.

Mr. Coyle: You are arguing with the witness, Mr. Alsop. He says he doesn't know.

Mr. Alsup: Q. I would like your best judgment.

A. I am not an engineering expert and I did not memorize every figure that I glanced at.

Q. This is what you had in mind when you said that this merger was a major stride in increasing the market share of the large chains?

A. In my opinion it is. It is a merger towards future mergers if proven successful.

Q. And if it proved unsuccessful it would discourage them, like Fox?

[fol. 71] A. In other words, if they were to go bankrupt, if it would benefit anybody; is that what you are trying to say?

Mr. Hughes: Is the question clear to you?

The Witness: No, I don't understand the question.

Mr. Alsup: Q. You say if it is successful it might encourage other mergers.

A. Definitely so. If that merger is successful it will acquire more and merge with more, and you will definitely have a monopoly in the food industry. That is the way I see it.

Q. This merger took place more than three years ago, Mr. Barondess. What mergers have occurred since then?

A. In the area?

Q. Yes.

A. The one that we mentioned, the Food——

Q. Food Fair picking up the remaining Fox Stores out of bankruptcy?

A. Yes, sir.

Q. Since the merger of Von's and Shopping Bag we have seen three chains, McDaniel's, Fox and Yor-Way, which had engaged in merger activity go into bankruptcy, haven't we?

A. I have seen McDaniel's go into liquidation. I don't know whether they went into bankruptcy. I have never heard of that proceeding. But I know that they have [fol. 72] liquidated their stores. For what reason, it could be that they found competition too stiff.

Q. How about Fox?

A. Fox, from what I assume, expanded too rapidly beyond their means of capital.

Q. How about Yor-Way?

A. Yor-Way I am not familiar with why they went, but they went under. I know they went into bankruptcy.

Mr. Alsup: No further questions.

Mr. Hughes: I would like to introduce the statement entitled "Testimony of Solomon Barondess" as Barondess Exhibit No. 2.

(The document referred to was marked by the notary public as Barondess Exhibit No. 2 for identification, a carbon copy of which is attached in lieu of the original.)

Cross-examination.

By Mr. Hughes:

Q. Mr. Barondess, in looking at Barondess No. 1, the picture of your store, I can't find the Bailey's parking lot sign that Mr. Alsup referred to. Would you point it out, please?

A. It is not in the picture. The sign would be to the left of that picture, but the picture did not take it in.

[fol. 73] Q. Did you name your market the Trade Rite Market or was that the name Mr. Bailey used?

A. That was there.

Q. Mr. Bailey called it the Trade Rite Market also?

A. All the time.

Q. Mr. Barondess, do you ever read financial reports in the trade journals on grocery chains?

A. I read when I get a chance, yes.

Q. Do you read the Wall Street Journal?

A. Wall Street Journal? Not too often.

Q. Did you ever have occasion to read Von's-Shopping Bag's annual reports in the Journal or in the trade journals?

Mr. Alsup: Are you talking now since the merger?

Mr. Hughes: At any time, presently.

The Witness: I have seen it on several occasions but the figures did not register with me too much. I mean I have seen the figures.

Mr. Hughes: Q. Can you recall ever having seen Shopping Bag's figures prior to the merger for the year 1959?

A. I think I recall it that I have seen it. But the figures

did not leave too much of an imprint. I mean I haven't got a "photogenic" mind on figures. I should have had my daughter, she would. She is a math major.

Q. Would you have recalled if you saw a local grocery chain was losing money?

[fol. 74] Mr. Alsup: I object on the ground that it calls for speculation and conclusion.

Mr. Coyle: Recollection is what he asked.

Mr. Alsup: He said, "Would you have recalled." I have no objection to "Did you recall" or "Do you recall."

The Witness: I recall there was several outfits that were mentioned losing money.

Mr. Hughes: Q. Do you recall that Shopping Bag was losing money in 1959?

A. There was a statement to that effect that they were.

Q. Mr. Barondess, you stated that your store is up for sale at the present time.

A. Yes.

Q. Why do you want to get out of the business?

A. I find competition too keen.

Q. Do you refer to any specific competition when you made that statement?

A. Well, I would refer to the big chain competition, unfair competition I would call it, even though there is a state law requiring that they sell with six per cent above cost. The major staples are being advertised way below cost and I just can't compete with it.

Q. Are you considering selling your store because of this milk depot down the street?

[fol. 75] A. Well, milk is a big factor also. Before the milk factor was in I was able to have two dairies, Arden and Knudsen. I had to consolidate and go to one, and that doesn't help me too much either.

Q. Is your primary competition the big chains?

A. Definitely.

Mr. Hughes: I have no more questions.

Redirect examination.

By Mr. Alsup:

Q. Your closest competition is the Country Cousins Store; isn't that right?

A. He is the closest store near me, but Country Cousin is not competition in the sense of ads—advertising in the paper. If you will compare ads you will see it. If you want I can bring you a couple of samples of the ads of the last few weeks. And I will show you that Country Cousins is not competition pricewise.

Mr. Alsup: I would like to have marked as Barondess No. 3 for identification the clipping from the Supermarket News, which he said he had previously read.

Mr. Hughes: Was it your statement that you read this article previously?

The Witness: I have noticed it. I said I have seen it.

[fol. 76] Mr. Hughes: This particular article?

The Witness: Yes.

(The clipping referred to was marked by the notary public as Barondess Exhibit No. 3 for identification, and is attached hereto.)

Mr. Alsup: I have nothing further.

Recross-examination.

By Mr. Hughes:

Q. Would you of your own personal knowledge know if that article contains matters which are true?

A. No.

Mr. Hughes: No more questions.

Redirect examination.

By Mr. Alsup:

Q. This is the type of thing, though, that you read in the trade papers all the time and generally rely upon, is it not?

Mr. Coyle: You are arguing with him, Mr. Alsup.

The Witness: Well, I read these things and some of

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them I draw my own conclusions, some of them I disregard or don't agree with.

Mr. Alsup: Q. You have no reason for disagreeing with Mr. Hughes' success, have you?

[fol. 77] A. No.

Q. Or Mr. Wood's? You know he has been successful, don't you?

A. Yes.

Q. You have read about Mr. Goodnight starting in the business a little after you did, after leaving Alpha Beta and opening a single store and becoming a very successful small chain, haven't you?

A. I have heard it.

Q. That is common knowledge in the industry, isn't it?

A. Yes.

Mr. Alsup: No further questions.

Mr. Hughes: That is all.

Mr. Barondess, do you agree to waive your signature to this deposition?

The Witness: I do.

Mr. Hughes: It is agreeable with counsel for Von's?

Mr. Alsup: It is agreeable with the understanding that it will be filed as his testimony.

Mr. Coyle: I don't understand about this being filed as his testimony. It is his deposition and we waive signing it.

Mr. Alsup: It will be filed as if it had been signed.

Mr. Coyle: It will be treated as if it had been signed.

Mr. Alsup: Right.

[fol. 77a] TESTIMONY OF ADRIAN BYNUM

If called to testify, Adrian Bynum would testify as follows:

1. Up until July 29, 1962, he was a partner in the operation of Birmingham Market, a grocery store located at 17261 Vanowen Street, Van Nuys, Los Angeles County, California. He had been part owner of Birmingham Market for over four years. He had been in the grocery business for most of his life. For the last 12 years he has been a part owner of a grocery store. The gross sales of

Birmingham Market in 1959 were about $650,000. He recently completed arrangements for owing and operating a motel in Crescent City, California. His current home address is 1928 Crebs Street, Northridge, California.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, when Mr. Bynum operated Birmingham Market, he closely inspected all grocery advertising by the major chains as it appeared in the metropolitan newspapers. He also regularly reviewed grocery advertising appearing in local papers. He subscribed to the "Black Book," a booklet similar to the Key Services book, and followed the prices of all of the major [fol. 77b] chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly read, among other publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age" and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that a single store operator cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

[fol. 77c] 5. He has observed that the decline in the num-

ber of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result, fewer grocery stores are needed in the area to serve a comparable number of people.

6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchased from Certified Cooperative and this enabled him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major products as dairy, meat and produce items. However, he would testify that [fol. 77d] large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution system. Thus, they have combined the advantages of Certified with direct purchasing and a highly developed distribution system. In addition, some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.5 per cent to 41.7 per cent; the market share of the 15 largest chains

increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the [fol. 77e] sales of the largest chains.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's & Shopping Bag."

12. He would testify that he is aware of the recent state-
[fol. 77f] ment by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faced very vigorous competition from Von's.

13. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocery. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 78] TESTIMONY OF ARTIE L. CARPENTER

If subpoenaed to testify, Artie L. Carpenter would testify as follows:

1. He is the owner of Carpenter's Market, 1712 West Main Street, Alhambra, California. He purchased this store in 1959. His store had gross sales of about $588,000, in 1961.

2. For ten years prior to opening his own store, he worked for Hiram's Market, where he worked up from a clerk to store manager. Prior to his association with Hiram, he had worked in a grocery store in northern California.

3. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, he closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the Key Services and follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "commercial Bulletin," "Super Market Merchandising," "Chain Store Age" and the "Pro-
[fol. 79] gressive Grocer."

4. On the basis of his continued study of retail grocery

merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

5. He would testify that single store operators cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

6. He has observed that the decline in the number of grocery stores in the area also arises from the increasing [fol. 80] size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result fewer grocery stores are needed in the area to serve a comparable number of people.

7. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

8. He would also testify that he purchases from a cooperative group known as Orange Empire and this enables him to get certain of the advantages, such as quantity dis-

counts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major products as dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased [fol. 81] their purchases voluntarily when they developed their warehousing and distribution systems. Thus they have combined the advantages of the cooperative with direct purchasing and a highly developed distribution system. In addition some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid.

9. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

[fol. 82] 10. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

11. He would state that Von's and Shopping Bag, along with Ralph's, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

12. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory of the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's & Shopping Bag."

13. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of [fol. 83] Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

14. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

15. He would state that if this merger of Von's and Shopping Bag is permitted there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major strike in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 84] DEPOSITION OF ARTIE L. CARPENTER, taken on behalf of defendants, at 433 South Spring Street, Los Angeles, California, commencing at 2:00 P.M., Monday, April 15, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.

ARTIE L. CARPENTER, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Alsup:

Q. Mr. Carpenter, would you state your name and address, please.

A. Artie L. Carpenter; my home address is 820 North Almansor.

Q. What is the address of your store?

A. 1712 West Main Street, Alhambra.

Q. We have been furnished by the attorneys for the government with a statement as to what you would testify to if you were subpoenaed as a witness in this case. Do you have a copy of that statement in front of you?

A. I do.

Q. Have you read it recently?

A. Yes.

[fol. 85] Q. Did you read it carefully before you signed it?

A. I did.

Q. Do you recall when it was that you did sign it?

A. Not the exact date, no, sir.

Q. Can you remember the month?

A. Approximately three months ago.

Q. It states that you purchased this store in Alhambra in 1959.

A. That's true.

Q. Can you recall when in 1959?

A. I leased the store in March of '59.

Q. You leased it in March?

A. Yes.

Q. Did you thereafter purchase it?

A. No. It isn't my legal property, no. It is still leased.

Q. So Paragraph 1 really means that you purchased a lease; is that correct?

A. That's true, sir.

Q. I think this Paragraph 1 states that your gross sales in 1951 were about $588,000. Can you tell us what your gross sales were in 1962?

A. Yes. $592,000.

Q. What was your investment when you purchased this lease in 1959?

[fol. 86] A. The lease purchase or the stock?

Q. How much did you pay to get the lease?

A. Well, we had a total investment of approximately $19,000 or $20,000.

Q. Was that just for the lease or did that include some fixtures and merchandise?

A. No, no, just for the lease. It was a signed lease with the last month's rent paid in advance.

Q. So the $18,000 really represented purchase of fixtures and inventory?

A. Inventory, yes. That is capital that I had. That isn't taking in the borrowed moneys.

Q. That is you invested $18,000 of your own money.

A. Of my own money.

Q. Then you borrowed some additional money for inventory?

A. That's true.

Q. Can you give us some idea of what the present net worth of your business is?

A. Well, it is kind of hard to sum up. I would say probably my net worth of the business is probably around 30,000.

Q. $30,000?

A. Yes.

Q. Have higher estimates been made, do you know?

[fol. 87] A. Yes. There would probably be higher estimates made. I am taking in consideration the depreciation of fixtures that I have depreciated down.

Q. That is fixtures might have a greater net worth than they do for tax purposes; is that correct?

A. They are worth more to me, sir, than they are to anybody else, yes.

Q. Taking that in consideration can you give us some idea of the present net worth of your business, the actual?

A. Well, actual net worth, Mr. Alsup, it is pretty hard to say. I have been trying to borrow moneys on it. Nobody seems to think it is much.

Q. Give me your best estimate, please.

A. Roughly speaking I would say that 30,000 would take in our net worth.

Q. Your father might have said it was $85,000——

A. Well, he might say $85,000, $100,000, or what. I wouldn't say that we were worth that kind of money, I mean to sell, to sell out. Now, this is something that might be worth—Like I say, things are worth more to me than if you go and try to borrow or make a loan. They look at your paper.

Q. Did you remodel this store when you acquired it in 1959?

A. Painted the inside.

Q. This looks like an old Safeway store. Is it?

[fol. 88] A. It's an old Safeway store.

Q. Did you acquire it from Safeway or from someone else?

A. No, from an individual.

Q. Had they acquired it from Safeway?

A. I don't know, Mr. Alsup, if they acquired it from them or not.

Q. Do you compete with the Rite-By store at 2800 West Main?

A. I hardly think so.

Q. That is a tiny, little store?

A. It's a small store, yes, on the south side.

Q. Have you been in it?

A. I have been in there a couple of times, yes.

Q. And that is, oh, roughly 11 blocks from your store, a little over a mile?

A. I would say approximately a mile, yes.

Q. Are you closer to that Rite-By Store than you are to the Von's Store on West Main Street?

A. No, I am closer to Von's.

Q. Are you?

A. I believe so.

Q. Are you closer to Ralphs than you are to Von's?

A. I am about a block's difference, yes, a short block.

[fol. 89] Q. Ralphs is closer to you by one block than the Von's Store; is that right?

A. It is closer to me by one block, yes.

Q. Do you compete with a Star Market there at 2289 West Main?

A. Well, I feel the store has their customers and I have mine. It would be kind of hard to say as to what type of competition we actually have with each other. I have a somewhat different type operation than Star Market. Naturally I guess everyone thinks their merchandise is better, but I don't think there is a great deal of competition between the Star Market and myself.

Q. Have you been in the Star Market?

A. Yes. Not real recently but I have been in there.

Q. I have been in your store, Mr. Carpenter, and I must compliment you upon the attractive display and the cleanliness. What was your impression of the Star Market there at 2289 West Main?

A. Well, it is just another market.

Q. Do you feel that they have their merchandise as attractively displayed as you do?

A. No. I think I am the greatest merchandiser there is if I have the time to do it.

Q. Do you feel that the Star Market is a clean type of market that would attract customers that would be at-

[fol. 90] tracted to your market?

A. I think the personnel in the Star Market certainly feel that they have a duty toward their customers. I think that they try, yes.

Q. How does their equipment compare with yours?

A. My equipment is newer, yes.

Q. Your displays are better, aren't they?

A. Well, I haven't been in the Star lately, Mr. Alsup. It actually has been, I would say, a year since I have been in the Star Market. I couldn't truthfully say what type of merchandising that they are doing right now.

Q. Is that closer to you than this Ralphs Market that we have mentioned?

A. Yes, it is closer.

Q. Then it is closer to you than the Von's Market we mentioned?

A. I believe it is, yes. Naturally it is.

Q. How far did you say you felt the Von's Market was from you?

A. In distance of blocks?

Q. Yes.

A. Oh, I think three-quarters of a mile would just about pace it off.

Q. Was that Von's Market there when you acquired your store in 1959?

[fol. 91] A. No.

Q. When was it built?

A. It was opened April 15th of last year.

Q. Was the Ralphs Market there when you bought your store in 1959?

A. Yes.

Q. The existence of the Ralphs Store didn't discourage you from taking this market, I take it.

A. I was quite a bit younger then. Four years, you know, you put a lot of experience under your belt.

Q. What other stores in the area do you compete with, Mr. Carpenter?

A. I compete with Safeway.

Q. Where is the Safeway Store located?

A. On Commonwealth and Atlantic.

Q. How far away is that?

A. By distance approximately three-quarters of a mile.

Q. Any other stores in the area you compete with?

A. Well, there is Gertmenian's Market across from Safeway. There again I don't feel that I am competing too much with Gertmenian's Market.

Q. Why is that?

A. They are altogether more or less a different type of operation. They are produce dealers in effect, a lower grade of produce from what I carry.

[fol. 92] Q. They do carry a line of groceries there at Gertmenian's place?

A. Oh, yes.

Q. Mr. Gertmenian just bought that market recently, didn't he? Wasn't it known as the Commonwealth Market?

A. It was known as the Commonwealth Market, yes.

Q. And Mr. Gertmenian bought it despite the fact that

it was directly across the street from a newer and larger Safeway?

A. Well, he bought it when Safeway was there, yes.

Q. You have named Safeway, Ralphs, Gertmenian's, Star and Rite-By. You testified that you felt you don't compete very much with Rite-By and Gertmenian. I gather that the reason you feel you are not in competition with Gertmenian is because they carry a poorer grade of produce; is that correct?

A. Well, yes, I feel that way. I think they are merchandisers in their own field, doing that type of merchandising.

Q. You feel that you attract a better class of customers?

A. I feel that I do, yes.

Q. Are there any other markets in your area that you compete with?

A. Well, we feel that we have competition on Valley [fol. 93] Boulevard. The distances aren't too great from us and I am sure that you are going to ask about our new Unimart that is down below me.

Q. What stores on Valley Boulevard do you compete with?

A. We have Shopping Bag on Valley Boulevard.

Q. How far away is that?

A. I would say approximately a mile in distance.

Q. Any others?

A. Anything outside of that circumference it would be hard tosay, Mr. Alsup. I have customers from Temple City, people driving by and stop and see me. But I don't think any further distance than that that I could say.

Q. Give us some estimate of the percentage of customers that you draw from this mile radius that you have referred to.

A. The percentage of my customers?

Q. Yes.

A. Well, 98 per cent.

Q. From this mile radius?

A. Yes.

Q What is the size of your market, Mr. Carpenter?

A. The over-all building is 6,000 square feet.

Q. How much of that is devoted to store or selling area?

[fol. 94] A. Approximately 4300.

Q. You mentioned Unimart. Would you tell us about that?

A. Well, so far we are happy. I mean I haven't got it.

Q. Unimart has just opened and how far away would you say that is from you?

A. Oh, six blocks.

Q. On the same side of Main Street?

A. It is the same side, yes.

Q. And that contains a large supermarket in it, does it?

A. In its field of supermarketing, yes, it has groceries there.

Q. That is run by Food Giant, isn't it, that supermarket?

A. Yes, I understand that.

Q. Would you tell us why so far you are happy about Unimart opening in your area?

A. They didn't hurt me like Von's did when they opened.

Q. Did they help you?

A. I haven't had an increase but I haven't had a decrease.

Q. Do you feel that it might help you?

[fol. 95] A. That is a tough one. Naturally everybody likes to hope for the best, Mr. Alsup, but I can't depend on them to try to help me, no. I will have to——

Q. You once told me that it might help you, didn't you?

A. I might have when I talked to you over the phone, I might have said that, Mr. Alsup.

Q. Is that because a large discount house of this type attracts people into a neighborhood and you will get your share of the business?

A. We kind of felt that maybe that might happen, yes.

Q. In Paragraph 3 of your statement, Mr. Carpenter, you say that you must be kept well informed on every change in marketing conditions in the Los Angeles metropolitan area. Can you tell us what changes you have observed in the marketing conditions since you have been doing business in this area?

A. Well, there has been a considerable amount of changes, Mr. Alsup. I just don't know any one certain thing that I would be able to make you happy on. It actually leads back to approximately a year ago when we came into what is called the no limit law.

We had to change our different methods of merchandising in our stores at that time. We tried to stick by the

law. We feel that it is a rather decent law not to sell below [fol. 96] cost. And, of course, prior to this we were doing our own thinking, I mean having the right to limit to our customers in a decent amount. We had to change up our advertising a lot. We found that we came in and cut the prices in a lot of our staple items, and this was merely following the changed ideas and which probably represents 25 per cent of our gross sales going through the doors.

Our net percentages in our business hasn't been hurt, we have got ourselves adjusted. But we are not able to use a weapon, at least we are now, we don't dare to advertise an item ten cents below our cost in order to maybe create a little more traffic into our stores. We found that most people have been abiding fairly well to this law. There are some instances I have seen prices a little lower. Maybe they got a little better buy on it than I did. But we haven't been able ourselves to create more advertising on our own part. I think that everyone in the grocery business realizes that they are only allowed a certain per cent of their gross sales for advertising and we do try.

Q. How do you advertise?

A. We use the Alhambra Free Press. It's a weekly paper.

Q. They use throw-aways?

A. This is supposed to be a paid circulation. It first was a throw-away but it is more or less pay if you want [fol. 97] to pay. It isn't as effective as your mailers or your big metropolitan newspapers or your big city newspapers.

Q. Do you use mailers?

A. No, sir, I don't.

Q. What other changes have you seen in the recent years? Would you consider the discount houses a change in the marketing condition?

A. Well, we have had discount houses for as long as I can remember, Mr. Alsup, and there hasn't been as many. It seems to more or less be in a experimental age right now as to whether they are going to really be something or not. I think they are here to stay. Some might turn into bowling alleys, who knows. But some of them will be here. I have seen some of them that are very successful in their operations.

Q. There has been quite a rash of them in the last two or three years all over the area, hasn't there?

A. Well, Southern California is a real competitive area. I think we are all aware of that.

Q. How about bantam stores, has that been a change in marketing conditions in recent years?

A. Well, I am not too awfully familiar with the bantam operations. I do know that a couple of them have gotten in some serious trouble, or at least from what I have read in the Commercial Bulletin. It has been taken over [fol. 98] by someone else. As to the amount of business that they are doing right now, I really don't know.

Q. Do you know how many of them have entered the area in the last five years?

A. In our own immediate area there hasn't, to my knowledge, been any. I have seen them in my drives, I mean from here to, say, Long Beach. I have seen the Speedee Marts in some of the small areas.

Q. I gather you are primarily interested in your business in your own immediate area over in Alhambra; isn't that correct?

A. Well, naturally my biggest interest, Mr. Alsup, is with me in my area. Of course, as a whole we have our future to look out for too.

Q. That is for sure. In these various trade papers that you have read, and you mentioned Commercial Bulletin and Super Market Merchandising—That is really Super Market News, isn't it?

A. Well, Super Market News, yes.

Q. And Chain Store Age and Progressive Grocer. Have you seen articles in recent months by so-called experts that the discount house will put the supermarkets out of business?

A. I am sorry to say I haven't read that article yet. I don't think it will ever put us out of business. Not the discount houses, no. I didn't read that article, though, [fol. 99] Mr. Alsup.

Q. In Paragraph 4, Mr. Carpenter, you refer to your continued study of retail grocery merchandising in the Los Angeles metropolitan area. You state that you would testify that in the period since 1950 the number of single

store grocery retailers operating in the area declined. Have you made any actual study yourself along that line?

A. Mr. Alsup, I have seen a few of the markets closed up and, of course, with the co-op there has been—maybe this is one reason that we are having such a tough time right now trying to get financing, because a lot of them have fell by the way in the last year or so, in the last couple of years. I am sure that probably we could come up with quite a few.

Q. You haven't made any study yourself?

A. I haven't went out, no. I am afraid I don't have the time to do that.

Q. You haven't made any study in Orange County, I gather?

A. No. I am not in the Orange County area.

Q. Have you seen some failures of some of the larger chains during the last couple of years?

A. Well, seen them, yes. In certain respects I have seen them taken over by other chain markets. I imagine that they were in some sort of financial difficulty.

[fol. 100] Q. From your study of the trade papers you know, don't you, that Fox Markets went into bankruptcy?

A. Yes, I saw that in big black letters. That was in the newspaper and also in our trade magazines.

Q. And based on your experience in the industry would you say that has contributed somewhat to the tightening of credit?

A. That might contribute to some of it, yes.

Q. From your study of the trade papers did you observe whether in 1951 McDaniels went into bankruptcy?

A. Yes.

Q. And before it did that it sold off a number of its stores to single store operators, did it not?

A. I believe that to be correct, yes

Q. And Food Fair, which is one of the nation's largest national chains, has taken over the remaining Fox Stores; isn't that correct?

A. I believe that is all settled now. I don't know. To my knowledge it is, yes.

Q. But prior to that a number of the Fox Stores were sold off to various smaller chains and individuals, were they not?

A. I don't know of any of them personally, Mr. Alsup. I do know a couple of the McDaniel's stores, but not Fox Markets, I don't know. I know they had taken over the Iowa [fol. 101] Pork Shop Markets, and it might have been that the Iowa Pork Shop Markets might have been taken over by some individuals. But I don't know if any of the Fox Markets themselves.

Q. What about Yor-Way, what do you know about that situation?

A. They folded up.

Q. Went into bankruptcy?

A. Yes, I imagine they were in bankruptcy.

Q. According to your studies of these trade papers, Mr. Carpenter, wasn't it generally considered that these three chains got into financial difficulties because they expanded too rapidly with inadequate capital?

A. I hadn't seen a new Yor-Way Market in I don't know when. Naturally we seen a lot of the Fox Markets. As to why they folded, I imagine that in the Fox case it could have been overexpansion, yes. In the Yor-Way I couldn't say.

Q. You didn't see anything about it in this various reading that you have done in the trade papers?

A. I have read about the Yor-Way Markets. Of course, the Yor-Way Markets had never been—I was never too particularly interested in them. I never felt toward them as any type of competition, either, not the Yor-Ways.

Q. In this same period that you refer to in this [fol. 102] Paragraph 4 have you known of others like yourself who have started in business with one store and been able to stay in business?

A. Yes, I know of people that are still in business, yes.

Q. Do you know some who have started in this period beside yourself?

A. I know of one of other person, yes.

Q. One other?

A. Yes. On Valley Boulevard.

Q. Who is that?

A. Bob Sorenson's Market on Valley Boulevard.

Q. In your readings of the trade papers have you read at all of Ted Wood and his Pantry Markets?

A. Yes. I wonder where he is getting all of his money. Maybe he is a good merchandiser.

Q. Now will you answer the question?

A. Yes, I have read about Ted Wood.

Q. Didn't he get started sometime in about 1954?

A. I thought it was sometime before that, but I paid particular attention to him within the last three or four years.

Q. He started with one market, didn't he?

A. I believe that's correct, yes.

Q. Do you know how large his chain is now?

[fol. 103] A. He has probably 10 stores now.

Q. In your readings of the trade papers have you read about Joe Goodnight of Michael's Markets?

A. Yes.

Q. What have you read?

A. Joe does a good job.

Q. Did he leave Alpha Beta in 1958 and start his own business?

A. I believe it was around there.

Q. What has happened. How many stores does he now have, do you know?

A. I don't know what number of stores he has.

Q. Do you have any idea?

A. I might be thinking of someone else, but I thought he had four stores. I don't know.

Q. Do you recall reading in the trade papers or from your study of the industry about how Joe Hughes got started in 1952?

A. Yes.

Q. Did he start with a one-store operation?

A. He had one store, yes.

Q. Do you know how many stores Hughes Market has now?

A. They have eight or ten stores. They have several on the drawing boards, I imagine from what I have seen.

[fol. 104] Q. Do you know Jerry Fleishman, one of the government witnesses?

A. Jerry Flashman?

Q. Fleishman.

A. No.

Q. Do you know the witness who testified this morning, Mr. Don Fairbank?

A. I don't know him personally, no.

Q. I imagine if you counted you could think of a number

of others who have been able to start in this period since you have become familiar with the grocery business in this area, couldn't you?

A. Yes, I have known of a few that have started back in the fifties.

Q. And they have been successful, so far as you know?

A. The few that I know of, yes. They appear to be.

Q. Are you acquainted with the two young men who purchased Mr. Irvine's market in El Monte and now call it the Crower's Market?

A. I don't know them, no. I didn't even know it was Irvine's Market.

Q. Do you know whether they have a successful operation?

A. It just seems to be.

Q. Do you know of your own knowledge whether there [fol. 105] are actually more or fewer grocery concerns doing business in this area now than there were in 1950?

A. I would say, Mr. Alsup, yes, there is fewer.

Q. Do you have any idea how many fewer?

A. I don't know the amount, no, the few amount.

Q. And what has been your impression as to size of these markets that you have observed that have gone out of business? Are they what you would call mom and pop's primarily?

A. No. I have seen a few 10,000 square foot markets that are not in operation now.

Q. I have seen a larger one with the McDaniel sign on it, a for lease sign on it on the San Bernardino Freeway. Have you ever noticed that?

A. Yes, I believe I have.

Q. In Paragraph 5 you refer to shopping centers, the difficulty that a single store operator or the inability of a single store operator to get into the shopping centers. What effort have you made to get into a shopping center?

A. Well, I have never had a chance to get into one. I have tried t omake studies as to what I might be able to do to get into one. Naturally no one is going to go out and say, "Hey, I've got a shopping center." But you see them spring up and it's all cut and dried before they go, I guess. [fol. 106] Q. What effort have you made to get in?

A. My own particular self?

Q. Yes.

A. Well, I haven't made any.

Q. In these studies that you have made of the shopping center problem have you become aware of the bills which have been pending in Congress for the past two or three years which are designed to help small businesses get into shopping centers?

A. Yes, I have read about it.

Q. Are you aware of the fact that Ted von der Ahe says he believes such legislation should be enacted?

A. No, I wasn't aware of his statement on that, no.

Q. Do you believe if such legislation were enacted by Congress that it would be of help to you smaller businessmen?

A. It could be, I guess, yes.

Q. How can breaking up the merger of Von's and Shopping Bag help you on this shopping center problem?

A. It might lessen the encouragement of other mergers, Mr. Alsup.

Q. Whey you say that it might, you are speculating?

A. No, I am not speculating, no.

Q. What is the basis for your statement?

A. We naturally have concern about it. In all truth [fol. 107] we know that definitely it has lessened in competition worked by this merger and we feel that what would prevent the other larger chains of all merging together.

Q. You say you notice it has lessened competition, this merger?

A. Well, certainly it has lessened competition between Von's and Shopping Bag.

Q. What study have you made as to competition which existed between Von's and Shopping Bag before the merger?

A. Well, they were definitely in competition with each other.

Q. In how many places?

A. Well, in my own city they were in competition with each other. There was Von's and Shopping Bag in Alhambra.

Q. Would you say that competition generally in the area has been lessened?

A. They have a rather large area to cover. I would think that in general, yes, it would.

Q. Throughout the Los Angeles metropolitan area, consisting of Los Angeles and Orange Counties?

A. I would say, yes, it would.

Q. On the basis of overlap between Von's and Shopping Bag stores?

A. They do have a few stores that overlap. I don't know the distance of draw that our markets have nowadays. [fol. 108] Maybe it isn't as great as it used to be, but they still have a drawing power of four and five miles.

Q. What is the basis for that statement, Mr. Carpenter?

A. We are speaking of our competition between the two markets, Mr. Alsup. Naturally when they merged together there is no competition between them, regardless of whether they overlap or don't overlap.

Q. You referred to a four or five mile draw area of a Von's or Shopping Bag Store. What was the basis for that statement?

A. Well, the basis of it would be primarily to the shopping centers, the markets that are in the shopping centers.

Q. Have you made any study of any draw area of any Shopping Bag store?

A. Well, Von's says, Shop at Von's Markets." In Alhambra it certainly draws some of my customers into that area.

Q. You said that was less than a mile away.

A. No, not the one on Valley Boulevard.

Q. You said that was less than two miles away.

A. No, I don't believe I stated the distance between my store and the Valley Boulevard shopping center.

Q. And it's on the basis of that that you say that Von's and Shopping Bag Stores have a draw area of four to [fol. 109] five miles?

A. Yes.

Q. Nothing else?

A. No, I don't think so.

Q. I think you said, "We know competition has been lessened." How do you reconcile that with your statement in Paragraph 13 that you would testify you face very vigorous competition from Von's?

A. Well, speaking of Von's, naturally we are speaking of Von's and Shopping Bag.

Q. And you face vigorous competition from both of them?

A. Why, certainly.

Q. I am a little puzzled now, Mr. Carpenter. In view of that I would like you to tell me how competition has been lessened generally in the Los Angeles metropolitan area, consisting of Orange County and Los Angeles County, by this merger of Von's and Shopping Bag. It hasn't lessened the competition with you.

A. You mean my competition hasn't lessened, which it hasn't.

Q. Right.

A. That's true, it hasn't lessened it.

Q. So the most then that you mean is that competition which might have existed between the particular Von's and [fol. 110] and Shopping Bag Stores no longer exists; is that correct?

A. Why, yes.

Q. I would still like to get you to explain to me how the merger of Von's and Shopping Bag would change the shopping center situation. Shopping Bag could get into the shopping centers before the merger, couldn't it?

A. Yes, I am sure they did, yes, that's true.

Q. And Von's could and did before the merger?

A. That's true.

Q. Please explain to me how this merger of Von's and Shopping Bag that we are talking about here changed the shopping center situation.

A. I don't think I put any particular emphasis that it would change the shopping center aspect any. I don't think they will ever be changed anyway.

Q. You don't have much confidence in Congress passing these bills, I take it.

A. Maybe not.

Q. Now, if the merger of Von's and Shopping Bag were broken up wouldn't you have one more concern competing for a shopping center site?

A. I don't really think so, Mr. Alsup. I don't really see how that would have any bearing on the case, I mean if it was split up. As far as me getting into a shopping center, if they were to split up or stayed whole, I don't think that [fol. 111] this might make any difference in my own particular self.

Q. Can you think of anyone it would make a difference to?

A. Yes. I think it could probably make a lot of difference. I am sure that in my own self if I was building a shopping center that I would probably rather have Von's and Shopping Bag in it than I would Carpenter's or somebody else.

Q. If you were building a shopping center prior to the merger you would rather have had a Shopping Bag in it than a Carpenter's; isn't that right?

A. The answer was that I would flip a coin as to whether it would be Von's or Shopping Bag if I were the one that was building it.

Q. But in either case you would choose one or the other rather than a Carpenter's.

A. Yes, I would.

Q. And that would be true if you were a shopping center developer with respect to any chain with a Triple A financial credit rating, wouldn't it?

A. Well, that is true enough as far as Triple A credit references. It doesn't necessarily mean that it's the name, the draw power that either one of these stores do have over and above maybe someone else.

Q. You say in Paragraph 7 that you would testify [fol. 112] that single store operators and small chains do not have their own highly developed distribution system. I ask you, does a single store operator need a highly developed distribution system?

A. I don't think a single store would. I don't know how he could upkeep it. No, that's true.

Q. You are a member of Orange Empire, are you not?

A. Yes.

Q. Does Orange Empire have a highly developed distribution system?

A. Yes, they do.

Q. Do you know whether or not it does a greater volume in sales to its members than Certified Grocers of California?

A. Well, they are the two biggest. I would say that it would be the last year that Orange Empire did have a larger distribution than Certified. But they are in three states.

Q. And would you say that Orange Empire is your distribution system except for milk and meats and produce?

A. Yes.

Q. And it operates large warehouses, does it not?

A. True.

Q. And it is serviced directly at its warehouses by railroad shippers, is it not?

A. That's true.

[fol. 113] Q. And it operates large trucking facilities, does it not?

A. True.

Q. Its warehouses and its trucking facilities are larger than those of Von's, are they not?

A. Yes, I imagine so.

Q. Would you read the last sentence of Paragraph 7, Mr. Carpenter, and tell me how Von's and Shopping Bag have an advantage over you in terms of inventory control?

A. Because of owning their own warehouses they have control—better control over their inventory by distributing it to the stores themselves.

Q. Better than Orange Empire can do it for you?

A. Well, if we are speaking of Orange Empire and their inventory control, I would say that Orange Empire had an inventory control also. But as to how Orange Empire is going to know how much their members are going to buy, we have a lot of outs too on our orders. Whereas in larger chains operating their own warehouse they can have fewer outs, fewer shortages. Orange Empire can't know. All they can do is go by their past records as to how much their members are going to buy from them.

Q. Isn't that basically what a chain like Von's must do on the basis of what its stores are going to sell?

A. Well, certainly that's true.

[fol. 114] Q. I have heard it said that if a single store operator doesn't have absolute inventory control he certainly doesn't belong in the business. Would you agree with that?

A. Well, you have to have a certain amount of inventory control, true. I couldn't say how long it's going to take them to put themselves out of business by not having inventory control. If we lost fewer members we might have less control over our inventory. We might have more shortages.

Q. This is in the realm of speculation now, isn't it, Mr. Carpenter? That same thing might happen to any of the larger chains, couldn't it?

A. Well, in our speculations, true. But we have to say

more probably it would be the smaller—than it would be the smaller ones.

Q. Don't you have absolute control of your own inventory in your market?

A. To a certain degree only, yes.

Q. Would you explain?

A. Well, in our buying, I mean we would like maybe to have 25 cases or 50 cases of giant size Tide five cents off or ten cents off. This type of merchandise we have never been able to get ahold of because it has already been taken up. Now, in inventory control there has been times that we have had to take merchandise that wasn't off label and so consequently we have had merchandise on hand consid- [fol. 115] erably longer than what we should have had it on hand. I mean in the emphasis of turning merchandise over.

Q. Are you testifying that that doesn't happen to the larger chains, Mr. Carpenter?

A. They can sure as heck—It certainly wouldn't if it is coming direct from the plant itself. If you are running something on the ad they would either see that restitution was made or they are going to get the right merchandise.

Q. How did the merger help Von's in this respect?

A. How would it help them?

Q. How did it?

A. Well, it certainly would have increased their buying power. They merged together their warehousing facilities.

Q. You say it increased their buying power. Isn't it true that once you get to a certain level, buying in carload lots, there is no additional discount for additional quantity?

A. That has been the impression that I have had, yes.

Q. And if it were otherwise wouldn't Orange Empire and Certified Grocers have far greater buying power than Von's or any of the other chains in this area?

A. Well, that is somewhat debatable too, in getting [fol. 116] right back to off merchandise. From what I hear, from the complaints that I have registered with my own co-op in off merchandise, they tell me that they are only allotted a certain amount, which is usually always taken up even by chain members that belong to the co-op. They seem to have their orders in there waiting for it.

Q. Have you investigated the relative merits of Certified Grocers versus Orange Empire in that respect?

A. Not to a major degree, no. I don't know as they——

Q. To what degree?

A. You mean are they out trying to gather up more members?

Q. No. Which one can render better service in that respect to its members?

A. Oh, I think that the service between both of them, I couldn't say that one was any better than the other.

Q. Have you made a study?

A. Yes. I have talked with the people that are with Certified. In fact when I was with the Hiram organization we bought through Certified. So I have some experience with their service that they gave us when I was with them.

Q. On the basis of your study of the industry over the past ten or twelve years would you say that Certified Grocers has grown enormously, both in number of retail members and in volume of business it does?

[fol. 117] A. The growth that they have had in the last couple of years, they have certainly grown all right. In the last couple of years I don't know as to the extent of their growth.

Q. How about Orange Empire?

A. Well, I would say that they have been about the same for the last year.

Q. Do you have any idea what Orange Empire was doing in annual volume in 1950, roughly?

A. Yes. It's considerably more now, Mr. Alsup.

Q. Would you give us the figures, roughly?

A. Roughly over five million more than they were doing then.

Q. Roughly Orange Empire is only five million more a year than——

A. In 1950?

Q. —than in 1950?

A. No, it is much more than that. I don't know the exact figure, though.

Q. Would it be as much as one hundred million more?

A. I don't think so.

Q. Do you have any idea about the relative gross sales of Certified Grocers to its retail members in 1950 as compared to 1952?

A. Certified to its members?

[fol. 118] Q. Yes.

A. How much more now than it was in 1950?

Q. Yes.

A. It is well in the millions, yes.

Q. Many millions?

A. Quite a few.

Q. I gather from your Paragraph 8 that you feel with your quantity discounts you get your dry grocery products on your shelves just as cheaply as any of the direct buying chains; is that correct?

A. No, I don't think so, Mr. Alsup. We can pick up, if we had facilities to pick up, from Del Monte, we could gross another three per cent or one per cent. In taking any direct shipments of large quantities we could make another per cent.

Q. On dry groceries?

A. In the dry groceries, yes. And sugar is the same way, and flour. Staple items you can still, if it isn't shipped to the warehouses, if it is brought direct from the manufacturers or from their warehouse, you can save.

Q. Von's in running a warehouse certainly has some warehousing cost, doesn't it, Mr. Carpenter?

A. I am sure they do, yes.

Q. Do you have any idea if you made any study to determine how the Von's warehousing cost compares to those of [fol. 119] Orange Empire or Certified Grocers?

A. It definitely would be less.

Q. What is the basis for that statement?

A. Well, it wouldn't be very natural for them to operate warehouses unless it was to their advantage, Mr. Alsup.

Q. Here again you are speculating?

A. It is my own thought, yes.

(A short recess was taken.)

Mr. Alsup: Q. Where do you buy your meat, Mr. Carpenter?

A. The bulk of my buying is from E. B. Manning & Son.

Q. That is generally considered a quality house?

A. Yes, it is.

Q. Do you do the buying?

A. No. A brother of mine does the buying.

Q. Has he had prior experience in the meat buying business?

A. Well, he has had the experience since we have been in business, yes.

Q. Have you made any study to determine whether or not you get quality meat comparable to that of any of the chains?

A. Yes, we get quality meat.

Q. Have you made any study to determine whether or not you get your meat at comparable prices on quality?

[fol. 120] A. We pay a premium price for Manning's meat.

Q. That is because you choose to buy the premium meats?

A. We buy for the name, yes.

Q. But assuming the chain buying comparable quality, you would get it at the same price as a chain; isn't that right?

A. I hardly think so, Mr. Alsup.

Q. Do you know?

A. Well, I have bought choice meats for half a cent a pound cheaper than I have paid for Manning's. And if I could buy tinned beef I could save myself maybe two cents a pound or maybe a cent and a half a pound. This again is on volume buying.

Q. Does it sometimes happen, or do you know that a single store operator such as yourself can do the packer a favor by picking up a small quantity that a chain couldn't handle and get a better price?

A. If you were able to make the trip yourself and pick it up, yes, you would be saving the packer.

Q. And some of the single store operators do just that, don't they?

A. I don't know of any personally. I mean myself I don't know. There might be, but I don't know.

Q. Who does your produce buying?

[fol. 121] A. We have a fellow, a Mr. Tom Cavalier, he does my produce buying. He has five other accounts besides myself.

Q. I gather from your earlier statement about Mr. Gertmenian you feature higher quality produce; is that correct?

A. We are limited to space so we carry the best, yes.

Q. Do you have any knowledge as to whether you get your produce at comparable prices for comparable quality as any of the chains?

A. We pay a premium price on produce, Mr. Alsup.

Q. Because of the quality?

A. Our produce market—yes. If you buy—I mean if it's quality you will pay a little more for it.

Q. And you believe that featuring quality meat and quality produce attracts customers to your store that might otherwise go elsewhere, don't you?

A. We feel that that's about our only weapon, yes.

Q. You get your milk from Foremost Dairy, don't you?

A. Foremost and Knudsen, yes.

Q. And Knudsen?

A. Yes, we buy Knudsen.

Q. There is a lot of talk in the trade papers about Foremost having given considerable financial assistance to Fox. Did you read that?

A. I believe there was some conflicting deal between [fol. 122] them. I don't know as to what really happened there.

Q. In your opinion does Foremost milk have good public acceptance?

A. Yes.

Q. Is it well advertised?

A. Yes.

Q. Is the same true of Knudsen?

A. Yes.

Q. And is the price at which any grocer can sell milk fixed by state law?

A. Yes.

Q. Would you tell me what competitive advantage that Von's has over you because of its membership in Jerseymaid Milk Company?

A. Well, they certainly have a much better buying power in Jerseymaid in the ice cream division that would come under the dairy category.

Q. Certified Grocers has gone into ice cream, has it not?

A. They were speaking of it. I guess it's in effect now.

Q. Has Orange Empire?

A. Orange Empire, they have their iced milk and they are not going into the ice cream business, no.

Q. Do you believe that Orange Empire would do that [fol. 123] if it felt it would be a competitive advantage for its membership?

A. From what I have gathered in the talks that I have had with them, no, they don't feel that they want to have anything to do with the ice cream division.

Q. Orange Empire once went into the produce business down in San Diego, didn't it?

A. I believe I heard of that.

Q. Do you know whether or not Von's gets a better return on its investment in Jerseymaid than it would get if it had the same money invested in some other business such as common stocks?

A. Well, they certainly have control. I mean as to whether they had their money in stocks and the dividends that they would draw from the stocks, I don't know. They are in the grocery business, so this is the business that they are in.

Q. Is your father in the poultry business?

A. We were in the poultry business, egg ranch, yes.

Q. Did that give you a competitive advantage over the chains and others who didn't have a poultry business?

A. Yes.

Q. Now speaking of Jerseymaid, as you do in Paragraph 8, would you tell me how the merger of Von's and Shopping Bag has changed this situation?

[fol. 124] A. As to this date I can't say that there has been a great deal of change, other than their advertising has merged together. As to what effect this will have on us at a later date is what we are worried about, Mr. Alsup.

Q. This merger has taken place over three years ago.

A. Yes, that's true.

Q. You say to this date you haven't seen any effect; is that correct?

A. Only in my immediate area, yes, against me there has been an effect. There is one or two less businesses.

Q. Do you contribute that to the merger between Von's and Shopping Bag?

A. It is hard what you attribute that to.

Q. That would be the purest kind of conjecture, would it not?

A. I wouldn't say that——

Mr. Coyle: Let him finish his answer.

Mr. Alsup: Q. I'm sorry, I thought you had.

A. It's kind of a funny thing in the grocery industry. We don't knock anybody, we never have. I mean we have a lot of respect for all the people in this business. But we are concerned as to monopoly and what we are facing up

to right now and I do feel like that I have certain advantages that maybe my fellow man hasn't got in his little store, his little business, his 10,000 square foot store. And [fol. 125] as to what is going to come to me later I couldn't put my finger on that, Mr. Alsup.

Q. What are those advantages that you feel that you have in your little store?

A. Labor; that's all. That is the only advantage that I have.

Q. That is you don't employ people who are members of the Retail Clerks Union?

A. We are a family operation.

Q. Do you know what percentage of the cost of operating a business like Von's is made up by its labor costs?

A. Yes, I do.

Q. Will you tell us?

A. I ran my store of Hirams under union help, I ran it at approximately nine per cent. I feel that probably Von's is still probably running close to that figure, not taking in their office personnel. I am speaking of in-store personnel —management and in-store personnel.

Q. Would you feel that other single store operators have the same advantage over the larger chains that you have insofar as labor cost is concerned?

A. No, they don't.

Q. Why is that?

A. The single store operator, if he is running a serv- [fol. 126] ice meat department, and he is union, he will run a greater percentage of labor overhead due to the fact of that type of meat operation. If you are offering service to the people over the counter, and what not, you will run a larger overhead of expense.

Q. Do you have any idea how many single store operators there are doing business in Los Angeles and Orange Counties?

A. The number of single store operators?

Q. Yes.

A. No, I don't.

Q. Would you say it was several thousand?

A. Yes.

Q. Do you know how many of those are running their stores with unionized help?

A. Well, speaking truthfully on it I think that probably

maybe certain departments that they run will come under the union help. This doesn't necessarily mean that they are not paying union wages for their help even though they might not be a union store. A good meat man isn't going to work for less wages if he can go some place else and draw a higher wage. I would say that this would be true only if it was a family operation such as I have.

Q. And you don't know how many of these are family operations?

A. Well, there is not a great deal of big families [fol. 127] any more.

Q. Is your answer "No"?

A. That's right.

Q. In Paragraph 8 you say that the major chains, the large chains such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their own warehousing and distribution systems. Were you referring to Orange Empire and Certified Grocers there when you referred to cooperatives?

A. Yes.

Q. Do you know what cooperative Safeway belongs to?

A. Safeway does most of their own warehousing. As to the amount of buying that they might—I know they tried to buy through Certified, which they were denied this some time ago. If that picture has changed I don't know.

Q. You don't know if they belong to any cooperative?

A. I don't think they do.

Q. Do you know if Von's belongs to any cooperative?

A. Von's did belong to Certified.

Q. When?

A. I imagine they still have their membership with Certified.

Q. Here again are you speculating?

A. Yes, I am speculating.

Q. How about Ralphs?

[fol. 128] A. Ralphs has their own buying organization, their own warehousing.

Q. Do they belong to Certified, or do you know?

A. Not to my knowledge.

Q. Or to Orange Empire?

A. Not to my knowledge.

Q. In Paragraph 9 of your statement, Mr. Carpenter, you refer to market share and say you are in agreement with defendant's exhibits showing that in the period 1950 to 1958 the market share of the 8 largest, the 9 largest, the 15 largest and the 20 largest increased. We have marked as Fairbank Exhibit 1 in the earlier deposition here a copy of an exhibit which the witness testified this morning that he saw. I ask you to look at that exhibit and see if that is the one you refer to here.

A. Yes. That seems to appear to be the same.

Q. Is there any reason in Paragraph 9, Mr. Carpenter, why you chose the top 8, 9, 15 and 20 and neglected the top 3, 4 and 5 who are shown on this exhibit?

A. I don't believe I understand your question exactly, Mr. Alsup.

Q. Your Paragraph 9, if you will refer to it, talks about the market share increase in the top 8, top 9, top 15 and the top 20, and you say that you agree that this increase has occurred on the basis of this exhibit which you just testified [fol. 129] was shown to you; right?

A. That's true.

Q. Now, this same exhibit which was shown to you showed what occurred to the market share of the top 5 in that period, didn't it?

A. Yes.

Q. And the top 4?

A. Yes.

Q. And the top 3?

A. Yes.

Q. But that isn't mentioned in your Paragraph 9. Was there any reason why that was omitted?

A. Probably because I don't know just exactly who the top 3 would be here in Southern California right now. I have my own opinion as to who they are.

Q. Did you have any idea when you signed this statement?

A. We knew—We were very well aware, Mr. Alsup, that the percentage of business is going to the larger chains. I mean this can't be denied——

Q. This is not responsive, Mr. Carpenter, to my question. When you signed this statement, which includes Paragraph 9, did you know who the top 20 were?

A. The top 20?
Q. Yes.
A. Yes.
[fol. 130] Q. Do you know who the top 20 are now?
A. In my own opinion, yes.
Q. Would you name them?
A. In the field of the top 20?
Q. Yes.
A. Going right down the line?
Q. Yes.
A. Maybe it would be better if I tried to write it down.

(Discussion off the record.)

The Witness: I believe your question, Mr. Alsup, was in regard to the 20 top chains. Of course, I have come here quite unprepared. I had no idea as to what questions you were going to be asking me.

I can tell you people that naturally my most concern is my surrounding area, which I mean we can give you more, the Los Angeles area is a big place, but we have our Ralphs and our Safeway and A & P and Von's and Shopping Bag, which is one unit, and our Boy's and our Alpha Beta, our Food Fairs, Mayfairs, Food Giant and Hughes Markets, and there is more that do a large volume of business, it's true. Then as far as me giving you any more as to the top 20, I can't.

Mr. Alsup: Q. Do you know whether the top 20 in 1950 were the same companies that were the top 20 in 1960?
[fol. 131] A. I believe I would have to say, yes, they are.
Q. There have been no changes in the top 20?
A. Only in growth and mergers is all.
Q. Was Fox in the top 20 in 1960?
A. Yes.
Q. Was it in existence in 1950?
A. Fox Markets? No.
Q. Was Hughes in the top 20 in 1950?
A. Yes.
Q. Was it in existence in 1950?
A. Yes.
Q. Is that your testimony?
A. 1950 Hughes? No, they weren't. This is going back quite a few years.

Q. Was Shoppers Market in the top 20 in 1950?
A. Yes.
Q. How many stores——
A. No. Shoppers or Shopping Bag?
Q. Shoppers.
A. Shoppers in 1950?
Q. In 1950.
A. Yes. Shoppers, they were in business.
Q. In the top 20?
A. Yes, they were.
Q. How many stores did Shoppers have back in 1950?
[fol. 132] A. I believe in 1950 Shoppers had three or four stores. They were large volume stores.

Q. And that put them in the top 20 chains doing business in the area?
A. Well, I forget what the publication was that the gross volume of business that they were doing. Yes, I believe they would be in the top 20 in 1950.

Q. According to this chart, which you referred to in preparing this Paragraph 9, Mr. Carpenter, what was the share of the top 3 in 1950? You can refer to the chart.
A. We show about 21 per cent.
Q. And what was the share of the top 3 in 1960?
A. About 3 and—The top 3 in 1960?

Mr. Hughes: It doesn't go to 1960, Mr. Alsup.
The Witness: It doesn't go to 1950, it goes to 1958.
Mr. Coyle: '59½
Mr. Vaughan: '59½ has to be 1950.
Mr. Coyle: It is a graph.
Mr. Alsup: Q. That shows the middle of 1960, doesn't it, Mr. Carpenter?

A. Your chart, the top 3 in 1960, about 22 per cent here.
Q. Doesn't that indicate that the share of the top 3 was less in 1960 than it was in 1950?
A. That chart does, yes.
[fol. 133] Q. Doesn't that chart show that the share of the top 4 was virtually the same in 1950 as it was in 1950?

Mr. Hughes: Mr. Alsup, I object on the same grounds that you had to these charts, that they speak for themselves.
Mr. Alsup: Q. You may answer the question.

A. What was the question again, please?

Mr. Alsup: Would you read it, please.

(The reporter read the pending question.)

The Witness: It appears that way here on the chart.

Mr. Alsup: Q. And doesn't that chart show that the share of the top 5 was only slightly more in 1950 than it was in 1950?

Mr. Hughes: The same objection.

The Witness: The chart shows slightly on the top 5 in 1959, it appears on the chart that it was slightly less.

Mr. Alsup: Q. It shows it was somewhat less than it was in 1952, doesn't it?

A. Yes.

Q. And that is true of the top 3 and the top 4 and the top 5, isn't it?

Mr. Hughes: The same objection to all of this. Also, we would like to know what the witness means by "slightly" and "somewhat."

The Witness: Well, merely looking at a chart here that has been drawn up.

[fol. 134] Mr. Alsup: Q. Didn't you rely on this chart, Mr. Carpenter, in referring to market shares of the top 8, 9, 15 and 20 in your Paragraph 9?

A. That is true.

Q. Doesn't this chart show that in 1952 the top 5 had little better than 30 per cent of the market?

A. Little better, yes.

Q. And in 1954 it declined?

A. It did.

Q. And in '55 is declined?

A. True.

Q. It held about even in '56?

Mr. Hughes: The same objection on everything to do with this chart.

Mr. Alsup: Q. You may answer.

A. Yes, it declined in '56 slightly.

Q. And it declined again in '58?

A. True.

Q. It then took a sharp decline in '59 during the period of the strike; isn't that right?

A. Yes. The stores were closed.

Q. And it came back in 1950, but still less than what it was in 1952; isn't that right?

A. That is what it appears here.

Q. Doesn't that chart indicate that the market share [fol. 135] of the top 4 steadily declined from 1952 to 1959?

A. Yes.

Q. And isn't that true also of the top three?

A. Yes.

Q. You relied on this chart in giving an opinion as to the market share of the top 8, 9, 15 and 20. My question to you is: Why was the market share of the top 3, 4 and 5, also depicted on this chart, left out of your statement?

A. I wasn't aware of this 3, 4 and 5, which I am still at a loss as to—I feel that Safeway Stores is one of the top three stores in Southern California and in my own feeling that they have more share of the market than what appears here.

Q. This is again speculation on your part, Mr. Carpenter?

A. That's true.

Q. How about Ralphs?

A. Ralphs? Their percentage of the business I feel is in with the top 3.

Q. Have you felt their market share has declined during this period that I have referred to?

A. In dollar volume, no, I don't think it has declined.

Q. When we talk about market shares we don't just talk about dollar volume, do we, Mr. Carpenter? When you [fol. 136] used your language "market share" in Paragraph 9 you were talking about the percentage of total sales in the entire area enjoyed by a particular concern, were you not?

A. Yes.

Q. So now will you go back and answer my question?

Mr. Hughes: Is the question clear to the witness?

Mr. Coyle: Read the question to him.

(The reporter read the pending question.)

The Witness: No, I don't feel it has declined.

Mr. Alsup: Q. Then you believe this chart is unreliable as to the top 3, 4 and 5 but completely reliable as to the top 8, 9 15 and 20; is that correct?

A. Well, it is my own true opinion, Mr. Alsup, that there has been increases certainly in certain market chains. We know this. I believe that Ralphs did the least expanding, they haven't merged. So it would be rather hard for me to put my own truthful answer as to my own opinion on this.

I feel that we know in the past few years the growth that has been with a few of our, what we call our local Southern chain markets. We know that there has been less expanding, less stores being built in the Ralphs organization. As to the amount of stores that Safeway have instigated, well, I don't know that either.

Q. Wouldn't this be correct, Mr. Carpenter, you don't know of your own knowledge whether the market share of [fol. 137] Safeway has increased or has declined in the period 1952 to 1960?

A. They are pretty close. I mean when they give a figure as to knowing what Safeway does in one certain area, it is rather hard to know. I mean you can get maybe an overall picture of their Western Division, as to the gross dollars that they have done as to their market share, in other words. But we are concerned in the Southern California area, the Los Angeles area.

Q. Do you have any knowledge as to whether or not the increase in gross sales of Safeway has kept pace with the increase in the total grocery sales in this area from 1952 to 1950?

A. I feel that they have kept pace, yes.

Q. And here again you are speculating?

A. Well, speculating, yes.

Q. Would you say you are speculating as to the top 4, the top 5, the top 8, the top 9, the top 15 and the top 20 shown on this chart?

A. Speculating, yes.

Q. Since 1958 Fox has gone into bankruptcy; isn't that right?

A. Yes.

Q. Would you say they were in the top 8 before they got into bankruptcy?

[fol. 138] A. They were doing a large volume of business. Of course, anybody can give it away.

Q. That doesn't answer my question, Mr. Carpenter.

A. If they were in the top 8; is that the question, Mr. Alsup?

Q. Yes. Were they in the top 8 in 1958?

A. Here in the Los Angeles area, yes.

Q. Was McDaniel's in the top 8?

A. Yes.

Q. Was Yor-Way?

A. No, I don't think so.

Q. Were they in the top 9?

A. Yor-Way?

Q. Yes.

A. No.

Q. Were they in the top 15?

A. I would put Yor-Way in the top 20—15-20.

Q. Would you say that the market share of the top 20 has declined since 1958?

A. No, it hasn't. Since 1958?

Q. Yes.

A. According to the chart, yes, it has declined somewhat.

Q. Does that conform to your observations based on your quote continued study of the retail grocery industry [fol. 139] close quote? I am quoting from Paragraph 9.

A. It merely takes into effect on this that there has been a certain amount of stores that have closed their doors and that would represent the dip here that we have, I mean the lessening.

Q. And here again you are speculating?

A. Yes.

Q. You don't know whether that dip might have come about as a result of the decline of market share in Safeway, do you?

A. Well, of course we had a strike here too, Mr. Alsup, in the year '59.

Q. That's right. Our chart goes up to the middle of 1960. Now, I will repeat my question. You don't know whether this decline is attributable to the decline in the market share of Safeway?

A. No.

Q. You don't know whether it is attributable to the combined market share of Von's-Shopping Bag, do you?
A. I feel that it is, yes.

Mr. Alsup: Would you read my question.

(The reporter read the pending question.)

Mr. Alsup: Q. The decline of the top 20 in the market share of Shopping Bag?

A. The decline that we have there, I mean for me to [fol. 140] say that it is because of Von's and Shopping Bag in this top here, the decline that we have had in this year of '59, I would be speculating again.

Q. And if I asked you about the others you would be just speculating, wouldn't you?

A. Naturally. I don't have figures of my own on it, Mr. Alsup.

Q. In Paragraph 10 you state that Shopping Bag was a profitable operation. What was the basis for that statement, Mr. Carpenter?

A. They appear to be successful. I mean from all viewpoints.

Q. And in 1958 did Fox appear to be successful from all viewpoints?

A. Yes, it would appear like that, I guess.

Q. And isn't it true that in '58, '59 and '60 McDaniel's built a lot of new stores and appeared to be a profitable operation?

A. That's true.

Q. So your statement that Shopping Bag was a profitable operation was based on this appearance.

A. Based on the knowledge of an old firm such as Shopping Bag, the number of stores and the experiences that they have had in operating I feel naturally that if I was going to invest I certainly would have invested in Shopping [fol. 141] Bag rather than Fox.

Q. If you were going to invest would you check return on invested capital?

A. Yes, naturally.

Q. Do you have any idea how the Shopping Bag return on invested capital compared with that of Von's?

A. No, I don't.

Q. Or with Ralphs?

A. No.

Q. Or with Safeway?

A. No.

Q. Do you have any idea what their net profit in relation to gross sales was?

A. No, I don't know the exact per cent of net profit.

Q. Can you approximate it?

A. Yes. I would picked Shopping Bag for 1¾ to 2 per cent net profit.

Q. What would you pick Von's for?

A. Approximately the same, maybe a point or two more.

Q. What would you pick Ralphs for?

A. Ralphs a little less.

Q. Is this again speculation?

A. Speculation.

Q. In Paragraph 11 you list Von's and Shopping Bag [fol. 142] along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant as, and you state they were among the leading firms in the area. Are there any others?

A. Yes, there is others.

Q. Which?

A. Well, we have Food Giant now in my immediate area.

Q. In Paragraph 11 you are referring, when you say, "in the area," just to your immediate Alhambra area?

A. Well, no, not necessarily in my own immediate area. I mean these stores happen to be the ones that are closer to me.

Q. And in Paragraph 11 then in referring to "leading firms in the area," you are talking about firms which have stores close to your store in Alhambra?

A. Yes. In the Pasadena and Alhambra area.

Mr. Hughes: I would like the witness to read Paragraph 11.

Mr. Alsup: Q. If after reading this Paragraph 11, which is before you, Mr. Carpenter, you wish to change your testimony, it's perfectly all right.

A. What was my answer to that question?

Mr. Alsup: Would you read him the prior question and answer.

(The reporter read the record as requested.)

[fol. 143] Mr. Alsup: Q. Do you wish to change your testimony?

A. No, they are within the area.

Q. And that is what you meant in Paragraph 11?

A. Yes.

Q. In Paragraph 13 you state that you would testify that you face very vigorous competition from Von's; is that correct?

A. More so from Von's, yes.

Q. Was that true before the merger with Shopping Bag?

A. Well, we had a Shopping Bag closer to us before the merger than we had a Von's.

Q. But was it true that you faced vigorous competition from Von's before the merger? The merger occurred in March of 1960.

A. No, I didn't face as much competition from Von's before the merger. I mean we have had a new unit built since the merger closer to my unit.

Q. Did you face vigorous competition from the Shopping Bag store over on Valley before the merger?

A. It was competition, yes.

Q. Have you noticed any change in the vigor of that competition after the merger?

A. Whether it is due to the merger or not, Mr. Alsup, or due to the newer unit that is closer, I couldn't definitely say. We certainly had a decline from April 15th for the balance [fol. 144] of our year of 1962 compared to our 1961 figures.

Q. But you had a greater gross in '62 than you had in '61, didn't you?

A. Yes.

Q. What I would like you to tell me is whether or not there has been a reduction in the vigor of competition in this area generally as a result of this merger of Von's and Shopping Bag.

A. The competition has gotten rougher, yes, and more vigorous. This is due to mailers that Von's is using in my immediate area plus their own advertising that they had.

Now, I mean with the combination of advertising between Von's and Shopping Bag in our local newspapers and our metropolitan newspapers plus our mailers every once in a while that hit in our immediate area. Now, this is put on by newer units, it takes in maybe only three or four stores on the printing. It will take in just a certain area. Now, whether this would have been done whether they merged or whether they didn't merge, I don't know.

Q. At least you haven't noticed any lessening of competition generally in the Los Angeles metropolitan area since the merger; is that correct?

A. It has gotten tougher, that's all.

Q. In Paragraph 14 you refer to the fact that there have been a number of acquisitions and consolidations in the [fol. 145] retail grocery field since 1948. We know of the Von's-Shopping Bag merger and we know of your acquisition of a store in 1959. What others do you recall?

A. We know that Alpha Beta was taken over by the American Stores.

Q. That acquisition of Alpha Beta by American Stores, when did that occur?

A. This occurred approximately three years ago, I believe.

Q. After the merger of Von's and Shopping Bag?

A. Yes.

Q. And was that the way American Stores entered this market?

A. Yes.

Q. And so far as you know that acquisition has never been challenged by the government; isn't that correct?

A. Whether or not this was a merger, an out-and-out sale, I don't know, Mr. Alsup.

Q. So far as you know it has never been challeged by the government?

A. As far as I know.

Q. What other acquisitions and consolidations do you refer to in Paragraph 14?

A. Well, we have covered most of them with Food Giant taking over some of the old McDaniel's Stores. And [fol. 146] our Fox Markets being taken over by—not the American Stores——

Q. Food Fair?

A. Food Fair.

Q. After they went into bankruptcy?

A. Yes, this was after bankruptcy.

Q. Fox itself, prior to going into bankruptcy, had made a number of acquisitions, had it not?

A. That's true. They had taken over, I believe the Iowa Por Shop Stores.

Q. Wasn't it generally considered in the industry, and based on your knowledge and your reading, that they tried to expand too rapidly with inadequate capital?

A. It appeared that way, yes.

Q. Those were the acquisitions and consolidations you had reference to in Paragraph 14?

A. Yes.

Q. These acquisitions and consolidations that you have referred to, other than the American Stores, Alpha Beta and Von's-shopping Bag, occurred prior to the time you opened your store in 1959, did they not?

A. No. They occurred since we opened. These things have opened since then.

Q. The Food Giant acquisition of McDaniel's occurred after?

[fol. 147] A. After, yes.

Q. And there again it was the purchase of the remaining stores in the McDaniel chain out of bankruptcy; isn't that right?

A. Yes.

Q. There were some acquisitions prior to 1959. You had referred to Lucky acquiring Hiram's, did you not?

A. That's true.

Q. Was that basically the way Lucky entered this market?

A. I don't know if they were in the San Diego division first or not. They entered this market down here, I mean the five Hiram Stores—No. They came in by taking over other stores, yes. The old Jim Dandy Markets.

Q. Prior to 1959 Alpha Beta had acquired the Raisin chain, had it not?

A. That's true.

Q. And way back in 1949 Thrifticart acquired the Roberts markets; do you recall that?

A. No, I don't, Mr. Alsup.

Q. Do you know whether or not is has been the policy of

Thriftimart to sell off its older stores to Thriftimart employees so they can start a business of their own?

A. That might be their policy. I am not too familiar [fol. 148] with their policies.

Q. And you are not familiar with any stores that might have been sold off by Mayfair or Shopping Bag?

A. As far as being sold off, I do happen to know of stores that have been closed up and taken over by other individuals. Whether they were ex-employees——

Q. And usually this affords a former employee of a chain an opportunity to get into business on his own; isn't that right.

A. Yes.

Q. As a matter of fact, from your own knowledge and study of the industry would you say that a larger number of the single store operators are former chain store employees?

A. A great number of them are, yes.

Q. Chains basically furnish the training and background and experience for the single store operators who become their competitors, don't they?

A. Yes, they have worked with the chain markets, yes. I guess you naturally gather some knowledge.

Q. You did, didn't you?

A. Sometimes I don't know. There is a different picture. I thought I did.

Q. In Paragraph 15 you state that this merger of Von's and Shopping Bag quote is a major stride in increasing [fol. 149] the market share of the large chains unquote. How much did this merger increase the market share of Von's?

A. How much it did increase them?

Q. Yes.

A. I don't know.

Q. What did you mean by the "major stride" language used in Paragraph 15?——

A. This would be from my own personal thinking that it would be a stride toward other mergers between Market Basket——

Q. You say, "This merger is a major stride in increasing the market share of the large chains . . ." What do you mean by that language?

A. What I meant by this would be a stride toward other mergers.

Q. Later on in this Paragraph 15 you state that specifically. Did you also mean it here?

A. What paragraph are you referring to now, Mr. Alsup?

Q. I am referring to Paragraph 15.

A. Yes, I know.

Q. At the beginning don't you say that there will probably be other mergers?

A. Yes.

Q. And you meant the same thing when you talked about [fol. 150] this major stride?

A. Yes.

Q. In increasing the market share of the large chains.

A. That's true.

Q. And you don't know how much it increased the market share of Von's?

A. The market share, no, I don't know how much.

Q. You do know it didn't increase the market share of Safeway?

A. No, I don't think it did.

Q. Or Ralphs?

A. No.

Q. Or of Thriftimart?

A. No, I wouldn't expect it to.

Q. Or of Food Giant?

A. No.

Q. Actually it could only increase the market share of Von's, couldn't it?

A. Certainly.

Q. Would you please explain what you meant when you said in Paragraph 15 that this merger will quote accentuate the large chains' advantages over the small grocer unquote?

A. In my statement I said if it was permitted, the merger, it could develop into a reaction of other mergers.

Q. When you say that it will accentuate the large chains' [fol. 151] advantages over the small grocer what did you mean by that?

A. In their buying power, that they will be merging together their warehouse facilities, it will definitely give them a better advantage.

Q. Based on your study of the industry, Mr. Carpenter, did this merger between Von's and Shopping Bag increase Von's buying power?

A. It certainly should have.

Q. And that is your opinion based on your study of the industry?

A. It is based on my own speculation, yes.

Q. Isn't it true that Certified advertises that it is the largest retailer owned cooperative buying organizations in the world?

A. They do advertise that fact, yes.

Q. Do you believe it to be true?

A. Yes.

Q. Do you believe that Certified has greater buying power than Food Giant?

A. In one respect, yes, and in another one, no.

Q. Would you please explain?

A. That gets us down to the promotion effects, Mr. Alsup.

Certified Grocers is naturally just a buyer for members. [fol. 152] If some large company wants a big push on a certain product, or something, and Certified Grocers, I mean they do the buying. Naturally they buy for a large number of members. But that doesn't necessarily mean that they can buy lesser amounts than the chain markets, which I don't feel like they can. For instance, as we go to one product, coffee. Coffee, when we buy it out of the grocery book we pay 63 cents a pound. But if we want to buy it on a drop and get an advertising allowance per case, well, naturally we are going to own that coffee cheaper. But still to the co-ops you are going to pay right now 63 cents a pound.

Q. Don't the co-ops make available to its members the advertising allowances?

A. A certain amount, yes. A certain amount of these advertising allowances are available to the members.

Q. What do you mean by a certain amount?

A. Not all of them are—Well, you go into the soap companies. You have to take a drop in order to qualify for this allowance.

Q. You mean a drop shipment from Certified?

A. No. A drop shipment usually right direct from the company itself.

Q. You mean to say that the soap companies won't give Certified the same advertising allowances that they give to [fol. 153] any chain?

A. Well, we haven't been able to collect from P & G. Our warehouse soap purchases, which we—our company was good enough to give us from the IBM, the amounts that we did purchase, but then it's another thing in trying to collect these. On some items the co-ops will collect for us. But in the high volume items and the Proctor & Gamble items, it——

Q. Does Certified have a coffee roasting plant?

A. Certified?

Q. Yes.

A. Yes.

Q. Do you believe that gives the retailers who own Certified and deal with it a competitive advantage over chains which don't have their own coffee roasting plant?

A. It might in certain areas. Some of the members in the over-all picture, store label coffee, or what we call unadvertised labels. As to the real advantage of it, it depends on the area that you are at. We don't carry Certified's coffee or Orange Empire doesn't have their coffee. We just carry national brands.

Q. Certified has a whole line of private label goods, doesn't it, known as "Springfield"?

A. That's true.

Q. And that includes bread?

[fol. 154] A. I believe they do have bread. Of course, not buying from them I know that they did have them.

Q. And various canned goods?

A. Oh, yes, quite a line of Springfield label.

Q. Would you explain to me what you meant in Paragraph 15 about this merger tending to create a monopoly and what you understand a monopoly to be?

A. Well, naturally a monopoly, Mr. Alsup, is always developed from mergers. And it was always my personal belief that two companies such as Von's and Shopping Bag, which I felt were successful operations, and been very successful, I know in my own belief I find it kind of hard to believe that they merged together just to keep their own

heads above water. I can't believe that. I believe in time that they will dominate the market.

Q. That Von's and Shopping Bag will?

A. I couldn't put my full emphasis on Von's and Shopping Bag, no. But this could be a starter of it.

Q. And here again you are speculating in the face of the several thousand other grocers doing business in the area, aren't you?

A. Well, we definitely have to try to look a little ways into the future. I don't know—We would certainly like to remain in business ourselves and I think we will too. But we are going to have to watch some of the developments [fol. 155] that we see are coming. We definitely know of other talks of mergers.

Q. You say in this paragraph that there probably will be subsequent mergers between and involving the other major chains. Are those the major chains which you identify in Paragraph 11?

A. Yes, one of them. Of course, we know that Alpha Beta is with American Stores. We know of Mayfair taking over some of the smaller individual units. We don't know of Safeway or Ralphs ever contemplating any mergers. But there had been some talk in the trade about Market Basket merging, I believe, with the Lucky chain, which was squashed out, I understand.

Q. That was over three years ago and it washed out.

A. Yes.

Q. That was before the merger of Von's-Shopping Bag, wasn't it?

A. I believe it was, yes.

Q. You mentioned Mayfair taking over some smaller units. If I suggested to you that Mayfair has sold more stores in this area in the last ten years than it has acquired, based on your study of the industry would you agree with that statement?

A. I know that they turn them over quite fast, yes.

Q. You don't anticipate that Safeway will engage in a [fol. 156] merger with another major chain in this area?

A. No, I couldn't. I can't see that right now.

Q. And you can't see right now Ralphs merging with another major chain doing business in this area?

A. No. I would hate to think so.

Q. Aside from the Lucky-Market Basket talks, which you testified washed out some time ago, do you anticipate that Market Basket will merge with one of the other major firms in this area?

A. It could be possible, yes.

Q. Would you say remotely possible?

A. No. I——

Q. Would you agree with this, at best it is a possibility?

A. It is a possibility.

Q. At best?

A. At best.

Q. And that would be true also of Thriftimart?

A. I don't think so of Thriftimart right now, no.

Q. You don't anticipate that?

A. No.

Q. And Alpha Beta?

A. Well, we know that they've got a lot of strong backing behind them now, so they are building. I don't anticipate them merging, no.

[fol. 157] Q. Mayfair?

A. There we go again on Mayfair. They turn them pretty fast.

Q. You don't anticipate that Mayfair will engage in a merger with another major chain in this area, do you?

A. Maybe not right in the area. It could get pretty close maybe.

Q. We are talking about Los Angeles and Orange Counties in this case.

A. No, I don't anticipate that right away.

Q. And how about Food Giant?

A. It could be there, yes.

Q. You say that it could be. Is this another mere possibility?

A. I feel on my own thoughts and speculation that there definitely could be a merger between Food Giant, yes.

Q. And who? None of these others you have mentioned in Paragraph 11; is that right?

A. No, they wouldn't merge with those in Paragraph 11.

Q. That brings us down to the only one remaining in

your Paragraph 11, and that is Von's-Shopping Bag. Do you expect them to engage in another merger?

A. I hope not.

Q. That doesn't answer my question.

[fol. 158] A. Well, I don't have my little crystal ball, Mr. Alsup. I can't answer that.

Q. Did you have it when you wrote Paragraph 15, Mr. Carpenter? The crystal ball, I mean.

A. It was merely my statement, my own truthful statement, Mr. Alsup, as to the danger that we more or less see ahead.

Q. And yet when we asked you about people you say you don't anticipate, or at best it's a mere possibility and speculation in your mind; isn't that right?

A. Well, we speculate and we see a lot of these things happen. We hear a lot of talk in the trade and it's pretty hard to give answers more so than just our own speculation, certainly.

Q. You said before you expect to remain in business, and having seen your store, Mr. Carpenter, I would expect that too. It's a neat, clean, well-run store. I congratulate you upon your store.

I have no more questions.

Cross-examination.

By Mr. Hughes:

Q. Mr. Carpenter, you stated that when you went into business at your present location you put in 18 to 20,000 cash yourself. You mentioned you borrowed more money.

A. Yes.

[fol. 159] Q. Where did you borrow this money from?

A. This collateral was put up with our co-op who obtained the loan for me.

Q. Orange Empire?

A. Yes.

Q. Are they usually in that business?

A. No, they are not.

Q. How much of a loan did you get?

A. We obtained $30,000.

Q. You mentioned in your examination by Mr. Alsup

that there was a Safeway Store across the street from Mr. Gertmenian.

A. Yes.

Q. Is that a new Safeway Store?

A. No, it isn't what we would consider new. It opened probably in '58, the first part of '58.

Q. Is that before or after Mr. Gertmenian moved in?

A. No. It was built—Gertmenian came in after Safeway was there. The old Commonwealth Market had been there for I don't know how many years.

Q. You mentioned your competition and you mentioned a number of stores in your area in your answers to Mr. Alsup's questioning. How do you go about establishing your prices with that competition?

A. We take what is considered the Key service or the [fol. 160] Black Book, which is done by a company making surveys of all the chains and their pricing methods, and we take a subscription to that magazine.

Q. What do you follow in that magazine?

A. We follow Ralphs and Von's.

Q. Do you follow Gertmenians' prices?

A. He has no prices.

Q. Do you follow Star Market's prices?

A. No.

Q. Or Rite-By?

A. No.

Q. Do you follow any other independents?

A. No.

Mr. Alsup: You don't refer to Mr. Irvine as an independent. He is a chain.

Mr. Hughes: Q. You stated in answer to a question from Mr. Alsup that you do your advertising in the Alhambra Free Press.

A. Yes.

Q. Have you noticed what other retail grocery stores advertise in the Alhambra Free Press?

A. Yes.

Q. Could you give us their names?

A. Von's advertise in it and Shoppers advertise in it and Gertmenian advertises in it, and a few small meat [fol. 161] markets.

Q. Does Unimart advertise in it?

A. They were in it for the grand opening, just only one time that I know of.

Q. When was the opening of Unimart?

A. It was the 15th of last month, March 15th.

Q. Did you observe these advertisements in the Alhambra Free Press for the chains?

A. Yes.

Q. Do you also observe these advertisements for the chains in the metropolitan newspapers?

A. Yes.

Q. Do they run the same prices in the metropolitan newspapers?

A. In the Free Press and the metropolitan papers, yes, but not in their mailers.

Q. Whose mailers are these now?

A. What?

Q. Whose mailers are you referring to?

A. Mailers that has been sent out by Von's-Shopping Bag.

Q. In what respect is their advertising different?

A. Several times there is different items in the mailer and on a couple of occasions we have noticed different —just the different items but at a rather hot price, as [fol. 162] we say in the grocery trade.

Q. Generally speaking, on the chain prices, they are the same throughout the Los Angeles area?

A. Yes, they are generally the same.

Mr. Alsup: Just a moment. I would like to move to strike the answer so I can make an objection to the question.

Are you referring to any particular chains?

Mr. Hughes: I am referring to the chains as a group.

Mr. Alsup: The chains as a group have identical prices, was that your question?

Mr. Hughes: I will strike the question if that is the way it appeared.

Would you read my question back.

(The reporter read the pending question.)

Mr. Alsup: I object to the question on the ground that it is ambiguous and calls for a conclusion.

Mr. Hughes: Q. When you read the Von's ad in the Alhambra Free Press and the Von's ad in the Los Angeles Times do they normally have similar prices?

A. Yes, yes. In the Free Press and the metropolitan papers, yes.

Q. You have mentioned that in answer to Mr. Alsup's questions that some McDaniel's Stores were sold to independents. Do you know if any McDaniel's Stores were sold off to chains?

[fol. 163] A. Yes.

Q. Which chains bought those stores?

A. Food Giant had taken some of the McDaniel's Stores, I believe.

Q. Any other chain?

A. I don't know on the McDaniel's Stores. There was one or two other stores that was taken up. I don't know who they were taken up by.

Q. You have stated that when you put in your orders with Orange Empire very often there are a lot of outs. What do you mean by this statement?

A. Well, not receiving merchandise. Either the merchandise wasn't available on the co-op's floor or it was taken up before my order reached them.

Q. How would you obtain this merchandise if you couldn't get it through Orange Empire?

A. I would have to wait until the next week and try again.

Q. Do you believe the chain stores would have the same problem?

Mr. Alsup: I object to the form of the question on the ground that it calls for a conclusion and no foundation has been laid.

Mr. Hughes: Q. Answer the question.

A. I hardly think so.

[fol. 164] Q. When you were with Hiram's Market did you have any experience in buying meat?

A. Not in buying meat, no.

Q. In buying produce?

A. No.

Q. You stated that you bought your produce at your present store through, I believe it is, a broker.

A. We buy at the Los Angeles Market here, yes.

Q. What is the name of the man you buy through?

A. My buyer is Tom Cavalier.

Q. Does Mr. Cavalier receive a brokerage fee from you?

A. I pay him for hauling, yes, a percentage.

Q. Do you know if Von's buys through brokerage houses in their produce buying?

A. They buy some, yes.

Q. Would you know if they buy any produce direct?

A. Yes.

Q. Mr. Alsup has questioned you regarding particular mergers which you believe might occur in the future. Have you any way of knowing the internal operations of any of the major chains which are mentioned, for instance, in Paragraph 11?

A. No, I have no absolute way of knowing.

Q. Did you know in advance of the Von's-Shopping Bag [fol. 165] merger, that they were going to merge?

A. No. Just merely talk. I mean through the trades that there had been talk.

Q. But you didn't anticipate that particular merger?

A. No, I did not.

Q. And you do not anticipate any particular mergers today?

A. No.

Q. You stated that you talked to Mr. Alsup on the telephone at one time?

A. Briefly, yes.

Q. Did he ask you to read an article on discount houses in the Commercial Bulletin?

A. I believe he did mention an article.

Q. Have you read that article?

A. No.

Q. Do any of the chains belong to your cooperative, Orange Empire?

A. Yes.

Q. Which ones are those?

A. Well, we have Stater Bros. and the Pantry Markets and most of the other stores are just individuals. None of the large chains that I know of. Shoppers did buy from Orange Empire but I don't know what their extent of buying is now.

[fol. 166] Q. Do you know if any of the large chains belong to Certified Grocers?

A. Yes.

Q. Which ones are these now?

A. Well, the Lucky Stores did belong to Certified and the Shopping Bag Stores belonged to Certified, Food Giant Markets. But as to what has been happening with Certified and them as to here lately, I don't know because I belong to Orange Empire. I stress most of my thoughts to them.

Q. If a chain belongs to Certified and should have its own warehousing doesn't it have a choice of the advantage available in each facility?

Mr. Alsup: I object to the form of the question on the ground that it calls for a conclusion, it is argumentative and no foundation has been laid.

Mr. Hughes: Q. Will you answer the question?

A. Yes, they certainly have advantages.

Mr. Coyle: Read the question and the answer.

(The reporter read the record as requested.)

Mr. Hughes: Q. In that chart before you, which is identified as Fairbank Exhibit 1, does it show the top 4 going up in 1960?

A. Yes. In 1959 and wavering toward 1960, yes.

Q. To what did you attribute that drop in 1959?

[fol. 167] A. To the strike, the Retail Clerks' strike.

Q. Have you got before you this statement identified as testimony of Artie L. Carpenter?

A. Yes, sir.

Q. Is this the statement to which we have been referring during the course of this entire interrogation?

A. It is.

Mr. Hughes: I would like to have identified for the record, please, as Carpenter No. 1 the statement just referred to.

(The document referred to was marked by the notary public as Carpenter Exhibit No. 1 for identification, a photostatic copy of which is attached here.)

Mr. Hughes: That is all.

Redirect examination.

By Mr. Alsup:

Q. You were asked, Mr. Carpenter, if any of the chains were members of Certified and you mentioned Lucky and Food Giant, I believe. Is Market Basket a member of Certified?

A. Yes.

Q. Is Food Giant a member of Certified? I think you mentioned that.

[fol. 168] A. Yes.

Q. Is Mr. Hughes chairman of the Board of Certified?

A. Yes.

Q. Is Alexander's a member of Certified?

A. Yes.

Q. Is Thriftimart a member of Certified?

A. Yes.

Q. You said that these companies which are members of Certified and also have their own warehouse have definite advantages. Would you say they have definite advantages over a concern like Safeway which is not a member of Certified?

A. As to the advantages that they would have over Safeway, I think that most of us look at Safeway, which has a lot of their own brand items. I feel that they have just the same qualifications for the Southern Division here as the Safeway Stores have. Yes, I think so.

Q. Would you say they have an advantage over Von's, which has its own warehouse but does not belong to Certified?

A. I don't know as they would have too large of an advantage, no.

Q. Do you know how much Von's has invested in its warehouse?

A. Quite a few dollars, I imagine, yes.

Q. Do you know what taxes they pay on it?

A. Considerable amount.

[fol. 169] Q. Do you know whether it is actually more costly or less costly for them to warehouse than to belong to Certified?

A. I would have to feel that it would be less costly for them maybe in the long run of the picture as to—We do

know that Shopping Bag had their own warehousing facilities and deli facilities when they merged together and the new warehousing that maybe Von's "installated." Probably there is an expense there, true enough.

Q. Didn't you testify earlier that Safeway tried to get into Certified and couldn't?

A. That is what I have heard, yes.

Q. You said that I mentioned in the telephone conversation with you an article on discount houses in the Commercial Bulletin. Actually wasn't the only conversation we had about discount houses the coming opening of the Unimart near you?

A. There was the mentioning of the discount houses. I can't just exactly remember what was our conversation, which was short because I was busy, Mr. Alsup.

Q. And I called you to see if I could have an interview with you; isn't that right?

A. That's true.

Q. You said you preferred to talk to me in the presence of the government attorneys; isn't that right?

[fol. 170] A. That's true.

Q. And you would get in touch with them and call me back; is that true?

A. That's right.

Q. And you did not call me back?

A. I did not.

Q. You said that you didn't know in advance of the Von's-Shopping Bag proposal to merge. You read the Commercial Bulletin and the trade papers religiously, don't you?

A. I try to. It is pretty hard to make all the coverage on it.

Q. This merger took place the end of March 1960. Weren't there publications about a proposal to merge as early as October and November of 1959?

A. In the Commercial Bulletin?

Q. I don't know. Do you read the Wall Street Journal?

A. No. My father takes the Wall Street Journal and I glance through it but I don't read it very much.

Q. When did you first learn of the proposal of Von's and Shopping Bag to merge?

A. Well, when it happened it naturally was all over the trade. I mean everyone knew about it.

Q. And that is about when you first learned it, in March of 1960?

[fol. 171] A. Yes, it was around that particular time.

Q. Would it surprise you to know, Mr. Carpenter, that despite all your reading and knowledge of the industry the government somehow learned about it back in 1959 and we furnished information to them about our plans to merge?

A. Well, I didn't know about it then.

Mr. Coyle: Mr. Alsup, why don't we get the record clear and ask this witness if he is referring to the actual acquisition or the announcement of the acquisition which took place some time prior to the actual acquisition?

Mr. Alsup: Q. When did you first know about the proposal to merge, Mr. Carpenter?

A. It was in '59.

Q. So if you testified earlier differently you want to correct that now; is that correct?

Mr. Coyle: I really think the witness' testimony is correct, that he heard about this announcement in the trade.

Mr. Alsup: He can answer this then.

The Witness: Gentlemen, I am just trying to figure it out. I opened in March—I mean in May of '59 and I believe that I was either informed of it or I read it, it is pretty hard to put a finger on three years ago, as to whether it was talking about it or whether I read about it.

Mr. Alsup: Q. Surely.

[fol. 172] A. Well, naturally I knew about it but I think it was in the latter part—the last part of '59 that I heard about the Von's and Shopping Bag merger.

Q. You testified that Orange Empire put up a loan of $30,000 to help you acquire your store?

A. They merely, to clarify, got the parties to go along with the securities that I had to offer them, which was properties which they take a first trust deed on.

Q. I think you said this is not a service that Orange Empire renders to any of its members. Why were you selected?

A. Because I had the collateral. A lot of people will approach co-ops, I mean to get maybe a loan, but unless

they have something you don't just reach out and find somebody that will loan you money on property, or at least enough.

Q. That is true of banks too, isn't it, Mr. Carpenter?

A. That is true.

Q. But if a man has collateral and wants to acquire a second store and is a member of Orange Empire will they give him this assistance?

A. They have certain contacts with people, I mean that are willing to loan money if there is collateral put up for them.

Q. And they have to have confidence in the grocer and his ability to run a good operation; isn't that right?

[fol. 173] A. Well, I imagine that they wouldn't ask the people to loan money unless they felt like they could pay it back, I mean meet their obligations.

Q. Would you say this is one of your advantages of belonging to the Orange Empire Co-op?

A. Well, it's an advantage. All right, yes.

Mr. Alsup: I think Mr. Bates has a few questions.

By Mr. Bates:

Q. Mr. Carpenter, I believe you testified that if a chain belongs to Certified and would also own its own warehouse it has a choice of advantages. Did you refer to advantages over an independent operation?

A. Yes, I was referring to that.

Q. What advantages does a chain who owns its own warehouse have in buying from Certified?

A. Warehousing themselves rather than taking it off the floor of Certified.

Q. What are the advantages of buying from Certified? What advantages does the chain have in buying from Certified?

A. Well, they don't have to carry the variety in their own warehouse. This is the advantage of them belonging to a co-op such as Certified Grocers. Maybe in their own warehouse they are only shooting at the volume staple items, which is a very low gross mark-up merchandise, and the other variety parts, I mean which would not pay them to carry themselves they draw from Certified.

[fol. 174] Q. Does not the independent who buys from Certified have the same advantages in that respect that the chain has who buys from Certified?

A. Maybe some of them might have that same advantage.

Q. Are not all of the members of Certified treated in an impartial manner when it comes to purchasing?

A. Very true. As far as the treatment I don't think there is any partiality shown, no.

Q. Have you related all of the advantages that a chain may have in buying from Certified?

A. Yes.

Q. Just the one that you have related to us.

A. Yes.

Q. What different advantages over an independent does a chain have in owning its own warehouse?

A. Well, their advantages would definitely be to merchandise that maybe would be carrying a promotional allowance for just a certain length of time and they needed to warehouse that particular item, going on maybe their own good judgment of purchasing that item knowing that within two weeks or thirty days that item will have an increase in price. So if they can warehouse it, well, naturally I mean it's to their advantage.

Q. A chain who owns and operates a warehouse—Let us take the Von's-Shopping Bag warehouse. Do you know [fol. 175] that warehouse?

A. I have been by the one. I haven't gone through it, no.

Q. You know of your own knowledge, as a businessman experienced in the grocery business, that it's costly to operate a warehouse of that kind, is it not?

A. Yes, it must be.

Q. An independent who does not have a warehouse does not have to bear that cost, does he?

A. No, he does not have that overhead.

Q. That cost, the cost of warehousing, is borne by Certified in respect to an independent who belongs to the organization; is that true?

A. Yes, that's true.

Q. So the cost of warehousing is also borne by Certified in cases where a chain is a member of Certified; is that not true?

A. That's true.

Q. So do you think the extra cost of maintaining their own warehouse is an advantage to the chain over an independent?

A. I truly do, yes.

Mr. Bates: I think that is all.

By Mr. Alsup:

Q. What was the basis for this conclusion that you just expressed?

[fol. 176] Mr. Coyle: I think that Mr. Bates established the basis when he asked the question originally. On the basis of his experience as a businessman operating in this field.

Mr. Alsup: Q. Would you accept Mr. Coyle's statement as your testimony, Mr. Carpenter?

A. You go ahead and phrase your question again, Mr. Alsup, and I will try to answer your question.

Mr. Alsup: Would you read Mr. Bates' last question and the answer to it.

(The reporter read the question and answer as follows:

"Q. So do you think the extra cost of maintaining their own warehouse is an advantage to the chain over an independent?

"A. I truly do, yes.")

Mr. Coyle: Now would you read Mr. Bates' first question to the witness.

(The reporter read the question and answer as follows:

"Q. You know of your own knowledge, as a businessman experienced in the grocery business, that it's costly to operate a warehouse of that kind, is it not?

"A. Yes, it must be.")

Mr. Alsup: Q. That question is the basis of what is [fol. 177] your conclusion when you said you truly do

believe there is an advantage in owning their own warehouse. What is the basis for that conclusion?

A. I believe that the answer is also above there the same as I stated to this gentleman. That within our own chain markets we are trying to get as to why we have a warehouse and why the advantages that we have them. We have our own grocery buyers—we have grocery buyers in our Certified Grocers. So I stated merely that items that were promotions that are only going to be effective a certain length of time the chain markets can take advantage of these special prices which sometimes amount to a dollar a case or a dollar and a half a case, and lay in a 30- or 45-day supply.

I think most usually they don't wish to lay in more than a 30- or 60-day supply. It depends on the item.

They have knowledge from their own experience as to whether an item might decline in price or it is going to effectively go up in price. These advantages they certainly are going to take care of. They are going to watch for these advantages. That is why they have their warehouses.

Q. Doesn't Certified have that knowledge?

A. Certified must have a larger turn-over in their warehousing, Mr. Alsup, than our chain markets do. Naturally they are going to buy and they publish papers to the trade as to this deal. But the smaller operation, I mean he can [fol. 178] take what he can on it and that's it.

Q. And with the larger turn-over, more rapid turnover, Certified warehousing costs are less, would you say?

A. I don't really think that Certified's warehousing would run less, no.

Q. Do you know?

A. From my own speculation I would say that it doesn't. That the chain markets can operate their warehouses just as cheaply as Certified can operate theirs. We have some pretty highly paid executives in Certified and we have people out in the field. So I don't know as to how I could say really which one is operating more efficiently. But chain markets will give them a good run for their money.

Q. I won't ask you to speculate any more, Mr. Carpenter.

A. Fine.

Mr. Alsup: Shall we stipulate that the deposition can be filed without signature?

Mr. Coyle: That is a good idea.

Mr. Alsup: Mr. Carpenter, is it agreeable to you, if it is agreeable to the attorneys for the government and us, that your deposition be filed with the court without being read or signed by you?

The Witness: Yes, it's all right with me.

[fol. 179] Mr. Alsup: It is so stipulated?

Mr. Coyle: We so stipulate.

[fol. 180] TESTIMONY OF KASPER CHITJEAN

If subpoenaed to testify, Kasper Chitjean would testify as follows:

1. He is the owner and operator of Kasper's Market, 3980 East Olympic Boulevard, Los Angeles, Los Angeles County, California. He has operated Kasper's Market at this address since 1927 and he has been active in the grocery business for the past 42 years. The gross sales of Kasper's Market in 1959 were about $150,000.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, Mr. Chitjean closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the "Black Book," a booklet similar to the Key Services, and follows the prices of all of the major chains appearing in these booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Retail Grocery Journal", "Super Market Merchandising," "Chain Store Age" and the "Progressive Grocer."

3. on the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, [fol. 181] the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits

prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that a single store operator cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result, fewer grocery stores are needed in the area to serve a comparable number of people.

[fol. 182] 6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at these warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchased from Spartan Cooperative (a subsidiary of Certified Cooperative) and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major perishable products as fresh dairy, meat, and produce items. However, he would testify that large

chains, such as Von's and Shopping Bag, belong to co-operatives but have decreased their purchases voluntarily when they developed their warehousing and distribution system. Thus, they have combined the advantages of the cooperative with direct purchasing and a highly developed distribution system. In addition, some of the chains, including Von's and Shopping Bag, belong to a dairy co-
[fol. 183] operative named "Jersey Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the picture presented in the defendants' exhibits which show that in the period between 1950 and 1958 the market share of the eight largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the nine largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the fifteen largest chains increased from 38.4 per cent to 50 per cent; and the market share of the twenty largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed the operation of Von's Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experi-
[fol. 184] enced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have oper-

ated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for new locations is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same line and the stores are known as "Von's and Shopping Bag."

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

13. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field [fol. 185] since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 186] DEPOSITION OF KASPER CHITJIAN, taken on behalf of defendants, at 433 South Spring Street, Los Angeles, California, commencing at 9:30 A.M., Tuesday, April 16, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.

KASPER CHITJIAN, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Alsup:

Q. Mr. Chitjian, would you state your name and address for the record, please.

A. Kasper Chitjian, 1247 South Ditman.

Q. Los Angeles?

A. Los Angeles 23.

Q. Where is the address of your business?

A. 3980 East Olympic Boulevard, Los Angeles 23.

Q. We have been furnished, Mr. Chitjian, with a copy of what purports to be your testimony if you were subpoenaed to testify. Do you have a copy of that before you?

A. Yes, I have.

Q. Have you read it over carefully?

A. Yes

Q This statement says that you are the owner and operator of Kasper's Market at 3980 East Olympic Boule-
[fol. 187] vard. That is correct, isn't it?

A. That's correct.

Q. You have operated Kasper's Market at this address since 1927; is that correct?

A. Yes. The first time it was known as East 9th Street Market and when it was changed to Olympic Boulevard I put it "Kasper's."

Q. When was that?

A. Oh, ten-twelve years ago.

Q. You changed the name to Kasper's Market but don't you still have a sign on the building that says——

A. It says "Kasper's East 9th Street Market."

Q. This statement says you have been in the grocery business for the past 42 years. Where were you in the grocery business prior to 1927?

A. 6th and Indiana, 6th and Euclid, L.A.

Q. This statement says that your gross sales in 1959 were about $150,000. Can you tell us what the gross sales were in 1962?

A. Just about the same.

Q. Weren't they a little bit more?

A. No.

Q. You haven't said that they were in the neighborhood of $170,000?

A. No.

[fol. 188] Q. How large is your market, Mr. Chitjian?

A. It is 75 by 40.

Q. That is 3000 square feet?

A. I don't know. Whatever that is.

Q. Is all of this 3000 square feet devoted to grocery sales?

A. Groceries, vegetable and meat.

Q. What was your investment when you purchased this market?

A. I built it.

Q. Did you own the land?

A. Yes.

Q. What was your cost of building?

A. Of course, 1927 cost more ground, about $10,000.

Q. What was your cost of the land?

A. Land cost me about $6,000.

Q. Can you give us some idea of the present net worth of your market?

A. You mean building?

Q. Building and the land.

A. Well, I don't know because I have three tenants with it. So whole building run to about 80 by 130. And I haven't have any appraiser but I imagine it cost about $50,000 or $60,000.

Q. Do you have any idea of your own personal present net worth?

[fol. 189] A. No, I wouldn't know. I imagine about hundred.

Q. Does your son work in the business with you?

A. Yes.

Q. How long has he worked with you?
A. Since 1958 when he got out of Service.
Q. Do you own any stock in any other grocery company?
A. Yes.
Q. What company is that?
A. Thriftimart.
Q. How many shares of Thriftimart do you own?
A. I think it's a little over 600.
Q. When did you acquire the stock in Thriftimart?
A. Well, it was in 1936 when it was Smart & Final, and salesman come along and I never knew anything about the stock market, but he told me, "Kasper," he said, "if you want to make some money you buy Smart & Final stock."

At that time that was closed corporation, or close company and he says, "The owner or big stockholder has passed away and they are selling." So I bought that time around 50 shares. I think it cost about $18 a share. That is how it happened from there on they just keep on giving me dividend shares and came to that much. From Smart & Final naturally change to Haas Baruch & Company, from Haas Baruch to Thriftimart.

Q. In the grocery business is a store like yours of [fol. 190] 3,000 square feet know generally as a mom and pop store?

A. Now, not used to be. Now known as momma-poppa store.

Q. I suppose back in 1927 that was about the size most of the grocery stores were in this area; isn't that right?
A. No. Mine was biggest one then.
Q. 3,000 square feet There have been changes in the grocery business just like in the blacksmith business since then; isn't that right?
A. That's what I think.
Q. I suppose in that time you were still getting deliveries by horse and buggy on occasion.
A. No, there was no horse and buggy yet. They have automobile. I never have seen horse and buggy in the United States.
Q. Have you remodeled and repainted your building since you built it in 1927?
A. Oh, yes.
Q. When was the last time, Mr. Chitjian?

A. I paint building around about six years ago.

Q. How about the fixtures inside, are they modern?

A. Well, if you comparing with some of the big market, no. But it's modern in the sense of momma-poppa stores.

Q. How much parking space do you have for your [fol. 191] customers?

A. I have around about 15 cars.

Q. Is that behind your store?

A. Right back of it.

Q. Your store fronts on Olympic Boulevard?

A. Correct..

Q. Has there been any change in the character of the neighborhood in that area since 1927?

A. Oh, yes.

Q. Would you describe it, please?

A. Well, the freeway is over there and street has been paved.

Q. Has the area become more industrial?

A. Not on my street. It is on Union Pacific town, south of Union Pacific, but not on Olympic.

Q. What do you regard as your trading area, the area from which you draw the majority of your customers?

A. Well, of course I have it from all over because I have been there for so long and they come from different places. But still that started about six-seven blocks area.

Q. How far is this Santa Ana Freeway to the north of your store?

A. Half a block.

Q. Did that cut off access to your store to some of your customers?

[fol. 192] A. That's right. By walking.

Q. In your observations of the grocery business, Mr. Chitjian, over this 42-year period, have you observed freeways putting a number of grocery stores out of business?

A. If there was freeway.

Q. There has been quite a good deal of freeway construction in recent years?

A. That's right. Not only grocery business, any other business.

Q. So you have the Santa Ana Freeway to the north. To the south of you we have an industrial area, do we not?

A. Yes.

Q. What is the big plant?

A. Zellerbach.

Q. Crown Zellerbach?

A. Crown Zellerbach.

Q. What grocery stores are there to the east of your store?

A. Safeway is closest.

Q. I beg your pardon?

A. There is two small stores and then there is a Safeway.

Q. What are the two small stores?

A. Well, I don't recall their exact name of it but [fol. 193] it is small stores over there.

Q. Small mom and pop's?

A. Well, you have just to take pop and leave the momma there in comparing it.

Q. How far away from you is the Safeway Store?

A. About five-six blocks.

Q. When was that built?

A. I think it was around about 1950 something. I just couldn't recall it.

Q. Then going beyond Safeway, further east what is the next store?

A. Well, there is one store around Telegraph and Olympic they call Simon's Market, and then you have to just keep on going until you go to Atlantic Boulevard.

Q. What store is there on Atlantic?

A. Well, there is shopping center Atlantic and 6th Street, or Beverly Boulevard.

Q. What grocery concern has a grocery store in that shopping center?

A. They have almost all the major markets in there like Food Giant, A & P, Safeway, Von's.

Q. How far would you say that shopping center is from your store?

A. About three miles.

Q. Is that the closest Von's Store to you on the east?

[fol. 194] A. Yes. That one and then there is one Shopping Bag over in Montebello, right by the park.

Q. How far away from you is that Shopping Bag Store?

A. About four miles.

Q. The shopping center you refer to, the closest store to you would be the Safeway, wouldn't it?

A. No. Safeway is not in shopping center.

Q. Isn't there a Safeway at Atlantic Boulevard?

A. There is one over there but there is another Safeway on Atlantic Boulevard.

Q. Is there an A & P in this area too?

A. In the shopping center, yes.

Q. Going to the south of your store on Olympic Boulevard, Mr. Chitjian, what markets are there?

A. There is three or four small markets.

Q. Do you know the names of them?

A. Well, there is one block south, Union Pacific, and east of that there is John's Market, and there is J.B. Market, Mandel's Market there is four or five blocks away from me.

Q. How far away from you is this Value Ranch Market?

A. Three blocks. That is west of me.

Q. I am sorry, I said going south and I meant going west. You so understood me?

A. You said south and I answer south. And then when [fol. 195] you said west then I went west.

Q. I apologize. Let us go west now. Going west, Mr. Chitjian, from your store what is the nearest grocery market?

A. Value Ranch.

Q. Is that the market that is run by Mr. Swerdlick?

A. No. I think it is Silvers.

Q. Do you know a Mr. Swerdlick?

A. No.

Q. Have you been in this Value Ranch Market?

A. I have been there once.

Q. What is your impression of that market?

A. Same as mine, only a little bigger.

Q. Do you think it is a well-operated market?

A. It was before the chain stores start in in there. Now it turn to be a momma-poppa store.

Q. When was that?

A. He is building there, I think he build over there about 1940.

Q. Across the street from that Value Ranch Market there is a milk depot, isn't there?

A. That's right.

Q. Are the milk depots permitted to sell their milk at a lesser price than the grocers can sell it?

A. I don't know.

[fol. 196] Q. Do you regard this milk depot as any competition to you?

A. No.

Q. Going further west beyond the Value Ranch what is the next store that is nearest to you?

A. There is a momma store over there corner 8th—between 8th and 9th—8th and Olympic small store over there, and there is bigger store that we have over there is Fine's Market on Olympic Boulevard.

Q. That is on Olympic Boulevard?

A. By Sears and Roebuck.

Q. Soto, is that?

A. Boyle Avenue, Soto, yes.

Q. How far away from your store is Fine's Market?

A. Two and a half miles.

Q. Going further west, Mr. Chitjian, what is the next market?

A. We don't have any more. You have to come downtown.

Q. What Von's and Shopping Bag Stores do you compete with?

A. Just one on shopping center on Beverly, or Pomona and Atlantic, and the other one is the Shopping Bag over there in Montebello.

Q. One you said was three miles away and one four [fol. 197] miles away.

A. That's right.

Q. In this long period of time that you have been in the grocery business, Mr. Chitjian, you have studied the industry?

A. A little.

Q. You read the trade papers?

A. Some.

Q. Have you observed how Von's got started in 1930?

A. I read sometimes.

Q. Did they get started with a one store operation after you got started?

A. Yes, sir.

Q. And they were able to grow and build a chain; isn't that right?

A. That's right.

Q. Did you notice the same thing about Shopping Bag, how it got started after you did?

A. That's right.

Q. And they grew and built a chain; is that right?

A. That's right.

Q. How about Market Basket?

A. Same.

Q. And how about Thriftimart?

A. Same.

[fol. 198] Q. Have you made any effort during this period, Mr. Chitjian, to build a chain?

A. Not to build a chain, very little bigger market.

Q. You preferred to have a single store operation; is that it?

A. That's right.

Q. You have run your market successfully since 1927; isn't that right?

A. I hope.

Q. In Paragraph 3 of your statement, Mr. Chitjian, you say that on the basis of your continued study of retail grocery merchandising in the Los Angeles metropolitan area, in the period since 1950 the number of single store grocery retailers operating in the area declined. What area have you studied?

A. Well, my area and then read in the papers the other areas.

Q. Have you made any study of Orange County?

A. No.

Q. Have you made any study of all of Los Angeles County?

A. Well, just whatever—Sometimes when I read the papers and see where this and that has closed up.

Q. Has this decline that you observed, primarily in your area I take it, been mostly the small mom and pop stores?

[fol. 199] A. Yes.

Q. In your experience have you found that sometimes the children in the family, when the parents no longer want to run the store, prefer to get into some other line of business?

A. Yes.

Q. You also say in Paragraph 2 that in order to continue in business a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. What marketing changes have you observed in recent years?

A. Well, like we have to have more frozen food, delicatessen, bring better fixtures in there and we have to compete the price whatever the chains are selling.

Q. This is what the public demands?

A. That is what the public demands.

Q. Have you noticed discount stores operating supermarkets opening up in the area in recent years?

A. No, not grocery stores. Discount houses more or less appliance or hardware or tires, or something like that.

Q. You are not aware of any discount houses in the area which sell groceries?

A. No, not altogether grocery.

Q. Grocery along with other products?

A. They might have like White Front, about four miles [fol. 200] away from me, they might sell tuna or have a special on orange juice or something like that.

Q. Have you also noticed in recent years that we have had some of these bantam stores coming into the area, like the Speedee Marts?

A. I never never have seen one of those Speedee Marts.

Q. In your reading of the trade papers have you read at all about these bantam stores being opened up in this area?

A. We don't have it in our area.

Q. You haven't read about it in the Los Angeles metropolitan area?

A. Yes, I have read it, but we don't have it down in our area.

Q. In this same time that you refer to in Paragraph 3, where you have said you have seen a decline in the number of single store grocery retailers, have you seen other companies start in business and prosper and succeed?

A. Oh, yes.

Q. Are you acquainted with Manuel Gertmenian?

A. Manuel who?

Q. Manuel Gertmenian.

A. I have heard of him. I think he has a store over there in Alhambra on Commonwealth.

Q. Yes. Across from Safeway.

[fol. 201] A. That was over there used to be Commonwealth Market and this fellow bought it when Safeway opened across the street. I suppose naturally they want to sell it.

Q. Have you read of others like Ted Wood of Pantry Markets starting in the business?

A. That is in Pasadena.

Q. Yes.

A. I heard but I don't know them.

Q. As a matter of fact, in recent years you have read about a number of people who have started in the business and prospered and succeeded, haven't you?

A. Oh, I have seen some success to certain extent and then they go back again.

Q. Are you thinking of Fox Markets?

A. Fox Markets. The Belvedere Market, that was owned by Weinstein, I think it was, they went over there for a while in 1930's and '40's, and they opened two and three stores and all of a sudden they disappeared. They used to have original big market in East Los Angeles they call Belvedere's Market. But that market over there change hands since it is built in 1927 or '25 at least 25 times.

Q. Has it been your experience, Mr. Chitjian, that the man who knows his business and is willing to work hard and get ahead, like Gertmenian or Joe Hughes or Ted Wood——

A. You can still do that, but still when you go over [fol. 202] there and get in competition they just stop you. You can do just so much and you can't do any more than that.

Q. You have seen failures in the grocery business just as in any other business like Fox Markets?

A. That's right.

Q. And McDaniel's Markets?

A. Yes.

Q. Yor-Way?

A. Yor-Way still there.

Q. Didn't Yor-Way go into bankruptcy? Didn't you read about that in the trade papers?

A. No.

Q. You said you preferred to remain a single-store operator, Mr. Chitjian. Paragraph 4 says that you would testify the single-store operator cannot get into the more desirable shopping centers. Have you made any effort to do that?

A. I have for last four-five years.

Q. You have?

A. I have.

Q. What effort have you made?

A. I ask for, like I buy milk from Arden Company, see if they could be able to find me some place where I could be able to have a little bigger store that I could have something for my boys so he may be able to make a decent [fol. 203] living. But all I got out of it was, "That you couldn't do it because you don't have the name for it."

Q. Any other effort?

A. No. Sometime I ask the real estate man and I would get same answer.

Q. Do you know or have you read in the newspapers, the trade papers that you read, of these bills that are pending in Congress which are designed to help the single store operator get financial assistance from the government so he can get into a shopping center?

A. Yes.

Q. If those bills were enacted you believe it would help the smaller chains and single store operators?

A. Yes.

Q. This is a case where Congress can help; isn't that right?

A. That's right.

Q. I would like you to explain to me, Mr. Chitjian, how the merger of Von's and Shopping Bag had any effect on this shopping center problem you have described.

A. Well, one, it is in there that whenever they go, merge one with the other one, I don't have to say, I imagine everybody will know it, they just make it single unit like any other one and then their buying power and their advertising and their management and they could afford to sell anything cheaper and then still make money [fol. 204] and hurt the small man. Just like Easter week, last week. Not only the Shopping Bag and Von's, but some

of the major markets. They went over there and they advertise ham for 35 cents a pound and it cost us 41 cents a pound. Naturally, they being bigger, their volume get bigger and more you buy it the less it cost you.

Q. Getting back to the shopping center problem, Mr. Chitjian, before the merger Shopping Bag could get into a shopping center, couldn't it?

A. That's right.

Q. And before the merger Von's could get into a shopping center; isn't that right?

A. That's right.

Q. So did the merger have any effect on the shopping center problem you refer to in Paragraph 4?

A. Yes, because when you go over it and have it advertised two different ones, you have only one advertisement. And whenever they read it they could say we go over to Von's, there is a big one and we could get it there. And each one help each other.

Q. Would breaking up the merger of Von's and Shopping Bag help you in any way to get into a shopping center?

A. Well, not necessarily, but it would help because if those chain stores they don't get up and get bigger and bigger, small store instead of just momma and poppa store, [fol. 205] and then momma store, and then one corner store, and then they don't have any. If they don't get any bigger and give a little chance to the small man to do a little better living.

Q. And you feel that breaking up of the merger of Von's and Shopping Bag would help you get into a shopping center; is that your story?

A. It will help me because then if they don't have the big chain store they can't get any bigger and then I will be able to have a chance to get in one instead of the big one.

Q. I gather you would like them to break them all down into single store units.

A. I don't necessarily say break down into single, but not to have the 15 or 20 or 50 of them.

Q. You just don't like the chains?

A. I like the chains, there is nothing wrong with it. The

chain has a limit, you can go just so far. If the chain is long enough.

Q. You say in Paragraph 6 that Von's and Shopping Bag, and other chains like them, operate large warehouses, are serviced directly by railroad shippers, can buy in heavy volume and this gives them an advantage over independents and small chains in terms of inventory control.

A. That's right.

Q. You are a member of Spartan Grocers?

[fol. 206] A. That's right.

Q. Spartan is a subsidiary of Certified Grocers?

A. That's right.

Q. That is a retailer owned cooperative organization?

A. That's right.

Q. You are a part owner; is that correct?

A. That's right. As long as I am in the grocery business.

Q. Does Certified and Spartan operate large warehouses?

A. Yes.

Q. Are these large warehouses serviced directly by railroad shippers?

A. That's right.

Q. Do they operate large trucking facilities?

A. Yes.

Q. I wish you would explain to me then how Von's, which operates a warehouse, has an advantage over you in terms of inventory control.

A. Because now, like over there, you still have those adding charges. Like I go over there and buy some frozen food, and if it is less than $25 purchase I have to pay additional, I think it is 35 cents or 50 cents. And if I buy ice cream from them, if the purchase is less than $35 I have to pay an additional dollar and a half and an additional $2, [fol. 207] which is around about ten per cent. But the one that they have it as much that I know it, Von's or Shopping Bag or other chains, they don't have that extra cost among them.

Q. And that is what you meant when you referred to this advantage in terms of inventory control?

A. Yes.

Q. You say in Paragraph 7 that you buy from Spartan and this enables you to get certain of the advantages, such

as quantity discounts, enjoyed by the chains on dry grocery products; is that correct?

A. That's right.

Q. It says that the large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution system; is that right?

A. That's right.

Q. When you are referring to cooperatives, in that sense were you referring to Certified, Spartan and Orange Empire?

A. Yes.

Q. Is Safeway a member of any of those organizations?

A. Yes.

Q. It is? Which one?

A. I don't know. I shouldn't say 'Yes.' I imagine all the chains belong to this Certified.

[fol. 208] Q. That imagination is based on your long study of the grocery industry?

A. That's right.

Q. Is Von's a member of any of those organizations?

A. I still say I think.

Q. And that again is based on your long study of the grocery business?

A. That's right.

Q. Is Ralphs a member of any of these cooperatives?

A. I believe.

Q. And that again is based on your long study?

A. Yes.

Q. I suppose you would agree there is a little bit of conjecture here and guessing.

A. The reason I say that, I belong to Spartan. There is difference between Spartan and Certified. I am not a member of Certified directly, I am a member of Certified indirectly, because Spartan is—anyone that does less than —their weekly purchases is less than a thousand dollars they belong to Spartan, and if it's any more than that you have to belong to Certified.

Q. From your long study of the industry, Mr. Chitjian, don't you know that Safeway tried to get into Certified and couldn't?

A. I don't know.

[fol. 209] Q. And you don't know that Von's withdrew from Certified in 1949?

A. No.

Q. You say you buy your milk from Arden Farms?

A. That's right.

Q. Is that a well advertised brand?

A. Yes.

Q. Is that one of the best known brands in this area?

A. One of the best.

Q. What others are well advertised in this area?

A. Golden State.

Q. That is Foremost?

A. Foremost, yes.

Q. Any others?

A. Not that I know of.

Q. And the price at which you can sell your milk to the public is fixed by state law, is it not?

A. That's right.

Q. I wish you would explain to me, Mr. Chitjian, what competitive advantage Von's has because of its membership in Jerseymaid.

A. Well, difference is just—same thing as goes with Arden milk. When you go over there and buy Arden milk, if you buy less than $10 you don't get any discount, if you buy a little more than $10 you get a per cent. If you be [fol. 210] able to deliver it daily you don't get hardly any. But if you buy hundred dollars you get just that much more. And the more you buy the more discount you get out of milk company. And where I seen it, or read it in the paper, time when they go over there the state fix the prices for the milk, how much is going to be sold, and I read in the papers where this chain stores, Ralphs or Von's or wherever, they think they could sell it cheaper milk and still make money, the price set by the state. Which makes me believe that they must be plenty money in milk business.

Q. And that is what you had in mind when you referred to the advantage that Von's has by reason of its membership in Jerseymaid?

A. That's right.

Q. Do you know whether or not its investment in Jerseymaid gives it any better return than if it had a similar

amount of money invested in some other business or stock or land?

A. I don't know that.

Q. You don't believe that your ownership of your building and your leasing of portions of your building to others, which gives you a return, gives you a competitive advantage over others, do you?

A. If I rent my business to somebody else?

Q. No, no. I think you testified that you own——

[fol. 211] A. Three more tenants.

Q. The land and buildings and have three more tenants.

A. That's right.

Q. And you get a return from these tenants, don't you?

A. That's right.

Q. Do you believe that this return on your investment outside the grocery business gives you a competitive advantage in the grocery business?

A. No.

Q. Do you own any other land aside from this store property there?

A. Yes. I have eight unit apartment house.

Q. Where is that located?

A. It's on corner of Siskiyou and Spence.

Q. Did you buy that apartment house out of the profits you made from the grocery business?

A. I built that.

Q. Using money that you had made in the grocery business?

A. That's right.

Q. Where do you buy your meat, Mr. Chitjian?

A. Peddler.

Q. How about your produce?

A. Down the market, 7th and Central.

[fol. 212] Q. And you go down yourself?

A. Yes, myself or my boy.

Q. You go for the early market?

A. Now they are open 6:00 o'clock. But 1930 they was open 24 hours, so I was there 11:00 o'clock until 5:00 o'clock in the morning.

Q. You tried to pick quality produce?

A. That's right.

Q. I have been told by some single store operators, Mr.

Chitjian, if they can wait until the chains have brought their large quantities there is usually a break in the price and if you can wait you get a better price. Is there any truth in that?

A. Well, it just depends each individual. If you want quality you have to go over there and pay for it. If you just want to get any kind, well, then you wait whatever you could get.

Q. What do you do?

A. I get the best.

Q. You buy in relatively small quantities; isn't that correct?

A. Yes.

Q. And buying in small quantities you can be more selective, I guess, than someone who has to buy in huge quantities?

A. No.

[fol. 213] Q. Don't you inspect all of the produce that you buy?

A. Yes. But the one that buys the big quantity, he knows just what he is going to get too because he has sample right there.

Q. A sample, did you say?

A. I mean wherever he is going to buy products it is right there, he could see it.

Q. In Paragraph 8, Mr. Chitjian, you refer to market share of the 8 largest, the 9 largest, the 15 largest and the 20 largest grocery chains in the area. You say you were shown a defendants' exhibit. I am going to ask you to look at a document which is marked Exhibit 1 in the Fairbank deposition and I will ask you if this is the exhibit that you saw before making this statement.

A. Yes.

Q. That exhibit shows market shares of the top 3, does it not?

A. Yes.

Q. And it shows the market share of the top 4?

A. Yes.

Q. And it shows the market share of the top 5?

A. (The witness indicated by nodding head up and down.)

Q. You don't mention that in your Paragraph 8, those market shares, do you?

A. No.

[fol. 214] Q. Looking at that chart would you agree with me that in the period from 1952 to the middle of 1960 the market share of the top 5 chains in the area declined?

Mr. Hughes: I object on the ground that the chart speaks for itself.

Mr. Alsup: Q. Would you look at it, please?

A. I wouldn't be able to answer that because all I know is just what I have seen in the chart.

Q. What does the chart indicate to you in that respect?

A. Just whatever it says in there.

Q. It doesn't say in your Paragraph 8 anything about the top 3, 4 or 5. What I want to know from you is why did you omit the top 3, 4 and 5 from your Paragraph 8?

A. Well, I was asked, and whatever I was asked I gave it as my own.

Q. As a matter of fact, all these affidavits and statements read about the same and you just signed what was shown to you; isn't that right?

A. No, I wouldn't say that, because whatever is in the affidavit, that is what I said. Except wherever the exhibit got in here, that is as I said it isn't shown to me. It isn't that I say that.

Q. You didn't deliberately omit from your Paragraph 8 any comment on the top 3, 4 or 5?

A. No.

[fol. 215] Q. That was just the way the statement was shown to you?

A. That's right.

Q. Do you have any idea, Mr. Chitjian, from your study of the industry what happened to the market share of Safeway in the period 1952 to 1960?

A. Yes. It happens same thing like anything, they go up and down.

Q. Dropping down?

A. Down and up. Of course, last year they all dropped down.

Q. Do you know what has happened to the market share of Ralphs in the period 1952 to 1960?

A. No.

Q. If I ask you the same question about Thriftimart, Von's——

A. I know Thriftimart.

Q. You tell me about Thriftimart.

A. Thriftimart started, as much I know, I think they merged in 1953 or '54 with Smart & Final—rather, Smart & Final merged with Thriftimart and they just keep on going up from $23 to $29——

Q. That is the value of their stock went up?

A. That's right.

Q. Smart & Final was not a grocery retailer, was it?

[fol. 216] A. They wasn't in the retail business, no. They are wholesale.

Q. It was a grocery wholesale business?

A. That's right.

Q. Would you include Fox Markets in the top 8 in 1958?

A. Fox? I don't think they had it in 1952 that strong.

Q. 1958?

A. '58, yes.

Q. You would say they were in the top 8 in that period?

A. Well, I don't know whether it is top 8 or top 10, but it was on there.

Q. And since that time Fox Markets went into bankruptcy, didn't they?

A. That's right.

Q. Did you read in the trade papers that the reason generally given for that was that they tried to expand too rapidly and were undercapitalized?

A. That's right.

Q. How about McDaniel's?

A. Same.

Q. How about Yor-Way?

A. I don't know about Yor-Way. Yor-Way I don't think has more than five stores, did they? Not even that many.

Mr. Alsup: Off the record.

(Discussion off the record.)

[fol. 217] Mr. Alsup: Q. Would you look at Paragraph 10 of your statement, Mr. Chitjian?

A. Yes.

Q. You say there that Von's and Shopping Bag, along

with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant are among the leading firms in the area.

A. That's right.

Q. What area are you referring to there?

A. East Los Angeles.

Q. East Los Angeles?

A. Yes.

Q. That is the area of your store?

A. That is where my store is, yes.

Q. Are these the major firms that you refer to in Paragraph 15 of your statement?

A. Yes.

Q. Do you have any knowledge of your own that Safeway intends to merge with any of the other companies listed in Paragraph 10?

A. No.

Q. Do you have any knowledge that Von's intends to merge with any of the other companies——

A. Besides Shopping Bag?

Q. Yes.

[fol. 218] A. No.

Q. Do you have any knowledge that Ralphs intends to merge with any of the other companies listed in Paragraph 10?

A. No.

Q. How about Market Basket?

A. No.

Q. How about Thriftimart?

A. No.

Q. How about Alpha Beta?

A. No.

Q. How about Mayfair?

A. No.

Q. How about Food Giant?

A. No.

Q. Then this statement in Paragraph 14, that if this merger of Von's and Shopping Bag is permitted that there will probably be other mergers between and involving these companies we have just talked about, the major chains, that is just guess and speculation on your part, isn't it?

A. That's right.

Q. In Paragraph 12 you state that you would testify you face very vigorous competition from Von's. That is correct?

A. That's right.

[fol. 219] Q. Did you face vigorous competition from them before the merger?

A. Well, I wouldn't say one way or the other. I imagine it is just as much. It could be more so.

Q. Did you face vigorous competition from Shopping Bag before it merged with Von's?

A. Same as Von's.

Q. You haven't seen any change since the merger?

A. Not enough to do it, but I have seen a change.

Q. What changes have you seen?

A. Well, when they were together they are doing more business and they are taking more from the smaller retailers like me than they have before merging.

Q. What is the basis for that statement, Mr. Chitjian?

A. Because we could hear it in a store where they said, "I am going to Von's, when they are Von's and Shopping Bag together we could get better service, cheaper prices."

Q. You have heard this in your own store?

A. In my own store.

Q. Are Von's and Shopping Bag's prices less than those of other chains in the area?

A. In some instances.

Q. And was that true before the merger?

A. Well, I couldn't just say exactly how much was it, [fol. 220] but there was.

Q. And it is true now?

A. It is true now.

Q. In Paragraph 13 of your statement, Mr. Chitjian, it is stated that you would testify there have been a number of other acquisitions and consolidations in the retail grocery field since 1948. Which ones do you have in mind?

A. Well, they had the Mayfair, Alpha Beta, Raisin, Lucky.

Q. Is that all?

A. That's all I know now.

Q. Do you know whether Mayfair has sold more stores in this area than it has bought?

A. In the last ten years.

Q. You say you do?

A. Yes, I do.

Q. They have sold more than they have bought?

A. You mean stores more than they have builded?

Q. Have they sold more stores to other people, single store operators, in the last ten years than they have bought?

A. I wouldn't know whether it is more or less but I have heard that they have sold some.

Q. When did the Alpha Beta-Raisin merger occur?

A. I think just two or three years ago.

Q. About 1960?

[fol. 221] A. I imagine.

Q. Is that to the best of your recollection?

A. That's right.

Q. That again is based on your study of the industry?

A. That's right.

Q. Do you know any of the circumstances regarding that sale by the Raisin family?

A. No.

Q. Do you know whether the Raisin family still operates the liquor departments in the stores?

A. I heard that.

Q. You know that?

A. I heard that.

Q. You don't know anything about the circumstances which led the Raisins to sell out?

A. No.

Q. When did Lucky make an acquisition?

A. That is last five years.

Q. What did they acquire?

A. Where did they went?

Q. What company did Lucky acquire?

A. I think they bought it Best Buy or Fair Buy, or something like that. They go and buy small ones.

Q. And those are the only ones that you had in mind when you referred to other acquisitions and consolidations?

[fol. 222] A. That's right.

Q. You state in Paragraph 14 that this merger of Von's and Shopping Bag is a "major stride in increasing the market share of the large chains." What did you mean by that "major stride" language?

A. I call it chain stores and some day that they have

merger among themselves and then we will have just one or two.

Q. Since we went over this before, this is just pure speculation and surmise on your part?

A. That's right.

Q. Do you know how much the merger of Von's and Shopping Bag increased the market share of Von's?

A. No.

Q. You don't know whether it was two per cent or three per cent or ten per cent?

A. No.

Q. You do know that the merger of Von's and Shopping Bag didn't increase the market share of Safeway.

A. I don't know that either. I haven't look at the market reports so I wouldn't know.

Q. Did the merger of Von's and Shopping Bag increase the market share of Thriftimart?

A. No.

Q. Or of Ralphs?

[fol. 223] A. I don't know about Ralphs.

Q. Do you know what a monopoly is, Mr. Chitjian?

A. Well, as much that I understand it means just bring it all together and have just the whole thing by yourself.

Q. And your statement that this merger will have the effect of tending to create a monopoly, that again is based on speculation and surmise on your part?

A. That's right.

Q. And your statement that it will have the effect of substantially lessening competition, that again is based on speculation and surmise on your part?

A. That's right.

Q. It is true that you faced vigorous competition from Von's and Shopping Bag before they merged?

A. No. It isn't enough that I could say I have felt it one way or the other. But more they took——

Q. I don't think you understood my question, Mr. Chitjian. When you say that you haven't felt it one way or the other what do you mean?

A. I mean businesswise, losing business.

Q. That is you didn't feel it before they merged?

A. That is what I said, I couldn't tell much difference between how much I suffer businesswise before they merge or after they merge.

Mr. Alsup: I have no further questions.

[fol. 224] (A short recess was taken.)

Mr. Hughes: I would like to have this paper entitled "Testimony of Kasper Chitjian" marked for identification.

(The document referred to was marked by the notary public as Chitjian Exhibit No. 1 for identification, a carbon copy of which is attached hereto.)

Cross-examination

By Mr. Hughes:

Q. Mr. Chitjian, is this paper the paper that you have been referring to you in your examination by Mr. Alsup?

A. Yes.

Q. Mr. Chitjian, you stated that you bought 50 shares of Smart & Final stock back in about 1936?

A. Yes.

Q. What has happened to that stock since that time?

A. Well, the way it has happened was 50 shares, and it was, I think, between $18 and $20 a share and then all I got out of there was every year or two or five years they just keep on giving me they call share dividend. And then that is how it happened it came up to that much.

Q. But today this is Thriftimart stock; is that correct?

A. Yes. Because Smart & Final bought by Haas Baruch & Company, so finally Thriftimart bought Smart & Final and they sold two to one.

[fol. 225] Q. What business was Smart & Final in when you bought your stock?

A. Wholesale groceries.

Q. What business is Thriftimart in?

A. Retail grocery. I imagine now they got retail and wholesale, because they own Smart & Final too.

Q. Is there still a Smart & Final in existence?

A. Yes. Smart & Final-Iris. But then they are Thriftimart.

Q. Who does Smart & Final sell to today?

A. Retailers.

Q. Independents or chains?

A. Independents.

Q. Do you know the market value of your Thriftimart stock today? You said you had 600 shares.

A. I think it is about $21.

Q. It has now become 600 shares?

A. That's right.

Q. From your original invensment?

A. That's right.

Q. You stated in your testimony that you had some customers that came from all over. What did you mean by that?

A. Well, man like me staying in one place since 1927, and during the time of 1930's, where there wasn't any chain [fol. 226] stores or any competition, well, I had customers nearby and they have habit, and they move away and wherever they did they still come back to the store because service and whatever I have.

Q. How far do some of these people come from?

A. They could come back as far as five, ten miles.

Q. What per cent of your business do you think is accounted for by these particular customers?

A. Oh, I couldn't say that percentage. But I imagine I would have at least ten per cent.

Q. That is a good percentage of your business?

A. Ten per cent of it.

Q. You have talked about competition with individual stores and we mentioned a lot of individual stores within about a four miles area. Who sets the prices in the grocery industry insofar as you are concerned?

A. Well, I imagine chain store association does it, because we have that Black book, as I stated on one statement, that it comes monthly whole book and then every day that you get two-three sheets of it and tell you what went up and what went down, and that is by Safeway, Thriftimart, Von's Alpha Beta.

Q. Are these all the names that are listed in the Black book?

A. I think there is four or five names listed in the [fol. 227] Black book. And each company, because there is more than one Black book, so they call Black book, one something else, and each one use different companies.

Q. How do you establish the prices for your store?

A. Well, before we had this Black book, or whatever is in there, we used to go over there and take our own invoice and decide according to that.

Q. How long ago was that?

A. About ten-fifteen years ago. But now we got a Black book and everything is in there and when we get groceries from Spartan, either I or my boy get the Black book and see what the price is, 59 cent sugar or 57 cents, and then we mark according to them.

Q. Whose price is this?

A. The chain stores.

Q. Which particular chain store do you follow?

A. We don't follow anyone, because seems to be that all about the same, more or less.

Q. How many different items are listed in that Black book, approximately?

A. It is thousands. I imagine it has every bit of three, four, five thousand.

Q. It is quite likely that some of those prices are going to be different.

A. Very few. There is difference. Some market they like specialize on certain item like maybe Crisco. Some [fol. 228] market like to sell Crisco a little cheaper than the other one, or vice versa.

Q. Out of those thousands of items Von's is certain to be higher on some items and lower on some items than others?

Mr. Alsup: I object to the form of the question on the ground that it is argumentative and calls for the conclusion of the witness and is leading and suggestive.

Mr. Hughes: It is based upon your examination.

Q. You can answer the question.

A. It could be.

Q. You stated in your testimony that you have attempted to get a larger location for your store.

A. That's right.

Q. You have stated on occasion that you tried through the cooperative and you have also tried through real estate men. On how many different occasions did you attempt to find a larger site?

A. Oh, I imagine I could try to—every time I get some-

one, I get the Arden man, or if I see the real estate man, or if I see the Foremost man. I will ask them.

Q. How many times do you think you asked them?

A. I would say at least 50 times. Of course, I couldn't tell that, I don't count it.

Q. What is the answer that you get?

[fol. 229] A. That I am not well known enough that I be able to go ahead and have chance to get such a place like that.

Q. Are you going to continue to try to get a site like that?

A. I would, but I have almost given up the hope, that it's useless.

Q. You are a member of Spartan Cooperative. Have you ever belonged to any other cooperative?

A. No.

Q. In his examination Mr. Alsup stated that Von's got out of Certified in 1949. Do you know if Shopping Bag is in Certified?

A. As I said in there, that I don't belong to Certified so I didn't know who belongs to Certified or not.

Q. Mr. Chitjian, you stated in response to a question from Mr. Alsup that your conclusions in Paragraph 14 were to some extent the result of guess or speculation or surmise. Is this guess, speculation or surmise based upon your observation of what has happened in the grocery industry in the past in this area?

Mr. Alsup: I object to the form of the question, in the first place on the ground that it misstates the prior testimoney; and, in the second place, it calls for conclusion, conjecture and is argumentative and suggestive.

Mr. Hughes: Q. Do you understand the question?

[fol. 230] A. I understand your question but I didn't understand his question.

Mr. Alsup: My objection was just for the record, Mr. Chitjian.

Mr. Hughes: Q. Would you answer my last question?

A. Your question was if this will be just guesswork or just my knowledge of it there. Although I do guess, but it is knowledge that whatever experience I have in grocery business, and that is the one that I base on.

Q. Mr. Chitjian, what is the method of delivery by Spartan Cooperative?

A. They got a truck they deliver.

Q. How often do they deliver?

A. Well, our store, we could get it twice a week, but you can't get it, you have to have so much otherwise they would charge you three and a half dollars every time you make an invoice.

Q. How often do you actually order from Spartan?

A. Well, I used to order twice a week but now that I have to order once a week or every other week to save that three and a half dollars. If you go over there and buy $50 of merchandise or $25 of merchandise it cost you three and a half dollars for the service charge.

Q. When you order from Spartan do they ever have any outs?

[fol. 231] A. Oh, yes. That is what is hurting now because I don't know how they are going to do it. For last six months I think they started to go over there and charge three and a half dollars for each invoice issued, rather each order. So there is lots of times—last week they was out of wine and I had to have some wine because someone wanted half a gallon of wine and they didn't have it, and to go and get it a case or two cases of wine, which cost about $4 a case and I have to pay three and a half dollars to get it.

Q. Did you get it from Spartan?

A. I had to get it.

Q. Where do you buy your grocery stocks when Spartan doesn't have them available?

A. Well, Cash & Carry, which is about ten per cent above the wholesaler.

Q. Who runs the Cash & Carry?

A. Well, there is two. One is run by Thriftimart and the other one is run by Spartan.

Q. Thriftimart is Smart & Final?

A. That's right.

Q. Have you observed any changes in the Spartan organization since they were acquired by Certified?

A. Well, before it wasn't, now they have it and the small one. Sometime I feel, or I knew that it is a little bit higher than Certified because small stores, they have to [fol. 232] get small quantity. Certified has big accounts and

where they buy big amount and they get just that much more kickbacks or deals, or whatever they call it.

Q. Could you get into Certified itself if you wanted to?

A. No. I tried to get in two years ago and they refused me because they said that I wasn't doing enough business.

Mr. Hughes: That is all, Mr. Alsup.

Redirect examination.

By Mr. Alsup:

Q. This delivery charge of three and a half dollars that you referred to, Mr. Chitjian, that is the cost of having a truck and a driver deliver the goods to your store, is it not?

A. Well, it is, but they didn't have that until about two or three months ago. They add that to it.

Q. Now Von's, which runs a warehouse and has trucks and drivers who are members of the union, has a cost in making deliveries to its stores, has it not?

A. That's right. But it is different. In there, whether you buy a thousand or two thousand of groceries all at once, they deliver to just one spot. And whether that you have a delivery to make one truckload for ten or fifteen stores, and that is reason for Spartan charge lately that three and a half dollars, because they said that stops are [fol. 233] so small they have to add some delivery because each store, supposing he takes only about 50 case or 25 case of groceries, and it just takes so much time for a driver to stop there. That is the reason they want that three and a half dollars.

Q. And it costs them more to do it?

A. It cost more. But we didn't have it before. If you go over there and buy 200 cases, 500 cases, it doesn't have any.

Q. Mr. Chitjian, you have been in the grocery business for 42 years and you have testified that in that time you have seen Shopping Bag grow from a one-store operation to a 38-store operation, and Von's grow from a one-store operation to a 28-store operation, and Thriftimart and Market Basket. You had the same opportunity, did you not, Mr. Chitjian, as any of these other men like Mr. Von Der Ahe or Mr. Hayden?

A. No, I don't think that I have the same opportunities that they had, because first place they had a little more

capital than I had. In the second place, they had more who you know that I didn't have, and they have better name than I had. And all of that is counts to go forward. You just can't get up and get there unless you have someone to help you.

Q. What is the basis of your statement that Mr. Hayden had more money than you had in 1930?

A. Because I didn't have any.

[fol. 234] Q. Were you speculating, Mr. Chitjian, as to how much Mr. Hayden had?

A. Well, I don't say how much he had, but I am sure that he had something because if I didn't have nothing and if he had nothing it was more than mine.

Q. And here again you are speculating; isn't that right?

A. I am not speculating, I am sure of that. As I said, that he had more.

Q. You say that based on your long experience that you said in Paragraph 14 that there might be other mergers and that is why you were guessing; is that correct?

A. Well, I am guessing just the same as somebody else when they think that Los Angeles is going to have in 1970 ten million people. Naturally, it is just based upon their past experience or daily how they grow.

Q. And the past experience that you referred to in the examination was the fact that Mayfair had made some acquisitions and that Alpha Beta had acquired Raisin and that Lucky had made an acquisition; is that correct?

A. Correct.

Q. And that was all?

A. That's all. That's all I know now.

Q. You said that you asked Arden Dairy and Foremost Dairy to help you get into a shopping center; is that correct?

[fol. 235] A. That's right.

Q. Do you know, Mr. Chitjian, whether it would be lawful for a dairy to advance you money to get into a shopping center?

A. I didn't ask them money.

Q. I see. What did you ask them?

A. I asked them if I could be able to get in there.

Q. And who at Arden did you ask?

A. The salesman.

Q. The salesman who comes to your store?

A. That's right.

Q. And who at Foremost?

A. The same.

Q. And that is the extent of the effort you made with them?

A. That's right.

Q. I think you said there were no chain stores in 1930. Wasn't Safeway a chain in 1930?

A. I don't think that 1930 there was five Safeways in Los Angeles. I don't think anybody knew, I don't know as I said, we heard of a chain store to be in competition. We don't have it in East Los Angeles.

Q. Your whole experience basically has been in the East Los Angeles area; is that correct?

A. That's right. Except the one that what I read in the [fol. 236] papers.

Q. And you had no knowledge of the existence of any chain stores in 1930 in this area?

A. Well, the only one that I knew there was Piggly Wiggly, if that is what you call chain stores, and I think they had maybe five or six of them. They had Casius, King Cole, but there was no—we didn't call them chain stores, we just call them supermarkets. They just had a little bigger store than we had.

Q. You didn't hear of Humpty Dumpty?

A. Humpty Dumpty, yes. Humpty Dumpty was Piggly Wiggly.

Q. Did you hear of McMar?

A. I didn't hear of that.

Q. Do you know how this Black book is made up, Mr. Chitjian?

A. Well, the one who sold it to me says that they go over there every Monday morning, or whatever day is there, and they look at the prices at these chain store shelves and they get that according to that.

Q. And that is what you had in mind when you said that you imagined the chain store association sets the prices?

A. Well, that is because sometime when I was over there and look and there is most of the prices just about the [fol. 237] same, so that I assume that the association or they together look at it and set the price.

Q. What chain or association are you referring to?

A. I don't know. I imagine they have association, chain store association.

Q. You imagine?

A. Yes.

Q. Would you say this again is speculation and conjecture?

A. That's right. Because I don't belong, I don't even know.

Mr. Alsup: That is all.

Recross-examination.

By Mr. Hughes:

Q. That last particular speculation or conjecture was based upon the prices being nearly identical; isn't that correct?

A. That's right.

Mr. Vaughan: Mr. Chitjian, didn't you say you checked the Black book in trying to make your prices identical?

The Witness: I try to come as close as I could.

Mr. Hughes: Mr. Alsup, will you stipulate with us that the witness may waive signing the deposition, if he is agreeable to it?

Mr. Alsup: If the witness is agreeable.

[fol. 238] The Witness: I agree.

Mr. Alsup: Can we stipulate that it may be used and filed in court without a signature?

Mr. Hughes: Without a signature.

Mr. Coyle: Subject to the right of the parties to review it, of course, and make corrections by agreement.

Mr. Alsup: By agreement.

[fol. 238a] IN THE UNITED STATES DISTRICT COURT

Honorable CHARLES H. CARR, Judge Presiding

No. 336-60-CC Civil

[Title omitted]

Transcript of Proceedings—June 11, 1963

Place: Los Angeles, California

[fol. 239] TESTIMONY OF KENNETH CRAUN

If subpoenaed to testify, Kenneth Craun would testify as follows:

1. He is a partner, along with his brother Bobby, in Craun's Market, located at 11943 South Paramont Boulevard, Downey, Los Angeles County, California. Craun's Market is a grocery store grossing approximately $800,000 per year. He has been in the retail grocery business for 26 years.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, Mr. Craun closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the Key Services and follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other trade publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age" and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 [fol. 240] the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization,

he would testify that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observation.

4. He would testify that single store operators cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only those chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result, single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result, fewer grocery stores are needed in the area to serve a comparable number of people.

[fol. 241] 6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from Certified Cooperatives and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry much major products as dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to

cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution system. Thus, they have combined the advantages of Certified with direct purchasing and a highly developed distribution system. In addition, some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Main," which gives them advantages over grocery stores which do not belong to Jersey Maid.

[fol. 242] 8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

[fol. 243] 10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimar, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehous-

ing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's and Shopping Bag."

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "Devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

13. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

[fol. 244] 14. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 245] DEPOSITION OF KENNETH E. CRAUN, taken on behalf of defendants, at 433 South Spring Street, Los Angeles, California, commencing at 10:45 A.M., Tuesday, April 16, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.

KENNETH E. CRAUN, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Vaughn:

Q. Mr. Craun, would you state your residence address, please.

A. 10703 Haledon Avenue, Downey.

Q. And you and your brother Bobby are partners in the operation of a grocery store at 11943 South Paramount Boulevard; is that correct? That is in Downey?

A. Yes.

Q. When was that grocery store first opened?

A. 1937.

Q. By whom?

A. By my dad.

Q. And you came into the business when?

A. About the end of 1945.

Q. Your brother Bobby?

A. 1947.

[fol. 246] Q. I take it that your father is still living?

A. Yes.

Q. Has he retired from active participation in the business?

A. Yes.

Q. Do you know what your father's original investment in the store was?

A. No, I couldn't tell you that. I don't know of any— That was originally more or less a ranching type country out there and it was started as a fruit stand.

Q. It started as a fruit stand?

A. Yes.

Q. Has it now expanded so that you are serving all types of grocery products?

A. Correct.

Q. Do you operate all concessions in your store, or all departments?

A. Yes.

Q. You extend credit and delivery service, do you not, at your store?

A. No delivery service.

Q. No delivery service?

A. I have some credit service.

Q. About what percentage of your business is credit?

A. Possibly ten per cent.

[fol. 247] Q. These, I take it, are to your regular customers?

A. That is correct.

Q. Are your prices about the same as other grocery stores in your vicinity?

A. Exactly.

Q. Do you know the net worth of your business in the latter part of 1945, when you first came into it?

A. No, I couldn't tell you that offhand.

Q. You couldn't even approximate it for me?

A. Of the business alone, not the property?

Q. Well, the property and the business. By the way, do you own the land, or does your partnership own the land?

A. Yes.

Q. The next worth of both the property and the business.

A. Oh, $100,000.

Q. As of 1945?

A. I would say so.

Q. What is it today?

A. Possibly $200,000.

Q. Can you tell me what your gross sales were in the year 1960, approximately? I don't need a definite figure or an exact figure.

A. About $725,000 a year.

Q. How about 1961?

[fol. 248] A. About $750,000.

Q. How about 1962?

A. $750,000.

Q. What is the size of your store, sir?

A. 7,000 square feet.

Q. Have you remodeled it in the last five years?

A. Not buildingwise. Inside we have done some equipment remodeling, yes.

Q. Can you tell me what stores you are in competition with in the general vicinity of your stores and how far away they are from your store?

A. There is an Alpha Beta Market directly across the street, there is a Boy's Market, All American Market, Von's Market——

Q. Let us slow down. The Boy's Market, how far away is that?

A. Half a mile.

Q. You said what was next, Ralphs?

A. All American.

Q. I beg your pardon. How far is that?

A. One mile.

Q. You said Von's?

A. Von's.

Q. Where is that?

A. A mile and a half. Shopping Bag one mile, Ralphs [fol. 249] one mile, Safeway two miles.

Q. Any others?

A. Hiram's about three miles, Udisco Discount House, two miles.

Q. Any other single store operators or small concerns operating stores within two miles of yours?

A. Yes. There is Don's Market.

Q. How far away is that?

A. About a mile and a half.

Q. That is operated by Don Henry Fairbank?

A. That's right.

Q. Any others?

A. Downey Ranch Market.

Q. How far is that?

A. Approximately a mile and a half. There is Farm & Home Market approximately one mile. That's about it.

Q. Is there a Liberty Market near you?

A. Well, it's a Speedee type market; is that what you want?

Q. It was a store that was previously known as the Liberty Market?

A. Yes. And it closed up.

Q. It closed up when?

A. It closed up approximately a year and a half ago—about a year ago I would say and it has re-opened now as a [fol. 250] Speedee Mart.

Q. Is it a Speedee Mart or something like a Speedee Mart?

A. It is not called Speedee Mart. It is Liberty Market. No volume, no advertising.

Q. About how far away from you is that?

A. Oh, about half a mile.

Q. Have you ever been in that store?

A. Yes, I have once.

Q. Were you in it when it was under its prior ownership?

A. Yes, I was.

Q. Did you know a Mr. Morris Wallin?

A. Yes.

Q. He was one of the operators of the store, was he not?

A. That's right.

Q. I take it that is a small store.

A. Yes.

Q. How many square feet would you say?

A. 2,000.

Q. When you were in the store, and when it was under Mr. Wallin's ownership, did you think that it was clean?

A. For what he had to work with, yes.

Q. Do you think it was well operated?

[fol. 251] A. There again for what he had there I thought it was well operated, yes.

Q. I take it you think he had limitations in facilities.

A. He had some drawbacks, yes.

Q. Drawbacks in size?

A. I would say the size hurt him a little.

Q. What else hurt him?

A. The thing that stopped him was the opening of the Boy's Market across the street.

Q. Have you ever been in Don's Market?

A. Yes, I have.

Q. How recently?

A. Six months.
Q. How often do you go there?
A. Possibly once every six months.
Q. Is that a good operation do you think?
A. Yes.
Q. Does it appear to be a successful operation?
A. It appears to be.
Q. When was the Alpha Beta Market directly across the street from you constructed?
A. Approximately eight years ago as a Raisin Market.
Q. And this Boy's Market a half a mile away, when was that constructed?
A. A year ago last August the 13th.
[fol. 252] Q. That is only a half a mile away?
A. Yes.
Q. I take it that you were able to maintain your sales volume despite the opening of that store.
A. Yes, we were.
Q. You mentioned the Unimart Discount House.

Mr. Coyle: He didn't mention Unimart.
Mr. Vaughn: I beg your pardon.

Q. That was Udisco?
A. Yes.
Q. That is two miles away?
A. Yes.
Q. There is a Unimart in the Downey area, isn't there?
A. No.
Q. I am sorry, I have them mixed up. When was the Udisco opened?
A. About 18 months, along in there. I am not positive on that.
Q. How about the All American Market a mile away, when was that opened?
A. That has been there for five or six years I would say.
Q. How about the Von's Market a mile and a half away, when was that opened?
[fol. 253] A. I would say around 1960, somewhere in there. I am not sure on that.
Q. How about the Shopping Bag a mile away?
A. That was built at the construction of the Stonewood

Shopping Center, and that has been, I would say, three or four years. I am not sure.

Q. How about Ralphs Market a mile away?

A. Probably four or five years. I am not sure. Four years.

Q. Do you have a copy of the statement of your testimony, Mr. Craun, that you can refer to?

A. Yes, I do.

Q. Would you look at Paragraph 3 of that statement. You state, "On the basis of his—" I guess that is your "—continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined."

Can you tell me what study you made to reach that conclusion?

A. Well, Liberty Market, of course, was closed for some time. There has been a number of change of operators, operators that have been at one time fairly good sized volume operators which has declined. Their businesses have declined down to a two and three-man type operation now.

[fol. 254] Q. Such as?

A. Such as it used to be Horton's Market which is now Benson's.

Q. Is that in Downey?

A. Yes, that is in Downey. It doesn't do much business now, Downey Ranch Market has been in continual trouble.

Q. How do you know that?

A. Because they happen to be pretty good friends of mine and they have told me, that's why.

Q. How long has that market been there, by the way?

A. Oh, I think about probably five years. I am not sure about that.

Q. The same ownership as when it first opened?

A. Yes. They have recently sold part of their business, their produce business out for extra capital. They are trying to sell the balance of it.

Q. The Liberty Market is now being operated by somebody, is it not?

A. Yes. If you want to call it that.

Q. What do you mean by that? You mean they don't do very much business there?

A. I would say they aren't doing too much, no.

Q. Downey Ranch Market is still being operated?

A. They are still being operated.

[fol. 255] Q. Horton's Market is now Benson's Market, presumably operating?

A. That is correct.

Q. Are there any markets in your locality that have gone out of business and nobody else has come along to operate it?

A. With the exception of— There was another one. Liberty Market had a second operation in the middle of Downey that they closed up and it never became a market again after some time that it was left vacant. Well, they remodeled it and made other type stores out of it. That was in the center of Downey.

Q. Was that the extent of your study of the decline?

A. Then there was another one, it used to be owned by Kilgore & Kilgore. It was later sold to Don't Market. They could not make it run. This was within about a half a mile of Shopping Bag, maybe not that far. And one of the original partners has taken it over again.

Q. And is operating it now?

A. And is operating it somewhat, yes.

Q. How do you mean "somewhat"?

A. To the point that there again it is not doing——

Q. He is there every day, isn't he?

A. He is there, yes.

Q. What is the basis for your knowledge that he is not [fol. 256] doing much business?

A. The fact that they have told me what it was doing, more or less. I have a couple of men that have worked there that have told me. That are now working for me.

Q. Is it fair to say, Mr. Craun, that your study with regard to these single stores is pretty well confined to the Downey area where you do business?

A. That is the ones that I know most about.

Q. Do you know anything about any other area?

A. Not too much, no.

Q. You couldn't say that there has been a decline of single stores in other areas, then, I take it.

A. Yes. I follow the information put out by Certified Grocers and I find a big thing is happening. Many, many

of what we call independent operators are leaving the business. We see large concerns more or less doing the volume in Certified Grocers, which you are aware of, I am sure. The ones of my class are dwindling all over. They have some 1400 markets that they supply.

Q. Certified Grocers has 1400 markets which it supplies?

A. Which they supply. A lot of these are the chain type operations. They are still buying through Certified.

Q. What do you mean by a chain, two or more stores?

A. Two or more, three or more stores, yes. They [fol. 257] recently acquired Spartan Grocers which was nothing more than to put the independent, when they were in the way of the big volume operators within their warehouse. When they felt that their volume was no longer needed in that warehouse they had another place to put them without throwing them out.

Q. What is the basis for your statement in that respect?

A. I happened to be on the advisory board at that time when they bought Spartan Grocers.

Q. The advisory board of Certified Grocers?

A. That's correct.

Q. What is the advisory board of Certified Grocers?

A. It was strictly an invitational thing to meet with the regular board of directors of Certified Grocers.

Q. I take it you are a member of Certified.

A. Yes, I am.

Q. I take it that as a member of Certified you are actually a part owner of that company?

A. I am a stockholder of Certified Grocers. You have to be to belong.

Q. That's right. Now have you told us everything that you base your conclusion on as stated in Paragraph 3?

A. Yes, I think so.

Q. There are a number of successful single store [fol. 258] operators, are there not, in the Los Angeles metropolitan area?

A. There are some.

Q. You are one of them, aren't you?

A. Still paying my bills.

Q. Still making a profit, too, aren't you?

A. By doing more volume to make the same amount of money.

Q. You are able to do more volume?

A. Well, once in a while I pick up a little.

Q. Beg your pardon?

A. We pick up a little volume every once in a while.

Q. Is it fair to say that all of the chain stores in the Downey area that you have described have been built since 1950 or opened since 1950?

A. I would say nearly all of them.

Q. I take it you are also aware, are you not, sir, of the entry into the market of smaller concerns since 1950, new businesses which have come into existence and which have grown and succeeded?

A. In our business?

Q. Yes, in the retail grocery business.

A. Yes, there are some.

Q. Can you tell me the names of some of those people?

A. (No audible response.)

[fol. 259] Q. Let me suggest a couple of names, are you acquainted with Pantry Markets?

A. Not too well, no.

Q. Do you know that that organization entered the business in about 1954? Do you know that or don't you know that?

A. I didn't know when they entered the business.

Q. Do you know how many stores they are now operating?

A. No, I couldn't tell you that.

Q. Are you acquainted with the business activity of Michael's Markets in Orange County?

A. No. I have heard of them, that's all.

Q. You don't know when they went into business?

A. No, sir, I couldn't tell you that.

Q. Are you acquainted with Hughes Markets?

A. Yes. I know of them.

Q. Do you know when that company went into business?

A. No, I couldn't tell you when they went into business.

Q. You don't know many stores they are now operating?

A. No, I don't.

Q. Can you tell me the name of any other single store operator who went into business after 1950 and who is——

A. Not that I am familiar with.

[fol. 260] Q. Didn't Mr. Fairbank enter the business after 1950?

A. Well, yes, Fairbank. Well, Downey Ranch went into business. You are naming multiples there, people that had more than one store. That is what I thought you meant.

Q. I was doing that. Let us get back to the single store operator.

A. There has been a Speedee Mart in Downey, actual Speedee Mart in Downey that entered in business.

Q. Isn't it a fact, Mr. Craun, that there are more single store operators in the Downey area today than there were in 1950?

A. Yes, I guess there are.

Q. Would you take a moment and read Paragraph 6 of the statement of your testimony? Your conclusion in that Paragraph 6 is that chains such as Von's and Shopping Bag have an advantage over independents and small chains in terms of inventory control; is that correct?

A. They have— Yes, they have a better control.

Q. Aren't you able, operating one store, to adequately control your inventory?

A. In some cases we can, yes.

Q. Aren't you able to do it in all cases?

A. No, not in all cases.

Q. Why not?

A. Well, there again we are relying on somebody out of [fol. 261] our own organization to do our buying for us. Certified Grocers, that we mentioned before. And there are many times when due to special deals or price declines or increases where they will be without merchandise. The out of stock situation will occur because of this. So I would say they are operating their warehouses and can get to trouble and have it corrected faster than Certified Grocers.

Q. I take it you are not saying that the chains don't have instances where they run short of an item or have problems in supplying their stores.

A. I don't think they have as much problem.

Q. On what do you base that, sir?

A. There again Certified is operating financially, trying to operate as efficiently as possible and there are certain tax periods and things where they will run out of stock,

where due to the fact that the Board of Directors and what have you, have instructed them to do so, where the average man cannot get his wishes there. They can't——

Q. Don't you think that Von's tries to reduce their inventory to the bare minimum at tax time?

A. Possibly so. But they can assume their requirements, I believe, easier than the Certified Grocers can per store.

Q. Have you ever been out to Von's warehouse?

A. No.

[fol. 262] Q. Have you ever seen the statistics on the efficiency with which they run that warehouse?

A. No, I haven't.

Q. So isn't it fair to say that you are speculating as to this comparison?

A. I am assuming this, but I would say they have better inventory control. That was the question, I believe.

Q. In the operation of 60 or 70 stores don't you have far more and many more complex problems in distribution than you do in the case of one store?

A. They have more men to handle those situations.

Q. More men than Certified?

A. Per store, probably.

Q. And again you don't know, you are guessing aren't you?

A. I am assuming.

Q. Guessing, aren't you?

A. I am assuming.

Q. Let us assume that Von's has more men to handle their warehousing problems. That means that this costs them more, does it not, than Certified?

A. They have— I am not saying— I don't know anything about their costs of operation of warehousing at all. I don't know anything about it. I do know that they are buying in quantities now that will give them maximum [fol. 263] discounts and rebates and which we all have to have, and I don't know how they distribute those profits, whether it is all used up in warehousing or whether it makes a profitable thing. At one time Mr. Von Der Ahe belonged to Certified Grocers.

Q. That's right.

A. And he saw fit to leave.

Q. That's right.

A. There must have been a reason.

Q. Do you know what that reason is?

A. I don't think he would have left Certified Grocers to go into an operation that wasn't you know—that wouldn't be profitable to him. I don't know.

Q. But you don't know, though?

A. I would assume, again, that he saw something that made it lucrative for him to build his own warehouses.

Q. Could it have been that the problems of distribution to a large chain became so complex that he had to take it out of the hands of Certified simply because he had complex problems that a single store operator wouldn't have?

A. It could have been.

Q. That could have been, couldn't it?

A. I don't know.

Q. Is there any way that you can see where a merger of Von's and Shopping Bag affected in any way the ap- [fol. 264] parent disadvantage which you say a single store operator is under in the distribution of their products?

A. Give me that one again.

Mr. Vaughn: Will you read it back, please.

(The reporter read the pending question.)

The Witness: No, I can't.

Mr. Vaughn: Q. The merger didn't affect that one way or the other, did it?

A. Not that I can see, except the only thing is it just gave them more power in, say, Downey or Los Angeles County, or Orange County, or any other place you are talking about. I can't see where the merger helped their distribution except to distribute to the people, if that is what you are talking about. It gave them two pretty nice outlets in the town that I am located in.

Q. Those outlets were being operated prior to the merger, were they not?

A. Yes, they were being operated prior.

Q. And they are still being operated?

A. They are still being operated.

Q. They were being operated successfully prior to the merger, were they not?

A. Yes.

Q. They were good competition prior to the merger, were they not?

[fol. 265] A. They were competition.

Q. They still are?

A. They still are.

Q. Has that competition become any less vigorous since the merger?

A. No.

Q. I meant to ask you about paragraph 4 of your statement. I passed that by. That refers to the shopping center problem.

A. Yes.

Q. Have you ever tried to get into a shopping center, Mr. Craun?

A. No, sir, I haven't.

Q. So I take it that anything that you know about the shopping center problem, or the difficulty which single store operators have, or smaller concerns have in getting into shopping centers is based on what you have heard from others and from what you have read; is that right?

A. Well, when I say I haven't tried, we thought about it at one time and we were told by a rather large concern that even though we have a pretty fair financial statement that it was practically impossible due to the fact that major names were wanted in those stores as drawing cards. Somebody that could advertise in metropolitan papers. Where people coming into new locations already know about them [fol. 266] from wherever they had moved from. They moved from a developed place, say in Los Angeles County, and now we move to Orange County and here comes the market right up that we have been trading with all this time. So naturally they want somebody with a little power, a little pull, and this is it.

This is customer acceptance and it is already accepted when they come in. They open their doors, they are in business.

Q. Von's had a well-known name prior to the merger, did it not?

A. Yes.

Q. And so did Shopping Bag?

A. Yes.

Q. And presumably both of those concerns prior to the merger could have gotten into, and in fact did get into shopping centers; isn't that right?

A. Yes.

Q. Presumably Von's is able to get into shopping centers now, is it not?

A. Correct.

Q. Do you see any way in which the merger of Von's and Shopping Bag has affected this shopping center problem?

A. Just makes them more in demand.

Q. Makes what more?

A. Makes their company now more in demand because [fol. 267] now you've got the combination of two.

Q. How does that make them more in demand?

A. You have the combination of two big names.

Q. You mean the developers now want Von's and Shopping Bag more than they wanted Von's or Shopping Bag before?

A. I would say that they would get the prime area chance and where they wouldn't have problems because now you've got a combination of two big ones run by one—practically one head that has both been successful, but you've got them combined now so that actually the developer is getting, you might say, two for one.

Q. Would you say that the small concern is any better off or any worse off in this shopping center problem than he was before the merger?

A. I would say that he would be worse off.

Q. Why is that?

A. Because there are other mergers. This is not the only one. This is probably the biggest one in our area. But now these people could look around, they have—I don't know what to say here—they have more bigger type operations to choose from, the developer does, and I would say this practically kills the independent man of any chances, because heretofore there has always been a chance that they might not take one operation in there, a big operation, and, well, there could be a chance possibly if a guy was of a [fol. 268] Triple A status where he could financially get in there. But I think because of those mergers it eliminates any possibility.

Q. Let us talk about that a minute. Who were the firms that could get into shopping centers?

A. Well, generally you will find Hiram's, Food Giant, Safeway, Ralphs, Von's-Shopping Bag, Thriftimart.

Q. Market Basket?

A. Market Basket. Numerous. Lucky Markets.

Q. Has Market Basket engaged in any acquisitions that you know about?

A. Not that I am familiar with.

Q. How about Thriftimart?

A. Not that I know of.

Q. Safeway?

A. Not that I know of.

Q. Ralphs?

A. No.

Q. Not that you know of?

A. No.

Q. Prior to its merger with Shopping Bag Von's had not engaged in any mergers that you know of; isn't that right?

A. That's correct.

Q. And Shopping Bag had engaged in none; isn't that right?

[fol. 269] A. Not that I know of.

Q. So these firms were large and able to get into shopping centers and had not merged; is that correct?

A. That's correct.

Q. So you don't have to merge to get into a shopping center, do you?

A. I am saying that before the merger they had to take somebody. So naturally these people could get in. Now I say with these mergers it becomes easier for the ones that are merging. It becomes much easier.

Q. Isn't it a fact that the Von's-Shopping Bag merger actually eliminated one concern from competition for shopping center sites?

A. For shopping center sites?

Q. Yes. You have one less looking for shopping center sites than you did before, don't you?

A. What is the difference?

Q. Isn't it correct that you have one less concern——

A. One less concern for the developers.

Q. —with a Triple A rating looking for shopping center sites?

A. One less for the developers looking into, because now they can do it by looking into one.

Q. Let us talk about the other mergers that you have in mind right now.

[fol. 270] A. Which one do you want to talk about?

Q. You tell me the ones that you had in mind when you spoke of mergers.

A. Alpha Beta-American.

Q. That has happened since the Von's-Shopping Bag merger, has it not?

A. Yes, it has.

Q. And this is the way that American Stores entered this market. American Stores had no stores here prior to that merger; isn't that right?

A. No.

Q. American Stores had no stores——

A. In our area.

Q. That is correct, is it not?

A. That is correct.

Q. What other mergers do you have in mind?

A. Lucky-Hiram's.

Q. When did that take place?

A. I couldn't tell you the time when that took place. Three, four years.

Q. Did Lucky have any stores in the Los Angeles metropolitan area before its acquisition of Hiram's?

A. I believe they did.

Q. Do you know how many?

A. No, I don't.

[fol. 271] Q. What is another merger?

A. Good Giant, but that was with some other type of business. There has been other small ones. Let's see, who are some of them? I couldn't tell you offhand any more. Those were the big ones, you know.

Q. Those are the ones that you had in mind when you signed this statement; is that right?

And Von's-Shopping Bag.

Q. And Von's-Shopping Bag.

A. Yes.

Q. And the two that you mention, do you know if Lucky

Stores—Was Hiram's able to get in shopping centers? Did it have a Triple A financial rating before it was acquired by Lucky?

A. Yes.

Q. Was Alpha Beta able to get in shopping centers prior to its acquisition by American Stores?

A. Yes. Since the acquisition of Alpha Beta by American I think they opened--What is it?—26 stores last year.

Q. Do you do your meat buying for your concern?

A. Yes, I do.

Q. Where do you buy the meat?

A. Our beef are you speaking now?

Q. Yes.

[fol. 272] A. Ruchti Brothers.

Q. Are you able to buy your meat for prices which are comparable to those which chains are able to buy their meat?

A. No.

Q. How do you know that?

A. Well, I know that we don't naturally buy as much. That would be rather ridiculous. We are paying approximately, from the market reports, two to three cents a pound more than major buyers.

Q. What market reports are those?

A. That we see that we are supplied with a Ruchti Brothers. They do not deal with chain market operators. They supply us with this information. We know at all times what our competition is paying for meat, more or less.

Q. Do you have self-service meat or do you have a butcher?

A. No, we have service meat.

Q. In that way you are able to make better use of the beef that you buy, are you not, you are able to make it go further?

A. No.

Mr. Coyle: I am not sure that he understood the previous question when he said he had service meat. Maybe you should develop whether it is self-service.

Mr. Vaughn: Q. I thought service meat means a [fol. 273] butcher.

A. We have a butcher. We have to wait on the customer, if that is what you mean.

Q. Why is that?

A. It is the only way to survive in an independent market.

Q. Is to provide personal service; isn't that right?

A. Well, if we put it out on the basis of a chain type operation, which is self-service, we would never sell it. That is the one thing we must do is have service meat or I wouldn't be here today talking because I would have been closed up before.

Q. People come into your store because they appreciate the personal service that they can get from a butcher?

A. I wouldn't say that. They come in to buy meat.

Q. Why do they come to your store instead of the self-service meat store?

A. Same reason they come in to buy a quart of milk, I guess, because we are there. I would say that has a lot to do with it.

Q. Mr. Craun, you said that you wouldn't be in business if you had self-service meat.

A. I think it would take its toll, yes.

Q. So there must be an advantage to having butcher service meat.

[fol. 274] A. There is an advantage and a disadvantage.

Q. What is the disadvantage?

A. My cost of putting that meant in the case is greater than the self-service.

Q. Labor costs?

A. Labor costs, correct.

Q. But you think you draw more customers?

A. Well, I have to stay in business and there is only one way I can do it is to have service meant.

Q. Service meat is an advantage to you, is it not?

A. Yes.

Q. Do you buy your produce?

A. We have a man that buys for us, as well as other markets, and he supplies us daily.

Q. Are you able to get as good quality produce as the chain stores?

A. I would say we can get as good quality.

Q. Comparable prices?

A. No.

Q. Why is that?

A. Because we have to have somebody pick it up. There has to be a middle man in our organization in this case. We cannot afford to pick it up from the produce markets. We cannot pick up the volume where you can get the price.

Q. There are many, many single store operators who go down to the produce market at 5:00 o'clock in the morning [fol. 275] and make their own purchases, are there not?

A. There might be.

Q. You know there are, don't you?

A. I don't know that. I don't go to that market.

Q. What milk do you sell in your store?

A. Brand?

Q. Brand of milk.

A. Do you want the brand of milk?

Q. Yes.

A. Carnation and Knudsen.

Q. Now Von's and Shopping Bag sell Jerseymaid milk, do they not?

A. I understand.

Q. You sell your Carnation and Knudsen milk at the same price as they sell this Jerseymaid milk?

A. Yes. It is state-controlled.

Q. Carnation and Knudsen are highly advertised products, are they not?

A. Yes, they are advertised products.

Q. They sell in many other areas than the Los Angeles metropolitan area, do they not?

A. Yes.

Q. Do you see any competitive advantage, and I mean by that do you think that more people are attracted to your store because you are selling Carnation and Knudsen than [fol. 276] are attracted to Von's Store because they are selling Jerseymaid?

A. Well, I don't know the acceptance on their product. I do know that we cannot—I couldn't say. I don't know the acceptance of their product Jerseymaid, except that they have so many outlets for it. It is before the people so much and in all of their outlets that possibly they do have pretty good acceptance. I wouldn't say that we have any

better acceptance. I don't think you will find Carnation a tremendous drawing card any more than any other milk.

Q. Carnation sells its milk through many more retail outlets than Jerseymaid sells its milk; isn't that right?

A. Actually in our area that we are talking about, the Orange County area, I would say no.

Q. You think Jerseymaid has more outlets than Carnation?

A. I would say so, yes.

Q. I take it, though, that you can't say that you are at any competitive disadvantage because you have Carnation and Knudsen and Von's has Jerseymaid.

A. If I understand you right, I am at a definite disadvantage in one way.

Q. Would you tell me how that is?

A. Yes. Because I don't participate in the profits of Jerseymaid or Carnation.

Q. That is the only one?

A. They are controlled by——

[fol. 277] Q. In terms of drawing people into your store there is no disadvantage but you are not making the profit that Von's is.

A. That is correct.

Q. Do you think that Von's could have invested in common stocks instead of Jerseymaid or purchased land instead of Jerseymaid and done just as well, if they did?

A. I don't know about this.

Q. In other words, the last sentence of Paragraph 7 of your statement means simply that Von's is making a profit on their investment in Jerseymaid which you are not making; is that right?

A. They are making a profit in this, yes. And because of the discounts—By dairy, I take it you mean all of the dairy products. Do you mean all the dairy products? You didn't just stipulate milk.

Q. You didn't just say milk, that's right.

A. Well, take another item, say ice cream. Definitely they are to an advantage over us.

Q. Why is that?

A. Volume discounts and only through volume discounts.

Q. You mean in purchasing?

A. In purchasing, the central warehouse, central office, central buying.

Q. Certified is now supplying its members with ice [fol. 278] cream, is it not?

A. Yes.

Q. Are you purchasing Certified's ice cream?

A. No.

Q. Why not?

A. Because it is a brand new item. I don't know what its acceptance would be. I do not handle it.

Q. Do you believe that you get your dry groceries from Certified on your shelf as cheaply as a chain gets its dry groceries on its shelves?

A. I would say we are buying from Certified Grocers as cheaply as they are in dry groceries.

Q. In other words, the products in which Certified deals you get as cheaply as a chain does; is that right?

A. The ones that they handle.

Q. Certified also has an extensive line of products under its own private label entitled "Springfield," does it not?

A. Yes.

Q. Do you purchase those products?

A. No.

Q. Why not?

A. The acceptance is very bad.

Q. Now would you turn to Paragraph 8 of your statement and read that.

[fol. 279] Mr. Craun, I would like to show you a document which has previously been identified as Fairbank Exhibit 1 in these proceedings and ask you if you have seen that or a copy of it before.

A. Yes.

Q. This is the defendants' exhibit which was shown to you prior to the time that you signed this statement?

A. No, not prior to the time I signed that statement.

Q. You saw it sometime after you signed it?

A. After I signed the statement.

Q. You will note in Paragraph 8 of your statement reference is made to the market share of the top 8, 9, 15 and 20 concerns but not to the market share of the top 3, 4 or 5 concerns. Would you have included in your statement

reference to the top 3, 4 or 5 had you seen Fairbank Exhibit 1 prior to the time that you signed your statement?

A. Yes.

Q. Does the chart, which is Fairbank Exhibit 1, confirm your observations and your opinion with respect to the market share of the top 3, 4 and 5 concerns between the years 1950 and 1960?

A. Read that back again.

(The reporter read the pending question.)

The Witness: Yes.

Mr. Vaughn: Q. In other words, sir, it is your [fol. 280] opinion that the market share of the top 3 concerns was lower in 1960 than it was in 1952; isn't that right?

A. Yes, according to your chart it is lower.

Q. And that is also according to your testimony consistent with your observations; is that right?

A. I don't know where they got this but I guess it's right. I don't know.

Q. And the same could be said of the top 4 and top 5; is that not right?

A. Yes.

Q. Is it also not a fact, sir, that the market share of the top 15 and top 20 declined in the period 1958 to 1960?

A. I think that was the period when they had the strike in there, wasn't it?

A. When was the strike?

A. In 1959.

Q. When in 1959?

A. Well, let's see. The contract came up in April. I was not on strike, we are a different local, so I don't remember the exact times. But I think it must have been—I couldn't tell you the exact time of the strike.

Q. Would it refresh your recollection at all if I were to tell you that the strike was in January 1959 for a period of four weeks?

A. I couldn't tell you. I don't know.

[fol. 281] Q. But the strike did last only for about four weeks; isn't that right?

A. I thought it was longer.

Q. It was all in 1959, wasn't it?

A. I believe it was, yes.

Q. About how long is your recollection of the strike?
A. It seemed to be longer, about six or seven weeks.
Q. In 1959?
A. Yes.
Q. So the strike was over by 1960, wasn't it?
A. Yes.
Q. Isn't it a fact that the strike then could have no effect on sales in 1960?
A. The strike had no effect on them, no.
Q. And the sales, according to this chart, for the top 15 and top 20 concerns are lower in 1960 than they were in 1958; isn't that right?

Mr. Hughes: Mr. Vaughn, I object to that.
Let us go off the record.

(Discussion off the record.)

Mr. Vaughn: I have just handed to the government a copy of an exhibit previously furnished to them which shows in figures and in table form what is depicted in chart form on Fairbank Exhibit 1, showing that the line ends on Fairbank No. 1 after the first six months of 1960.
[fol. 282] Mr. Hughes: Will you ask the witness if that is his understanding of Fairbank Exhibit 1?
Mr. Coyle: I ask that this be marked as an exhibit.
Mr. Vaughn: All right. Do you want to mark it as Craun 1?
Mr. Coyle: All right.

(The document referred to was marked by the notary public as Craun Exhibit No. 1 for identification, and is attached hereto.)

Mr. Coyle: Now would you read back the last question.
Mr. Vaughn: I will withdraw it.
Mr. Coyle: Read it back.

(The reporter read the pending question as follows:

"Q. And the sales, according to this chart, for the top 15 and top 20 concerns are lower in 1960 than they were in 1958; isn't that right")

Mr. Vaughn: Let me withdraw the question so I can try and get this straightened out.

Q. The document now before you, which is marked Craun Exhibit 1, is a table which shows the percentage share of the market for the top 20, 15, 9, 8, 5, 4 and 3 concerns in the Los Angeles metropolitan area for each year between 1950 and 1960. You will note, however, that according to the footnote only the first six months of the year 1960 are shown. It is a fact, is it not, based upon this table, [fol. 283] Craun Exhibit 1, that the market share of the top 20 and top 15 concerns was lower in 1960 than it was in 1958?

A. According to this chart it was.

Q. Is that consistent with your understanding?

A. No, it isn't, but this chart says it is.

You have no information to the contrary, have you?

A. No, no information.

Q. Have you at any time seen the table marked Craun Exhibit No. 1 before this time?

A. No.

Q. If you will turn to Paragraph 9, you state there that Shopping Bag was a profitable operation prior to the merger. On what do you base that statement?

A. Through newspaper releases that showed their profits at the end of their periods—different periods.

Q. You followed those closely, I take it?

A. I watch them, yes.

Q. Did you base your opinion in any respect on the appearance of profitable operations in the Downey area?

A. What do you mean by "appearance"? Just because they looked successful, do you mean?

Q. Yes. Or did you base it only on the newspaper account?

A. No. What they report and what it showed that they were a profitable organization.

Q. Did you observe that Shopping Bag's profits were [fol. 284] declining commencing in about 1959?

A. I wouldn't have known as much about Shopping Bag as I would have Von's.

Q. Why is that?

A. Just that I watched Von's more.

Q. You were more interested in Von's?

A. Evidently.

Q. So you are unable to say whether Shopping Bag's

profits were declining or holding about even or going up in the few years prior to the merger?

A. I know they were a profitable organization.

Q. That is all you can say?

A. That is all I can say.

Q. I would also like to go back for a moment to the chart which is Fairbank Exhibit No. 1. Were the top 20 concerns in 1950 the same as the top 20 concerns in 1960?

A. No. The top 20?

Q. Yes. That is not anything you can read from that chart. Just based upon your own experience and observations were the top 20 in 1950 the same top 20 concerns in 1960?

Mr. Knight: I think it has been asked and answered.

Mr. Vaughn: I didn't think he understood it. Maybe I am wrong.

The Witness: I still don't understand it. Give it to me again.

[fol. 285] Mr. Vaughn: Q. All right. Let me ask it this way. Can you name the top 20 concerns in the Los Angeles metropolitan area in 1960?

A. I can name part of them, I imagine.

Q. Why don't you go ahead and try.

A. Von's-Shopping Bag, Alpha Beta, Ralphs, Safeway, Thriftimart, Market Basket, Fox, Lucky, Mayfair.

Q. Would Hughes be in the top 20?

A. No, I don't believe so.

Q. Would Shoppers?

A. No, I don't believe so.

Q. Would Food Giant?

A. Food Giant.

Q. Was Food Giant in the top 20 in 1950?

A. 1950 I would say no.

Q. Was Fox in the top 20 in 1950?

A. I don't think they were accepted in 1950.

Q. They hadn't commenced their business operations by 1950, had they?

A. Could have been. I would say, no, that they weren't.

Q. They weren't in the top 20, in any event, in 1950?

A. No.

Q. Were they in 1960?

A. Yes.

[fol. 286] Q. Are they today?

A. I guess they are still going under Fox.

Q. Actually Fox has gone into bankruptcy, has it not?

A. Yes.

Q. And some of its stores have been sold off; isn't that correct?

A. I understand, yes.

Q. Some to single store operators, have they not?

A. I understand.

Q. Do you know any of the names of those single store operators?

A. No, I don't.

Q. And the balance of their stores, some 18 or so, are being operated by Food Fair; isn't that right?

A. I understand.

Q. Food Fair is a large national concern; correct?

A. I guess so.

Q. And had not previously operated any stores in the Los Angeles metropolitan area; isn't that right?

A. Not to my knowledge.

Q. So you can say, though, can you not, for no other reason than just Fox and Food Giant that the top 20 in 1950 are not the same as the top 20 in 1960?

A. Yes, they are not the same.

Q. I would like you to read Paragraph 14 of your [fol. 287] statement. You state that if this merger of Von's and Shopping Bag is permitted there will probably be subsequent mergers between and involving the other major chains. Are those major chains to which you refer in Paragraph 14 the same as those listed in Paragraph 10 of your statement?

A. Yes, they are included.

Q. Are there any others, other than Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant?

A. There are others. There is All American, Shoppers. They are all available for mergers.

Q. I beg your pardon?

A. They are all available for mergers.

Q. How do you know that?

A. Well, it seems as though that is the trend, is to merge. And everybody wants to merge and become a little bigger.

Q. Safeway wants to merge?

A. I wouldn't put it past them.

Q. With one of the other leading chains?

A. To pick up somebody else.

Q. Do you have any special information about what Safeway's intentions are?

A. No, I don't have any special information.

Q. This is just a guess, isn't it?

[fol. 288] A. On the past records of the way these mergers have happened it wouldn't be beyond thinking about.

Q. It is a mere possibility, right?

A. It is a possibility, yes.

Q. Do you know of any plans that Ralphs has to merge with any other major chain?

A. No, I don't know of any plans, no.

Q. Market Basket?

A. Don't know of any plans.

Q. Thriftimart?

A. Don't know.

Q. Alpha Beta?

A. I have no idea.

Q. Mayfair?

A. I have no idea.

Q. Food Giant?

A. I don't know.

Q. All American?

A. I don't know.

Q. Shoppers?

A. I don't know.

Q. In other words, you don't have any special information.

A. I don't have any information, no, at this time.

Q. You just think that there has been a trend of [fol. 289] mergers in the area and in that respect you think only of the Von's-Shopping Bag merger, the American Stores-Alpha Beta merger and the Lucky-Hiram's merger; is that correct?

A. That's correct.

Q. You can't think of any others?

A. I can't think of any others.

Q. I take it that it is because of this trend in mergers that you think that the Von's-Shopping Bag merger will lead to the other mergers; is that right?

A. It would be a big step in the direction of other mergers happening.

Q. How can Von's merger with Shopping Bag influence anybody else?

A. Their operation becomes better, there again it consolidates, advertising costs are cut tremendously. Their warehousing becomes better because they have more volume.

Q. How do you know these things?

A. Because it is just that in volume it would tend to make the operations more efficient.

Q. Do you know what Von's advertising costs were prior to the merger?

A. No, I don't.

Q. Subsequent to the merger?

A. No, I don't.

[fol. 290] Q. Do you know what their warehousing costs were prior to the merger?

A. No.

Q. Subsequent to the merger?

A. No.

Q. You just feel that the bigger you are the more efficient you are; is that right?

A. Let's take advertising. Heretofore Von's advertised and Shopping Bag advertised. Now one advertisement. Correct?

Q. Yes.

A. So is that more efficient or less efficient?

Q. I don't think that really is the question. You don't know if it is more efficient or less efficient, do you?

A. I know their advertising costs would be cut in half.

Q. You have seen the figures on that?

A. I have not seen the figures.

Q. So you are just guessing but because you have one less concern advertising that costs are half as much; is that right?

Mr. Coyle: The witness has answered this. He knows that one advertisement doesn't cost as much as two. That is simple.

[fol. 291] Mr. Vaughn: Q. That is the basis?

A. That is the basis that I am going on.

Q. That is the basis for your statement?

A. Yes.

Q. The possibility of future mergers then exist because of the greater efficiencies that can be accomplished through merger; isn't that right?

A. Yes.

Q. Was there a possibility that other firms would merge prior to the Von's-Shopping Bag merger?

A. There is always a possibility.

Mr. Vaughn: I don't have anything more.

Mr. Coyle: I just have a few questions.

Cross-examination.

By Mr. Coyle:

Q. Earlier in your testimony you testified as to the increase in the net worth of your store and property. Has the land value out there increased substantially since 1950?

A. That is basically our increase in our net worth, yes, land values.

Q. You testified as to the entry into the Downey area of a number of stores. Has the population of the Downey area increased since 1950?

A. Yes, it has.

Q. Has it been a substantial increase?

[fol. 292] A. Yes, it has been a pretty fair increase. 15-20 per cent increase I would say.

Q. You referred to the strike in 1959. When a store closes for a month as a result of a strike, or any other reason, has it been in your experience that it loses customers and doesn't immediately gain them back after it reopens?

A. That is true.

Q. Would you have any opinion as to whether the strike in 1959 might have affected the chain store sales in the first half of 1960?

A. Definitely.

Q. How would it have affected them?

A. They would have affected them by loss of volume greatly, mainly.

Q. In some of your answers you discussed the comparison between the advantages which you may get pur-

chasing through Certified and the advantages which a chain gets in purchasing directly. Was it your testimony that a chain in purchasing directly gets advantages that you don't get purchasing through Certified?

Mr. Vaughn: I will object to the question as being leading and suggestive. It is flagrantly leading and suggestive.

Mr. Coyle: Q. Was that your testimony?

[fol. 293] A. Yes.

Q. Would you state for the record which led you to this conclusion?

A. Mainly their volume in purchasing of meats, produce, dairy products, which gives them a definite advantage. There are volume rebates received by them even in dry groceries, display allowances which they can receive from manufacturers that are not being made available to the independents, not all of them. It is a definite advantage. And those are the things that warranted my statement.

Mr. Coyle: I have no further questions.

Redirect examination.

By Mr. Vaughn:

Q. Let us talk about these volume rebates and display allowances. Isn't it true that Certified purchases more grocery products than any chain in the Los Angeles metropolitan area?

A. Yes.

Q. And isn't it true that suppliers offer to Certified the same quantity discounts as they do to the chains?

A. Correct.

Q. And the same promotional advertising allowances that they do the chains?

A. Correct. However——

Q. And aren't those savings——

[fol. 294] Mr. Hughes: The witness hadn't finished.

Mr. Vaughn: I am sorry.

The Witness: However, today in this grocery market in our area that we are speaking of, brokers, manufacturers' representatives are not calling. It is a definite trend that they, in becoming more efficient, are not calling

with their men on the independent operators as much as they have in the past because the trend is going to the bigger volume operation. So they are concentrating their forces there.

Now, I mentioned stacking allowances and display allowances, whatever you want to call them. Those allowances are paid upon participation, you know, of those products. If you participate and stack and advertise those products you receive these rebates.

Now, if they are not known to you, all of them, you do not get them. They are being made available to the chain type operation, the more powerful type operations because that is where the volume lies for these producers. And, as an afterthought, the independent is picked up.

Mr. Vaughn: Q. You are talking about power, and buying power is what I assume you mean. You previously stated that Certified has greater buying power in that it has greater volume than any chain; isn't that right?

A. This is true. But it is spread over 1400 accounts. There again the brokers and manufacturers know that they have to be efficient. So naturally they have to go to the [fol. 295] ones that are doing the biggest volume. They cannot cover everybody. So who do they cover, the big?

Q. A promotional allowance granted to Certified is passed on to its members; isn't that right?

A. If they participate.

Q. And you were advised of the promotional allowance and it was up to you——

A. We were advised of some of the rebates, I would say most of them, by Certified Grocers. However, where the brokers or manufacturers can call on one big office instead of 80 and do the same thing he can sell his product by calling on one buying office rather than calling on 80. He does it more efficiently.

I am not saying that we don't get some of these rebates. We do not get them all like your powerful organizations are getting today.

Q. You use the word "power" frequently in your testimony. What do you mean, economic power, assets?

A. There is power in numbers. And they get— And I think they are becoming more powerful because overnight they, say, double their operation and buying power and

locations. In our town overnight they became—they had two stores to do business in one town.

Take another merger we were speaking of, the Acme-Alpha Beta. Overnight two stores in one town.

[fol. 296] Q. Acme-Alpha Beta? What were the two stores?

A. They have one in Florence, but still Alpha Beta has two stores in one town.

Q. They had two stores before the merger?

A. There were two stores located there. Well, they were owned by the same people, pardon me. However, Acme picked up two stores in one town which gives two concerns four stores in one town.

Q. You equate power then to the number of stores, don't you?

A. Number of stores and by dollar volume.

Q. Fox had a lot of stores, didn't they?

A. They had several.

Q. They had good dollar volume, did they not?

A. They had dollar volume.

Q. Would you refer to them as a powerful concern?

A. They were getting there.

Q. What happened to them?

A. They did not— I would say it was more in the operation and overexpanding a little too fast.

Q. Yes, overexpanding. In other words, you could acquire a lot of stores overnight and you could expand and get yourself in financial difficulty, couldn't you?

A. However, they were not set stores. By "set stores," I mean accepted. They had not been a profitable operation [fol. 297] for a long time, possibly as the two in question, the Von's-Shopping Bag.

Q. Do you think that Von's is doing more business out of the two stores it has in Downey today than Von's and Shopping Bag were separately prior to the merger?

A. I don't know about their business out of those two stores. I would say they are doing it more efficiently, whatever they are doing.

Q. On what do you base that? Have you been in the stores?

A. I have been in the stores. The operation is more efficient.

Q. In the store?

A. Their over-all operation is more efficient. Maybe not——

Q. Are the stores more attractive?

A. No.

Q. Do they provide any added services?

A. Not that I know of.

Q. Do they charge any lower prices?

A. Not that I know of.

Q. Can you think of any reason why a shopper living in the Downey area would go to the Von's Store in Downey now where he would not have done so before the merger?

A. Had he been a Shopping Bag customer and know [fol. 298] of the merger, as one complete unit now he would feel safe in trying the other store and possibly accepting it because he felt that he was satisfied where he had been trading and so he decided to move into another location where Von's was. Well, then he would have the same secure feeling in trading with this other concern.

Q. So some people may be going to a Von's Store that went to a Shopping Bag Store before the merger?

A. Could be.

Q. Actually they are not close enough to really be drawing the same customers in Downey, are they?

A. They are in the same shopping area, yes.

Q. You think so?

A. Yes.

Q. You think there is an overlap in their draw areas in Downey?

A. Yes.

Q. Is one of your customers any more likely to go to Von's Store now than before the merger?

A. It is accepted knowledge that people feel that with the large supermarket type operation that they are getting a better price, and I believe that knowing of the Von's-Shopping Bag merger they would feel that they were getting a better action, a better treatment with the two combined. They become bigger, they have more buy- [fol. 299] ing power. That is the consensus of the opinion of the people.

Q. Yet you have been able to maintain your volume since the merger, have you not?

A. Yes.

Q. In fact, it has increased, has it not?

A. A small amount.

Q. Let us talk more about these brokers who go out to the larger chains. Can you name the chains these brokers cover?

A. Yes. I would say I could name them all. We have named them once before. I would be the top 20 that get the complete coverage.

Q. This was so before the merger of Von's and Shopping Bag, was it not?

A. To some extent I believe they get more treatment now than they would before.

Q. Who gets more treatment?

A. The combination of the Von's-Shopping Bag. I think they would get more consideration now than they had before.

Q. You think. Do you know, Mr. Craun, or is that just a wild guess?

A. I would say I would swear to it that they do.

Q. And on what basis would you make the statement?

A. Due to the fact that we are just repeating ourselves again, but brokers and manufacturers know where their [fol. 300] volume is. They know that if they can promote a product in Von's-Shopping Bag, Acme-Alpha Beta, we will call it, that they have tremendous coverage in that area of their product, if they can promote that product there. So there are allowances given. It is a great help to them to be able to sell products to lesser markets because of the fact that it is carried and promoted by the leading chains.

Q. The practice of the brokers in going to the larger chains is the same now as it was before the merger; isn't that right?

A. I would say it is better now than before.

Q. How do you mean?

A. Well, because——

Q. "Better"? I don't understand that.

A. They are covering more stores by calling on one buying office.

Mr. Vaughn: I have nothing more.

Mr. Bates: I would like to ask a few questions of Mr. Craun.

By Mr. Bates:

Q. In Paragraph 14 of your statement you use the word "monopoly." Would you define that word for me, please?

A. In this case I would define "monopoly" as the act of power by controlling the source of supply of a commodity, controlling the source of supply to—I believe that would be it.

[fol. 301] Q. Is that the sense in which you use that word in that paragraph?

A. Yes, that is what I think a monopoly is, so it must have been.

Q. In that sense would you say Safeway is a monopoly?

A. Well, they have not monopolized the fact that they have merged.

Q. Would you say A & P in this area is a monopoly?

A. Not in the fact that they had merged with somebody to monopolize.

Q. Then are you expanding your definition of monopoly to include a control of supplies by somebody who has merged?

A. They are coming closer to a monopoly by merging than they was before.

Q. Would you say that Von's and Shopping Bag are now a monopoly in this area?

A. They are in a lot better position to monopolize now than they were before.

Q. Using your definition, which you have just stated, would you say that Von's-Shopping Bag is a monopoly?

Mr. Coyle: I think the record should make clear that that isn't what the witness stated in his statement. He said they tended toward monopoly in his statement of testimony.

Mr. Bates: Read the question back to him, Mr. Reporter. Please answer the question, Mr. Craun.

[fol. 302] (The reporter read the pending question.)

The Witness: It tends toward a monopoly, yes.

Mr. Bates: Q. Under your definition of monopoly is Certified a monopoly?

A. No.

Q. Under your definition of monopoly will you please name all of the monopolies you can think of, or any monopoly you can think of in the metropolitan area of Los Angeles?

Mr. Knight: What industry are you talking about? Any industry? Would you qualify that?

Mr. Bates: Yes, I will qualify it.

Q. Any in the grocery business that is a monopoly in the metropolitan area.

A. They tend toward monopoly—The ones that tend toward monopoly are Von's-Shopping Bag, Lucky-Hiram's, Acme-Alpha Beta.

Q. And that is because under your definition they control the source of supply; is that right?

A. By their power, by their merging.

Q. Will you name for me the sources of supply that are controlled by Von's-Shopping Bag?

A. Well, I would say most of their stores are source of supply.

Q. Do you define a source of supply the same as a retail outlet?

[fol. 303] A. A retail outlet.

Q. Is a source of supply?

A. To the customers, yes.

Q. Is that what you meant by source of supply, the retail outlets, in your definition?

A. That is exactly what I meant.

Q. Then any grocery store that controls its source of supply under your definition, namely the retail outlets, is tending toward monopoly?

A. When it takes a merger to do that, I say, "Yes."

Q. Is it the number of retail outlets under your definition of monopoly that tends toward—Strike that, please. I am going to ask it again.

Is it the number of retail outlets under your definition that constitutes a monopoly?

A. Yes.

Q. Do you know how many retail outlets Safeway has in the greater metropolitan area of Los Angeles?

A. No, I don't know the number.

Q. Do you know from your continuing study of the

grocery business whether Safeway has more or less retail outlets than Von's-Shopping Bag?

A. No, I don't.

Q. Do you know how many retail outlets Von's-Shopping Bag has?

[fol. 304] A. I think it is approximately 80.

Q. How many retail outlets does Mayfair have?

A. I couldn't tell you that.

Q. Can you tell me how many separate grocery concerns there are doing business in the greater metropolitan area of Los Angeles?

A. No.

Q. Can you approximate the number of grocery concerns doing business in the greater metropolitan area of Los Angeles?

A. I wouldn't guess.

Q. Would you say there are several thousand?

A. I said I wouldn't make a guess. I don't know how many.

Q. You are willing to make guesses and surmises on the effects of mergers. You state you have been in the business here for many years, continually studying, and you have no approximation of any kind as to the number of retail outlets in the greater metropolitan area of Los Angeles?

A. I wouldn't want to make a guess. I would probably be way off.

Q. I think you stated, Mr. Craun, when a store closes down because of a strike it takes a long time to get its business back; is that correct?

A. That's correct. It takes some time.

Q. How do you define "a long time" or "some time"?

[fol. 305] A. Probably six months.

Q. What is the basis for your statement?

A. My experience in the grocery business.

Q. Have you been a victim of a strike that has tied up your business?

A. No, sir.

Q. What has been your experience in that regard?

A. I have friends that have been a victim of strikes and I know what their situation was and how long it took them to get back.

Q. Then the basis of your statement is what your friends have told you regarding this situation?

A. That's correct.

Q. I think you stated that the chains operating their own warehouses receive volume rebates from manufacturers that are not available to the independents.

A. Not all of them.

Q. Is that true?

A. That's true.

Q. What rebates do they receive that are not available to the independent grocers?

A. The ones that we do not know of.

Q. If you don't know of them explain to me how you know they receive them.

A. Like I said in testimony prior, that we questioned, [fol. 306] you know, when you will be talking to brokers or manufacturers' representatives and they say, "We could not get around, we was not around, that we had so much of this product, or so much of that product," we were not contacted and this is only not myself but this is other independents, naturally it was not for us to take advantage of. If you don't know about them in time you don't get them, that's all. They are periodic.

Q. Is that all the knowledge you have upon the receipt of volume discounts by chain grocers operating their own warehouses?

A. I merely said that they have all of them presented—more presented to them than are presented to the independents, because they are a major source of distribution of product throughout the area.

Q. Mr. Craun, you stated in some of your testimony here, following the Von's merger, that overnight in Downey where there had been two stores there was only one doing business; is that correct?

A. Not one doing business. Just one operation from that time. They became one company.

Q. But there were two separate retail outlets prior to the merger; correct?

A. Correct.

Q. They were the two same separate retail outlets following the merger; is that correct?

[fol. 307] A. Correct.

Q. These two separate retail outlets following the merger were selling the same groceries from the same locations and generally to the same people, weren't they?

A. More efficiently.

Q. How did this affect your operation?

A. That put them on a more efficient basis than myself.

Q. Define "efficiency" for me as you use it here.

A. Efficiency in this case would be central buying for the two stores, centralizing personnel. Many ways that they could be more efficient.

Q. You mean they save money in the over-all operation?

A. Why, sure.

Q. How did that affect the operation of your store?

A. It gives them a better profit picture in which to expand more.

Q. It didn't affect your profit picture, did it? Didn't you make the same profit after the merger than you did before the merger?

A. Yes. But these mergers, by merging now, and the possibility of more coming, will take the profit out of my picture.

Q. Let us assume, as you have, that by the merger they create certain efficiencies and save certain moneys. That would result in them making more profit on their volume of sales, wouldn't it?

[fol. 308] A. Correct.

Q. It did not result in increasing your cost any, did it, the merger?

A. It will become, and it is becoming daily harder to do business in the face of major chains.

Q. Did you or did you not after the merger make the same rate of profit on your volume of sales as you did prior to the merger?

A. Yes.

Q. And is it not a fact that after the merger you increased your volume of sales?

A. Somewhat.

Q. And the same was true of the merger so far as American-Alpha Beta was concerned; isn't that so?

A. Yes.

Mr. Bates: That is all.

Mr. Vaughn: I have just one more short question on one subject.

By Mr. Vaughn:

Q. The strike was in 1959, right?
A. Yes.
Q. Prior to June 1959, was it not?
A. Yes.
Q. It lasted, to your recollection, for six or seven weeks?
A. Yes.
[fol. 309] Q. You say that the effect of that strike in terms of the business done in any particular market which had been struck would last for about six months; is that right?
A. I thought the effect would last that long, yes.
Q. So let us assume that this is all true. The strike prior to June 1959 could not have in any way affected the sales in 1960; isn't that right?
A. I would say that they would have their volume back by 1960, yes.

Mr. Vaughn: I have nothing further.

Recross-examination.

By Mr. Coyle:

Q. You have been testifying about advantages and disadvantages that chains get or you get. Did you ever have any experience with respect to turkeys along those lines?
A. Yes.
Q. Can you state what that experience was?
A. This last December we were quoted a price on turkeys by a large poultry concern that also supplies Von's. They do not buy a lot of quantity in this particular quality of bird that we were buying. They purchased turkeys, the same brand, absolutely witnessed by three different people in my organization, and one outside person. They bought turkeys, ten cases to be exact, at 39 cents a pound. Our price for over 500, that would be approximately 200 cases of [fol. 310] turkeys, was 41 cents loaded on the truck. And only due to the fact that I had inadvertently looked at their

shipping memo, because I figured the whole load was ours, that I run across this, that they got a lesser price than we did for a considerable lesser quantity. But their quantity that they were purchasing from this company happened to lie in another grade of turkey.

So they, in their volume dealing with this company, received a similar product for less money until the poultry house finally, after much fighting and arguing, and nearly two months of hassle, credited me back with this amount of money to put me on the same level with the Von's Market located on Florence and Paramount in Downey.

I was at a direct disadvantage selling that product. Either take less profit for my product or sell it for more and look ridiculous.

Mr. Coyle: I have no further questions.

Redirect examniation.

By Mr. Vaughn:

Q. What was the name of the concern that sold you these turkeys?

A. International Poultry Company, Los Angeles.

Q. Who is the man that you dealt with?

A. We no longer deal with them. He was the sales manager. I can't recall his name. But only after we gave him [fol. 311] invoice numbers, both ours and the Von's invoice number, that he knew we was correct.

Q. This is December 1962?

A. It would be December this last year. Yes, December 1962.

Q. You state that this particular grade of turkey was delivered to your concern on a truck?

A. On a truck.

Q. With it was the same grade of turkey in a lesser quantity to be delivered to Von's; is that right?

A. That is correct.

Q. To Von's Store in Downey?

A. In Downey.

Q. Isn't it likely that they purchased this same grade of turkey for all of the other stores?

A. Yes.

Q. And isn't it likely that their purchases therefore were far in excess of yours, that is Von's purchases were far in excess of your store's purchases?

A. Yes, sir, that is correct. And exactly what we are talking about.

Q. In this particular grade of turkey?

A. In this grade of turkey. They bought more, they got a less price.

Q. Quantity discounts?

[fol. 312] A. Quantity discounts.

Mr. Vaughn: I have nothing further.

Recross-examination.

By Mr. Coyle:

Q. These turkeys were delivered in a truck owned by International Turkey Company?

A. Yes.

Mr. Coyle: Would you mark this document entitled "Testimony of Kenneth Craun" as Craun Exhibit 2, please.

(The document referred to was marked by the notary public as Craun Exhibit No. 2 for identification, a carbon copy of which is attached hereto.)

Mr. Coyle: Mr. Craun, would you be agreeable to waiving the privilege of signing this deposition and permitting us to introduce it in evidence, or the other side to introduce it in evidence unsigned?

The Witness: Would I be?

Mr. Coyle: Yes.

The Witness: Yes, it's all right.

Mr. Coyle: Is it agreeable to counsel?

Mr. Vaughn: It is quite agreeable.

Mr. Coyle: We waive the signing.

Mr. Alsup: Back on the record, it is understood in all of these cases, of course, that the witness testified under [fol. 313] oath and that he is bound by any statement that he made.

Mr. Coyle: That's right. This just eliminates the necessity of mailing it to him and having him correct it and getting it signed.

Mr. Alsup: Right.

[fol. 314] TESTIMONY OF RICHARD DICK

If subpoenaed to testify, Richard Dick would testify as follows:

1. He is the vice president and assistant secretary of Dick's Market, Inc., which operates a grocery store at 6015 North Figueroa Street, Los Angeles, Los Angeles County, California. Although this store was originally his father's business, the father is inactive and Mr. Dick manages the store. Dick's Market had sales of $1,377,462.75 in 1959. He has been working in his father's grocery business for 18 years.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, he closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the Key Services and follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age" and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery [fol. 315] merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that single store operators cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of

a big chain store in his shopping center as an attraction to other tenants. As a result, single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollars sales. The large supermarkets today serve many more people than they did in the past. As a result, fewer [fol. 316] grocery stores are needed in the area to serve a comparable number of people.

6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from Certified Cooperative and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major products as dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution systems. Thus, they have combined the advantages of Certified with direct purchasing and a highly developed distribution system. In addition, some of the chains, including Von's [fol. 317] and Shopping Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los

Angeles metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 percent to 39.0 percent; the market share of the 9 largest chains increased from 34.3 percent to 41.7 percent; the market share of the 15 largest chains increased from 38.4 percent to 50 percent; and the market share of the 20 largest chains increased from 40.5 percent to 54.4 percent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the larger chains.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a [fol. 318] history of successful growth and expansion. He would state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's & Shopping Bag."

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "in-

tense price wars." He would testify, however, that he faces very vigorous competition from Von's.

13. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between [fol. 319] Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 320] DEPOSITION OF RICHARD DICK, taken on behalf of defendants, at 433 South Spring Street, Los Angeles, California, commencing at 9:30 A.M., Wednesday, April 17, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.

RICHARD DICK, having been duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Alsup:

Q. Would you state your name and address, Mr. Dick.

A. Richard Dick. My home address is 1300 Indiana Avenue, South Pasadena.

Q. What is your business address?

A. My business address is 6015 North Figueroa. That is Los Angeles.

Q. We have been furnished with a statement entitled "Testimony of Richard Dick," which states that if subpoenaed to testify you would testify as set forth in this statement. Do you have a copy of that statement?

A. Yes, I do.

Q. Were you shown identical statements of other government witnesses at the time you were asked to sign this statement?

A. No.

[fol. 321] Q. Would you know that others were——

A. Being subpoenaed?

Q. No. That the others had furnished identical statements to the government?

A. No.

Q. This would be your testimony, I take it, Mr. Dick?

A. I would say yes.

Q. It states that you are the vice-president and assistant secretary of Dick's Market, Inc. at 6015 North Figueroa. That is correct?

A. That is correct.

Q. Who owns the stock of this corporation?

A. The stock is in the family and is divided four ways, my father, mother and younger brother.

Q. How old are you, by the way, Mr. Dick?

A. Thirty-six.

Q. I have been in your store, Mr. Dick, and I want to say that it's very attractively stocked and very attractively merchandised.

A. Thank you.

Q. What is the size of your store?

A. Now we are going to have to start to do a little guessing. It would be about 8,000 square feet, I think. It is divided up into different sections.

Q. How old is that store?

[fol. 322] A. I have been there going on 18 years and I have seen ads that were dated 1936 or '37. So the store must have been there at least that long.

Q. It looks like an old Safeway Store.

A. It was an old Sy Perkins Store. You probably never even heard of that name.

Q. No, I haven't. This has some apartments, doesn't it, on the second story above the store?

A. That's right. There are eight of them.
Q. Those are leased to tenants?
A. That is correct.
Q. It is built-in customers?
A. Yes.
Q. When did your family acquire this store, Mr. Dick?
A. In 1944.
Q. Is that the entire store or just the liquor department?
A. Just the liquor department at that time.
Q. When did you acquire the grocery department?
A. I believe that was 1949, somewheres about that.
Q. Or 1950?
A. Somewhere right about there.
Q. From whom did you buy the grocery department?
A. We actually assumed the lease—I might state it this way. My father and my uncle owned the building, my [fol. 323] father owns the master lease. At that time, 1950 or '49, the lease ran out on the grocery department and we assumed the grocery lease.
Q. Who had operated the grocery department prior to that time?
A. A fellow by the name of Vaughn Bowen.
Q. Do you run the meat department?
A. No, we do not.
Q. Is that leased out?
A. That is leased out.
Q. To whom?
A. To Mrs. Esther Wickens.
Q. That is service meat?
A. Service meat.
Q. Quality meats?
A. Let's hope so.
Q. Are the grocery department and liquor department now run as one?
A. No. Those are two separate corporations.
Q. Both family-owned?
A. Both family-owned, yes.
Q. This statement refers to sales in 1959 of $1,377,462. Does that include the liquor department sales?
A. I would say it did, yes. I picked these figures up and I believe they are combined sales of everything.
[fol. 324] Q. That would include the meat department?

A. I think that is the way we did this. I think I totalled everything into it.

Q. You run the produce department yourself?

A. That is correct.

Q. And the delicatessen?

A. That's right.

Q. Your store is located in the middle of the block on North Figueroa, is it not?

A. Avenue 60.

Q. Would you describe the parking facilities for customers of your store?

A. The parking is in the rear of the building. In fact the entire block of Avenue 60 from corner to corner in the rear of the market there is parking.

Q. There is no parking for someone entering on Figueroa Street, he has to go around the block behind the market to enter from the south; isn't that right?

A. Unfortunately there is no parking on the main street.

Q. You have a service bakery where you bake your own good and have a snack bar there?

A. That is correct. Those departments I lease out.

Q. These sales that you have referred to, did they include the sales of the leased out bakery department?

[fol. 325] A. I would say no because the sales of those are small actually in comparison to the sales that I have stated. I was taking the departments that actually make up the bulk of the sales.

Q. What would you consider to be the trading area of your store?

A. Well, the trading area of the community the store is located in, Highland Park, would be, I would say, Avenue 60 to possibly down to Avenue 50.

Q. That is north and south.

A. We would be north, going south to Avenue 50.

Q. How about east and west?

A. Let me have my directions. Let me look at it a minute. It would be west about two more blocks, because there are markets and businesses two blocks west in that area. That is the immediate area.

Q. Can you give me a general idea of what you consider to be the area from which you draw the great majority of

your customers, whether it be a one-mile radius or a two-mile radius?

A. This is a little different than most communities, in my opinion. I would say we did draw as far out as possibly two-three miles because it is not actually consolidated into one area. People will come from Eagle Rock, South Pasadena, where we have many customers, or the Mount [fol. 326] Washington area that they refer to and Highland Park generally.

Q. Where is the nearest Von's or Shopping Bag Store located with reference to your store?

A. I would say in the Eagle Rock area on Colorado.

Q. How far away is that?

A. That would be about possibly one or two miles.

Q. More than one mile, isn't it?

A. It would be a little over one mile, I think. There is a new Von's, I believe, at South Pasadena and it takes me about five minutes to drive from my home which is not far from there.

Q. You are referring to the new Von's opposite the Safeway, the Fair Oaks outlet to the Pasadena Freeway?

A. Yes.

Q. That is a very substantial distance from Highland Park.

A. Not in distance, surprisingly. There is just the one street that goes up North Figueroa across the bridge and then you are in South Pasadena. I am not saying that is in my immediate area actually. In distance it's a lot closer than it appears. I live right there.

Q. I live out in that area too, Mr. Dick. You would say it is at least 15 minutes driving time from your store, wouldn't you?

[fol. 327] A. No, no.

Q. How long would you say?

A. I would say to that market you could drive very comfortably in ten minutes.

Q. Would you regard the Safeway Store opposite the Von's Store on Fair Oaks as a competitor of yours?

A. No.

Q. Would you regard the Market Basket Store there on Fair Oaks as a competitor of yours?

A. No.

Q. Or the Pantry Market there on Fair Oaks as a competitor of yours?

A. I would say no. I would like to add one thing to that, though. I have advertised, I don't know at the moment, but from time to time I have advertised in the advertising facilities for that general area and they are all covered under one publishing outfit. In other words, there are five papers. I may not be able to name them all, but there is the Highland Park Journal, there is the Star Review, which is, I think, the Mount Washington area, and then there is the Eagle Rock, it wouldn't be the Sentinel but I am not sure of that exactly. But we all go into the one paper. In other words, talking about competition, in a way when we advertise many times these ads all appear in these papers together.

Like my ad will be in a paper with the Von's-Shopping Bag of Safeway. Actually Safeway, I am not looking at it [fol. 328] maybe as competition at the moment, but my ad might be on the opposite page to that ad. So either way, generally speaking there are people that are shopping in that area and if they are going to do any traveling they are comparing these ads.

Q. Generally speaking, based on your study of the industry what is the draw area of the average grocery store such as yours?

A. I would say that your bulk of draw should be within your mile radius or so, a mile and a half.

Q. You mentioned a new Von's Store on Fair Oaks Avenue in South Pasadena and you have mentioned this Shopping Bag Store in Eagle Rock on Colorado Boulevard.

A. There are two, three, I believe. One at the corner of Eagle Rock and Colorado and then I believe they have one up the hill on Colorado closer to Figueroa. Where Figueroa used to end.

Q. How far would that second Shopping Bag Store be from your store?

A. It must be two miles or so. I have never actually laid it out on the map.

Q. Do you know when this first Shopping Bag Store that you referred to on Colorado Boulevard, which you estimate is about a mile and a half from your store, was built?

[fol. 329] A. No, I do not.

Q. It is a fairly old store, is it not?

A. The first one is fairly old, yes.

Q. Do you know when the second one that you referred to, which is farther away, was built?

A. I can remember that had a grand opening, but time escapes me. I would say it must have been in the early fifties, I would say.

Q. What other stores are there in this general trading area that you refer to as the trading area of your store?

A. Well, there is a Boy's Market and a Kory's Market. They are the closest markets to us.

Q. How far away is the Boy's Market?

A. The Boy's Market is about five or six blocks away.

Q. In which direction?

A. Going south, southwest. And the Kory's Market would be about two or three long blocks to the north. And then there is also a Safeway Market possibly four blocks to the north.

Q. That is a block farther north than Kory's?

A. You would go to the corner where Kory's is located, that being York, and then turn left to York. Now, it is about two blocks down York.

Q. Any other stores in this general area?

[fols. 330-331] A. Yes. One that has been an influence on our business has been the new Shoppers Market built at Avenue 45. That is 15 blocks away.

Q. Shoppers?

A. Shoppers.

Q. Avenue 55?

A. 45.

Q. Across the street from that there used to be a Ralphs Market which I think was taken over by Fox; isn't that right?

A. You are getting into older history now. That is further down the street. That was a Ralphs and it passed hands rapidly through two or three ownerships, I think. The old Kory and Better Foods had their hands on it and it went to another one, another one. It has not been a very good market I have been told.

Q. Didn't Fox wind up with it about 1960?

A. It could have been. If he did, though, it really wasn't

classified as one of the stronger Foxes or the weaker Foxes, you might say.

Q. Any others that you can think of in this general area?

A. Not in the general area I am referring to now. You would have to go out a little further. I would say that is the competition I can think of.

[fol. 332] Q. You referred to the Von's and the Safeway up at Fair Oaks Avenue at the Pasadena Freeway turnoff. Going down Mission Avenue toward Figueroa near your store there are a number of markets, aren't there?

A. There are quite a few smaller markets in there. I am not familiar with their names.

Talking about Mission, there is one that is in my area I do go to. I believe they refer to that as the Mission Market. It is just in the middle of the two areas on Mission. And further up the street there is another very small market, the name I do not know, and they are located there. Then you get into South Pasadena and then there is the Pantry, of course.

Q. Going over to this Colorado Boulevard area in Eagle Rock, where you refer to the two Shopping Bag Markets, are there other markets in that area?

A. Yes. There is a market, I am not familiar with the name, it seems like it might be Community Market. It is across the street from the older of the two Shopping Bags. And stores of smaller capacity, let's say, are in that area. I don't know them. Yosemite Market, I have met that gentleman. He has one down on Yosemite. That's all I can think of.

Q. How old a store is this Boy's Market which you refer to as being five or six blocks away?

[fol. 333] A. That is an old store. It has been in its location before I was—we were located at Avenue 60.

Q. How about Kory's?

A. That was an old Better Foods Market and possibly 10 years ago or 8 years ago it was turned into a Kory's Market. They broke that chain up. It was a family arrangement and several took one group of stores and some of the family took another group of stores and they changed the name at that time. When we were operating at Avenue

60 for quite some time that was a Better Foods and then they changed to Kory's and remodeled it.

Q. How about this Safeway Store you referred to?

A. That is a new one. That is in the last four years or five years.

Q. You named the new Shoppers Market. When was that built?

A. That is about the last three years.

Q. And this former Ralphs and Better Foods and Fox Market?

A. That is an old one.

Q. That is a real old one.

A. Yes. I don't know where that one went back to but that is a real old one.

Q. Can you think of any other stores, other than the Safeway and the Shoppers, which have been built in your [fol. 334] general area since 1950?

A. One comes to my mind now but it is not a large chain, it is an independent. I think they refer to it as Capitol Market. It's at the corner of Monterey and Huntington. Supposingly it is competition to us too.

Q. When was that——

A. That has been built in about the last three years. There have been quite a few little stores that have closed.

Q. That is what I was going to ask you. Which ones in your area?

A. Well, several of the smaller Safeways, and there was one around the corner. Names I can't give you on these markets. I don't even know if they classify them as names. They were just markets. One across the street from the church on Monte Vista, another smaller one——

Q. What kind of a store was that?

A. A grocery store of general sales, just carrying most merchandise, meats, groceries, dry groceries and produce.

Q. How large?

A. Oh, it wasn't a large store. It was a store of possibly one-third our size I would say.

Another market which is about three blocks from us on Monterey Road, the Kolar Brothers, they have closed. That was a store of about close to half our size. The store down on Avenue 54 on the corner was a small store, and [fol. 335] they have closed. Not far from there there was

an old Safeway, and they have closed. And another small Safeway up on Avenue, that must have been about Avenue 63, they have closed. Maybe lesser ones I can't recall right in my area, but they were there and are no longer there.

Q. You said that several Safeway Stores, the smaller ones, in your area have closed. These are just the two that you have referred to or are there others?

A. I will go further. There was one further down—now you are on York—down at Avenue 50, they turned that one into a roller rink. That was a Safeway.

And actually going back some distance there was a store, a small independent, about two blocks up from that Safeway that has just been turned into shops. I can remember when there was a store there, a grocery store, a small one.

Mr. Hughes: Just turned into what?

The Witness: Shops, general shops.

Mr. Hughes: Not a grocery store.

The Witness: Shoe shop, clothing.

Mr. Alsup: Q. When was this that that one closed and turned into shops?

A. I would have to go back possibly ten-fifteen years, in that general area. I wouldn't even know. Some of them are missing. I know there is a store and I am driving by one day and I say, "What happened to that store? Gone."

[fol. 336] Q. You referred to this small store on Monte Vista which is about a third the size of your store that closed. Do you recall when that was?

A. That has to be over ten years ago, twelve years ago.

Q. How about this one of Kolar Brothers?

A. That one closed about five years ago. I take that back. Kolar Brothers sold it about six years ago and it actually closed down completely about two years ago. The owner of that store turned out to be my manager for about a year or two and I was familiar with the store.

Q. Then this store on Avenue 54, as you recall——

A. That is going back ten years, at least.

Q. This small independent which was near the Safeway which has been turned into some shops?

A. That has been at least ten years ago.

Q. You can't think of any other stores in this area which have opened in the last ten years?

A. Other than the ones that I have mentioned?

Q. Other than the ones that you have mentioned.

A. No.

Q. This study that you have made, this continued study of grocery conditions in this area, has that been pretty largely confined to your own immediate area where your store is located?

A. I would say that. Making a study, I might clarify [fol. 337] that, is things that I have observed in my own area and reading of different magazines that are in the industry. I travel as anybody does, to this part of town, the next part of town.

Q. Have you read of how many grocery stores A & P used to have across the nation?

A. I have seen articles on that. I understand they are the largest chain in the world, A & P.

Q. Have you read that they once had over 15,000 stores and now they have only about 4,000?

A. I have seen that. 4,000 seems like a staggering figure to me. Fifteen I can't even think about.

Q. There has been a change in marketing conditions brought about by the supermarket which has resulted in the decline in some of the small stores, both of the chains and the single store operators; isn't that right?

A. I would say that the chain in the grocery industry has brought about maybe larger and bigger stores in areas, it's true.

Q. There are changes everywhere else. We don't have any blacksmiths any more, do we?

A. That's right.

Q. You don't see many horse and buggies these days.

A. No. Across the street, one block up, we had one of the last blacksmiths. He was there for many, many years. [fol. 338] Q. There have been other changes in grocery retailing in the time that you have been familiar with it, such as better refrigeration?

A. True.

Q. And better packaging?

A. Right.

Q. Better equipment?

A. True.

Q. These are things which the public has demanded and the industry has brought about; isn't that right?

A. That's true.

Q. In your driving around this area can you think of any area at all in the Los Angeles metropolitan area where the housewife doesn't have a wide choice of different stores from which to choose to buy her groceries?

A. No. Generally speaking I would say the housewife has several stores to choose from in any area that she is in.

Q. And that would include stores of the chains, both large and small, and single store operators; isn't that right?

A. I would say yes.

Q. More recently there have been other changes in marketing conditions, have there not, such as the entry into this area of the discount houses selling food?

A. That's true.

[fol. 339] Q. What have you read about that, or what do you know about that situation?

A. Well, now we are getting to what I have read. I do not have a discount store that is actually competition with me in my immediate area. I think the closest one now is in Alhambra, where a Unimart has been opened.

Never being in that type of business it is a little different type of business. It seems that they banded together many stores, many different type of retail stores with a nucleus around a grocery store.

Q. All under one roof.

A. All under one roof. Which, using the term "discount," offering a lower price, made some of them successful, it seems.

Q. And this is a development of the last three years in this area, isn't it?

A. I would say so, in this area.

Q. In your reading have you read that various prognostications by so-called experts in the grocery business are that the discount houses would put the supermarkets out of business?

A. I have read both sides, pro and con.

Q. Yes. Have you seen the development or read about the development in recent years of the bantam stores doing [fol. 340] business in this area?

A. Well, yes. I think what you would be referring to is the—well, many of the larger type of stores have changed their tactics in issuing more stores of maybe a smaller nature in, let's say, area size, referring to them as bantam type stores. And I have seen that. Actually I have read more of it than I have seen it.

Q. You have read about the Tiny Tim Markets down in Orange County?

A. I am not familiar with them.

Q. Speedee Mart operations?

A. I have heard of that one.

Q. Do you know how many of them there are in this area?

A. Not in this area, no, I don't. I have no idea.

Q. You have referred to certain stores which have come into your area and certain stores of Safeway and others which have closed in your area over the last ten or fifteen years. Over the last ten or fifteen years have you read or heard of people entering the business for the first time, prospering and succeeding?

A. I couldn't tell you who. It must be so. I feel there must be people.

Q. Do you know Joe Hughes?

A. Yes, there is Joe Hughes. Actually I didn't know [fol. 341] how long ago Joe Hughes had his stores. I know he had stores and has grown.

In that area, which is closer to the beach, or going in that direction, there has been stores which have opened that I had never seen the name before at all. I would even say Food Giant.

Let's take Food Giant, for example. One day I never heard the word and the next day they were everywhere.

Q. That was true of Fox, too, wasn't it?

A. That was true of Fox. Of course, that went up and straight down.

Q. Fox started out about 1954 and built a large chain and then went into bankruptcy, didn't he?

A. Yes.

Q. You have read about that?

A. That was quite an operation. I read that story.

Q. Did you read that he expanded too rapidly with inadequate capitalization and got into financial difficulties?

A. Yes, that seemed to be the general trend. He was going too fast without enough management, careful management, and not enough money, or somewhere along the line it just didn't jell.

Q. Did you hear the same thing about McDaniel's?

A. I have heard that about McDaniel's.

Q. How about Yor-Way?

[fol. 342] A. Well, I think, watching the Yor-Way—I have studied the Yor-Way a little more. I think Yor-Way's trouble was just bad management. They had some nice stores that died on them and I couldn't understand why.

Q. That was a fairly large chain but it went under because of bad management.

A. I would think so. At least it appeared from the outside to me that that was their main problem. The Pantry is fairly new that has grown quite rapidly.

Q. Are you acquainted with Ted Wood of the Pantry Market?

A. I have met him. Ted Wood built his first store right after we remodeled our store.

Q. When was that, about 1954?

A. '54-'55, somewhere in that area. If you will look at the Pantry Stores they use many features that we put into that store. They were very new at the time. Marlite walls, new type check stands that were very new at that time.

Q. You have heard that is a very successful operation?

A. I have heard that but it surprises me.

Q. He has about ten stores now?

A. That's about right.

Q. In your study of the industry, or reading, have you read at all about Joe Goodnight of Michael's Markets?

A. No, I do not know that.

[fol. 343] Q. Have you read or heard about Yosh Inadomi?

A. No, I do not know that person.

Q. Or Jerry Fleishman?

A. I don't know that operation.

Q. Are you familiar with the Shoppers Market operation?

A. Yes, I know of that operation.

Q. Back when you started in '48 that was just a one-store operation, wasn't it?

A. Stating that date I am not sure of that. What I knew of the Shoppers was that they were located strongly in the beach at that time, I mean as they grew. I was very surprised when I saw them come into our area. I thought they were going out of their own area completely when they came up to Highland Park.

Q. Would it surprise you to know that their first store was in Brooklyn Heights?

A. That I didn't know.

Q. You referred to the bad management of Yor-Way. That started going downhill rapidly after the death of Jack Kennedy, the president, didn't it?

A. I couldn't tell you that. I don't know.

Q. You felt their management was weak, however?

A. I felt that way.

Q. Have you made any study of the management setup [fol. 344] that Shopping Bag had back in 1959, 1960?

A. No, I cannot say that.

Q. You can't say whether it was strong or weak?

A. It seemed strong to me.

Q. It seemed strong to you?

A. They grew, they had very nice stores, smart looking stores. I knew several of the personnel in the stores that were acquaintances of mine. In talking to them at luncheons or dinners they always bragged up Shopping Bag's end of the table.

Q. Yor-Way had good looking stores, too, didn't they?

A. They weren't quite in the class with Shopping Bag Stores, in my opinion.

Q. Shopping Bag had a lot of bad stores and old stores as well as a number of new ones and bigger ones, did it not?

A. I would say every chain has to have bad stores.

Q. Would you say that these new forms of competition, the discount houses and the bantam stores, have brought increased competition in the grocery business in this area in recent years?

A. I would say yes. Not being in my district I am just assuming they must.

Q. You try to keep generally familiar with marketing

conditions throughout the Los Angeles and Orange County areas, don't you?

[fol. 345] A. I do. I read what is going on. I try to keep abreast of what is happening.

Q. Based on that reading you would say in the last three years the discount houses and the other new forms of competition have increased competition in your business, would you not?

A. I would say yes.

Q. In Paragraph 7 of your statement, Mr. Dick, it states that you would testify you purchased from Certified and this enables you to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products; is that correct?

A. That's true.

Q. As a member of Certified you are one of the owners, are you not?

A. Yes.

Q. Certified operates large warehouses?

A. Two large warehouses.

Q. Their warehouses are serviced directly by railroad shippers?

A. Yes.

Q. And Certified operates large trucking facilities, does it not?

A. It does.

Q. It buys in heavy volume directly from the producer?

[fol. 346] A. Yes.

Q. As an experienced grocer, Mr. Dick, running a single store, do you feel that you have better control over your inventory than the store manager of a large chain?

A. I would say no more advantage. You are referring to a manager now of a larger chain market.

Q. Yes.

A. No. If he is a good manager he should be able to control his stock as well as I do.

Q. Haven't you read in your study of the industry that one of the biggest problems facing the larger chains is the lack of qualified managers and supervisory personnel?

A. There is always that, both sides.

Q. You have read that?

A. Yes, I have.

Q. Isn't it true that one of the fiercest forms of competition in the grocery business in this area is the raiding of good employees from other concerns?

A. You have to clarify that for me. I don't quite follow that.

Q. You have seen reports of top executives of Von's being hired away by Food Giant or other concerns, haven't you?

A. No. This may take place but I think it's more of an incentive of the individual that would make a change [fol. 347] that is usually being offered something. I don't think that is an out-and-out practice. At least I don't know.

Q. This Paragraph 7 states that you would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives. Are you referring there to Certified Grocers of Orange Empire?

A. No. I am referring more to a large chain that is in co-ops of, let's say, dairies, which are the strongest.

Q. Later on in your Paragraph 7 you say, in addition some of the chains, such as Von's and Shopping Bag, belong to a dairy co-op. But if you would look at your Paragraph 7 at the top of Page 4, as I read it, you are referring to a different type of co-op there, are you not?

A. Well, let's read it.

Q. The sentence I refer to is: "However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution systems."

A. Well, now taking this statement as I put it in 7 here, we are referring to the likes of, say, Certified, which I am familiar with, more so than Orange. Stating that they have decreased their purchases would mean it has appeared to me that the larger the chain would get it would behoove them to buy a little more directly than they would from Certified.

[fol. 348] There are advantages at times in buying directly. It would take their own warehousing and their own setup, something that I could never accomplish. I don't have the room for it.

Q. But you were there referring to Certified in that sentence?

A. In that sentence it appears that that is what I would say, yes.

Q. You say on occasion it would be beneficial for such a concern to buy directly rather than through Certified?

A. At times, yes.

Q. Now Von's is not a member of Certified, is it?

A. No. Well, there again there are so many down there. I have seen Shopping Bag trucks and Von's down there. I assume that they are in a cooperative of some sort of that nature.

Q. You assume that but you have no knowledge?

A. I have no knowledge.

Q. How about Safeway?

A. They are definitely not, I know that.

Q. How about Ralphs?

A. They are definitely not, I know that.

Q. You say these concerns that have their own warehouses sometimes have an advantage by buying directly and storing it in their own warehouse. Have you made [fol. 349] any study of the relative benefits of such procedure compared to the cost of owning and operating your own warehouse?

A. No. I have never made a comparison because I have never owned a warehouse. Let me put it that way. I could only state it from the side that better buys can be made if you are going to make them direct, at times.

Q. At times?

A. Yes, at times. I am not saying that every last item in your store can be bought better direct. It is not true. There are too many small items involved.

Q. Certified has certainly as great a buying power as any chain in the area, has it not?

A. I would think so.

Q. You know that they buy more than any chain in this area, don't you?

A. I would say yes. Possibly with the exception of maybe Safeway. That is a pretty big outfit.

Q. Certified Grocers is known as the largest retailer owned cooperative buying organization in the world, is it not?

A. I have read that. Orange doesn't want to admit that but I have read that.

Q. Orange must be running a close second, I guess.

A. If you read their brochures they seem to be closing the gap fast.

[fol. 350] Q. Where do you buy your milk?

A. We buy milk from three outlets wholesale, Carnation, Challenge and Knudsen.

Q. Changing the subject just a moment and talking about new forms of competition, have you had any of these milk depots open up in your trading area?

A. Yes, one.

Q. How many?

A. One.

Q. Where is that?

A. It is at the corner of Avenue 63, I believe it is, and Figueroa. You are referring to just plain milk outlets, drive in milk?

Q. Yes.

A. Yes.

Q. And some of them sell potato chips, bread and weiners?

A. That's right.

Q. Does this one in your area?

A. I have noticed them selling bread and chips and juice. I don't know if they have gone any further than that.

Q. And they can sell their milk cheaper than you can?

A. That is what has been said.

Q. They are permitted to by state law, are they not?

[fol. 351] A. That is what I understand.

Q. The price at which you sell your milk is fixed by state law?

A. That's right.

Q. And the price at which Von's can sell its milk, whether it be Jerseymaid or anything else, is fixed by state law?

A. I understand that is true.

Q. Have you read in the various trade papers the serious complaints by the grocers in general about the ability of these milk depots to sell milk cheaper and diverting business from the supermarkets?

A. Yes.

Q. Has that been your experience with respect to this milk depot in your area?

A. I have not heard that. But looking at it from a practical side I would say it is a problem. Milk is a very large

item. If a housewife can buy it cheaper at an outlet she would probably take advantage of it at times. It doesn't have the convenience of a market, let's face it, but it does have that advantage.

Q. And this is a new form of competition that has appeared in the industry in the last three or four years?

A. Modernized, yes. But I can remember some of those a long time ago.

[fol. 352] Q. Have you read that they seem to be springing up all over the area?

A. In their modern form, yes. In other words, they are running on a corner now where it used to be that you had to drive to them. I think out in the areas of Anaheim and areas like that they used to have large milk outlets that you could drive into, and that has been quite a few years ago. But in their modern form you will see them, they are beginning to spring up on little corners with a very inexpensive building structure.

Q. In this same period have you noticed that more and more liquor stores are selling an increased line of grocery products?

A. Yes, that's true.

Q. Bread and delicatessen items, milk and potato chips and other items?

A. That has been a trend with liquor stores, that is true.

Q. Has it occurred in your area?

A. I would say, yes, it has. A liquor store used to be a liquor store, we own one, and sold only liquor in it. But a unit of a liquor store by itself handles very small amounts of items that more or less complement the liquor. They are there for the liquor. The idea is to get them in there.

[fol. 353] Q. I have been told that some of these liquor stores sell more bread than some grocery stores. Do you have any opinion on that?

A. I doubt that. I have an aunt that has a little liquor store that she has converted into a little grocery store and I would have to admit her backbone of that store is still liquor.

Q. In this same period have you noticed drugstores are selling more and more grocery products besides liquor?

A. Not in my area. I have never come across that. I notice they will handle some items, soap for instance.

Q. Paper goods?

A. Paper goods is a strong item.

Q. Health and beauty items?

A. Yes. But there is the old argument. The drugstores have been screaming for many years that the grocery stores really took the thunder away from them when they put drugs in the store. I remember that.

Q. It is a constantly changing picture; isn't that correct?

A. That's right. At one time a grocery store probably had five or six feet of drugs in their store and now a well-run grocery store of any size must have 20 or 30 feet of drugs, or should have 20 or 30 feet of drugs, beauty aids and things of that nature.

[fol. 354] Q. How many feet do you have in your store?

A. I have two complete sides of gondolas, not including side racks that have drugs on them. Possibly 20, 25 feet tied up in beauty aids-drugs.

Q. You stated that you sell Carnation, Challenge and Knudsen milk in your store.

A. That's correct.

Q. All of these are well-advertised and well-known brands of milk?

A. That is true.

Q. In your opinion does any one of these brands have a less public acceptance than Jerseymaid milk?

A. Any one of these companies have a less public acceptance than Jerseymaid?

Q. Yes.

A. I don't think so.

Q. Generally you would say, would you not, that Carnation products are much better advertised than Jerseymaid?

A. I would say so.

Q. Would you say the same as to Challenge?

A. True.

Q. And as to Knudsen?

A. True.

Q. Where do you buy your meat, Mr. Carpenter? You don't run the meat department. I am sorry.

[fol. 355] You are not familiar with that meat operation?

A. No, I am not.

Q. Where do you buy your produce?

A. Produce is bought—Well, I will simplify that. I buy

it—Give me a moment. Bisbano Brothers, they do the buying for me.

Q. They are brokers?

A. No. It is a small delivery type of service that has several stores that buy for us. We gave them the power to go down to the market and make our purchases for us.

Q. Some of the single store operators go down to the produce market themselves but have to get up awfully early in the morning.

A. That complicates the day.

Q. From my personal observation of your store I would get the impression that you feature quality produce.

A. We try to.

Q. Do you have any idea whether you get comparable quality at a comparable price in produce to that of any of the chains?

A. Yes, I feel that is so to a point.

Q. Would you explain?

A. Well, knowing the produce business, or that end of it, my own study, and I have been down there many times, produce is unlike dry groceries in this respect, that a unit [fol. 356] like mine would walk into a broker at the produce hards and ask to buy tomatoes. They are usually quoting a price. The price, let's say—we will use fictitious figures just to bring my point across—the price might be four and a half a lug. We get into the question of how many lugs I want. I would possibly say I need ten. They are four and a half. The next question would be, "Can you use anything like this on an ad?" which would constitute me moving quite a few more tomatoes.

I would say, "Yes, I probably could. What is your price now if I took, let's say, 50?"

Now the price changes. It is no secret to anybody. Now they are four and quarter or maybe even less.

If somebody can walk in and say, "I will take all your tomatoes, what are you asking for them?"

"Four and a half."

"I will take them all but not at that price."

The conversation usually runs after that, "Well, how about $4, how does that sound to you?" The broker himself is not going to have to handle them in dribbles, he is going to get rid of the whole thing right now. And that is quite a thing in the produce end of it. You go from one

broker house to the next broker house, maybe with the exception of bananas which are pretty firm in price, but you can go from all types of produce and find that's true. [fol. 357] The more you can buy of it generally the better off you are in price.

Q. I have been told by some single store operators that they can go down to the market and wait for the price break and get a much better price than the chains who buy in quantity and early. Have you had that experience?

A. No, I have never had that experience. But now you are talking of a different type of operation. You are almost referring to a Grand Central Market type of an operation. You are waiting and gambling at the last minute to see that there is a break and running the risk of not having a main produce item.

Let us say you are going to wait until the last minute to buy lettuce, which is a strong item in your produce department. If you wait too long you may find out there is no lettuce.

Q. And you may find out there is a small quantity which you can pick up at a real bargain; isn't that true?

A. That is true. If you wait it out long enough and you want to run that gamble, you could pick up a buy. I don't think there are many operating that way. We wish to, or most markets wish to show a complete produce market fairly early in the morning without waiting it out until the last minute.

Q. Judging from the quantity of produce you had in your store, I think I was in about 3:00 o'clock one Tuesday, [fol. 358] you do quite a produce business, don't you?

A. It moves fairly well. Yes, it's a good department for us.

Q. What other services does Certified render for its members other than enabling them to get these quantity discounts?

A. Well, they have a small service type program for merchandising some of their products, but you pay for that. In other words, if you bring in—I am referring now to drugs and hardware. You can also buy their service program. I believe it is five or six per cent. I think there is talk of it being changed to six. Their men will come in and service and order for those departments. You can pay for that if you wish.

Q. They have men who are experts in advertising and layout who will lend their assistance to their members, have they not?

A. No. They may actually have men in their group but they don't have advertising men. If they have them I have yet to meet them.

Q. Are you able to get, as a member of Certified, insurance at a better rate than you would otherwise get?

A. Group insurance? Yes, I would say so. I have never tried to buy it any other way but there is group insurance on Certified, open to my employees also.

[fol. 359] Q. Recently Certified has put in a very modern electronic data processing system, has it not?

A. Yes, they have.

Q. What is the purpose of that?

A. To speed their orders, possibly cut down their help. It is a type of automation trend. Most markets are trying to go to it.

Q. And recently Certified has formed an equipment firm to assist its members in financing the purchase of equipment and facilities?

A. Yes. That is very new. I know very little about that. That brochure and news bulletin is only a month old.

Q. Certified has a coffee roasting plant, also, has it not?

A. Yes, it has.

Q. And a bean processing plant?

A. Yes, it has.

Q. And a line of what are called not nationally advertised brands, but what is the word I am thinking of?

A. You are referring to private label.

Q. Private label?

A. They have. Springfield is the name of the private label.

Q. That would include bread more recently; isn't that right?

[fol. 360] A. No, they do not have the bread, by the way. They are allowing a bakery to use their name of Springfield. Actually they are bending a point very strongly when they say that is Certified bread.

Q. But does this allow the member of Certified to get the bread, this Springfield bread, at a slightly better price?

A. Not in my opinion.

Q. Recently Certified decided to go into the ice cream business?

A. That is very new, that is very true, in the last month.

Q. If you will turn to Paragraph 8, Mr. Dick, you refer there to market shares.

A. Yes.

Q. I am going to ask you to look at a document which has heretofore been identified as Fairbank Exhibit 1. Is this the defendants' exhibit which you were shown and which you state in Paragraph 8 you are in agreement with?

A. Well, I am going to have to use this now. It has been some time since I have been shown the documents that were shown to me at the time. It could be one similar, one like it. Actually I don't even remember it being in a graph. I think it was more or less—They asked me to look at the figures and asked if that was my general opin-
[fol. 361] ion of trends of larger stores getting bigger shares, and which is my honest opinion. I feel that is so.

Q. The larger chains are getting bigger shares of the market?

A. Well, let's put it this way. In reading from this, like eight largest chains in the area increased from 33 to 39 percent. Watching the stores as they grow and expand, I would say that must be so I mean in my opinion it must be so.

Q. Would you look at the top 3 at the bottom of the chart?

A. Now we are looking at this chart here. Okay.

Who would be the top 3, Ralphs, Safeway and Von's-Shopping Bag?

Q. What happened to the market share of the top 3?

A. As I say, at least I don't recall this graph.

Q. I will show you a document which has been marked Craun Exhibit No. 1 for identification and ask if that is the document you recall.

A. I cannot say. I am speaking honestly, I cannot say that this is the document. I really can't.

Mr. Alsup: Mr. Hughes and Mr. Knight, can you refresh the recollection of the witness in this respect?

Mr. Hughes: Yes, we can.

Mr. Dick, when I saw you in December '62 this
[fol. 362] exhibit, which is identified as Fairbank No. 1,

is one among those which we went over and talked about at the time and is the basis for this particular statement in Paragraph 8.

The Witness: Mr. Hughes, I will put it this way now. I am only going by memory now. I was asked these questions very openly on the spot quite some time ago.

What I am stating here, even as I have read this over, it seems true to me, how true I cannot say, but it seems true to me that they are talking about larger chains, like they are saying—Let's not talk about top 3. I don't know who the top 3 would be.

Mr. Alsup: Q. You don't know who the top 8 are, do you?

A. I am only generalizing them. I can name them but I can't put them in their order. Undoubtedly Safeway has to be one of those in the top 3. And in my opinion, certainly Ralphs must be strongly in that group. Possibly Alpha Beta is very strong in that group. But now you are going down the line, you are talking about Von's-Shopping Bag arrangement, Food Giant arrangement, Hughes has gotten very strong I understand, and Thriftimart must be very strong in there. But I did not go into the point of identifying who was who.

Q. I suppose you were pretty rushed trying to conduct your business when you had this statement before you.

A. I am not taking—When these statements were asked [fol. 363] or shown to me, and I did not break them down and say that I know whose financial statement is what and where they belong. I don't. I don't know to this date exactly.

Q. But if you accept the figures on the chart as consistent with your own study of the industry would you agree, based on that similar study of the industry, that the market share of the top 5 decline between the years 1952 and 1960?

A. This chart shows it as that.

Q. Wouldn't that be consistent with your study of the industry?

A. Well, I would have to make a statement here. Frankly speaking I would say this may be true in this respect. that each year you are talking about share now of the market. Each year the population increases here so much

that the share is so much larger that they may be getting less of the share. Actually the stores themselves are getting bigger and bigger, in my opinion.

Q. But it is consistent with your study of the market that because of the increased population and the greater total sales the share of that total enjoyed by the top 3, the top 4 and the top 5 have declined in the period 1952 to 1960; isn't that correct?

A. I won't argue. It might be very true. I don't know how true it is but I won't argue the point.

[fol. 364] Q. When you started in the retail business in this area, Mr. Dick, Safeway was generally reputed to have a very large share of the market, was it not?

A. I would say yes.

Q. And from your own knowledge of the industry you know that share has declined substantially over the years that you have been in business.

A. There again in the same phrasing I used before, "their share," yes. Their size, no.

Q. Their market share has declined substantially?

A. Yes.

Q. You mentioned Hughes being in the top 8 or 9 in your opinion. Now, Hughes wasn't even in existence in 1950, was it?

A. If he was he was unknown to me.

Q. And based on your study of the industry you would agree that the top 20 in 1960 might be substantially different than the identity of the firms that constituted the top 20 in 1950, would you not?

A. That is possible. Not greatly reduced. I would say if you were going back to the year of '50 now, as this graph goes, up to your present time, '62, it has changed, yes. Basically there are still some in that group that have remained strong, but there have been many chains grow very rapidly in that period.

[fol. 365] Q. And some have entered the market since 1950 and grown strong?

A. That is true.

Q. You mentioned Hughes?

A. Hughes. Possibly Food Giant.

Q. And Fox was certainly in the top group in 1958, before they went into bankruptcy, wasn't it?

A. He must have been somewhere in there. Thirty some units I think he had.

Q. And McDaniel's?

A. McDaniel's unit I am not too familiar with. I don't know how many units they had. I think they grew to about 20 units before they collapsed.

Q. 20 or 24. You state in Paragraph 12, Mr. Dick, that you would testify you face very vigorous competition from Von's.

A. Well, I face vigorous competition from Von's and many others too. It is stating here, as it states it flat, I do have strong competition from Von's. Not competition in the direct sense that they are across the street from me, but in the fact that Von's, and I will add other stores also, do constitute a competitive type of business that I must fall in line with at all times if I wish to survive. Pricing is a very strong factor.

Q. You haven't seen any lessening in that competition [fol. 366] since the Von's merger with Shopping Bag, have you?

A. I wouldn't think so.

Q. It has been more vigorous, if anything, has it not?

A. It has to be, yes. This is a trend.

Q. In Paragraph 10 it states that you would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area. My question to you is: Are those the "major chains" which you refer to in the third line of Paragraph 14?

A. Well, I would state it as this, the mergers of chains, like the merger of a Shopping Bag and a Von's, if this had not been so would probably be the names that I would be rattling off like Ralphs, Market Basket, Thriftimart and Alpha Beta. I have no idea that Von's and Shopping Bag even knew one another, I mean as far as getting together. Now, merging of chains like Ralphs, Safeway, Market Basket, Thriftimart and Alpha Beta, it is possible that there will be mergers if mergers are allowed to continue. I feel strongly that it will happen. I think that the time will come that stores like Market Basket might need the help of a Thriftimart, or vice versa, and they will merge if time continues to allow mergers to go on. This is my honest opinion.

I have heard talk of other mergers. I have heard talk of mergers of Food Giant and Boy's. I have heard this [fol. 367] many times. They say Boy's and Food Giant were going to go together. In fact, even some of their personnel changed places, the Goldsteins One went from Boy's to Food Giant. It could be possible in such an operation. I am not saying it is going to happen. I didn't realize it would ever happen between Von's and Shopping Bag, practically speaking. But I say the trend could be that if mergers were to go on, because speaking as an individual it would seem that I would try to be looking out for myself, which is true, and I am in situations similar to this. But the day may come that some of these giants in the business, we refer to them as giants in the business, may want protection from the other giants too. Mergers may become very common if mergers continue.

Q. And here you are speculating, are you not?

A. I am speculating. I am not speculating on the fact that there has already been a merger between Von's and Shopping Bag.

Q. I would agree with that.

A. That seems to be a fact.

Q. That is a fact. You refer to rumors about Boy's and Food Giant.

A. Yes.

Q. You said in fact one of the Goldstein boys went over and became an executive of Food Giant.

A. That is true. I can elaborate that a little bit if you [fol. 368] wish. That was Al Goldstein.

Q. Let me ask you another question. That was Al Goldstein.

Mr. Knight: Was there something more you wanted to add?

The Witness: I was just going to bring up the point about the Goldsteins in Food Giant.

Mr. Alsup: Q. I want to ask you a question about Goldstein.

Mr. Knight: Why not finish the answer to the question that was just propounded to you?

Mr. Alsup: Mr. Knight, are you conducting the examination for the government?

Mr. Knight: I don't like to see the witness interrupted.

I do not believe that he answered the question he was asked, sir.

Mr. Alsup: I am assuming that Mr. Knight is conducting the examination for your side.

Q. Do you have anything to add?

Mr. Knight: You subpoenaed these 18 people, I didn't.

Mr. Alsup: Q. Mr. Dick, did you have anything else you wished to add about Al Goldstein?

A. I am just going to say that Al Goldstein at one time was a strong factor in the Boy's outfit. It was then stated that there was possible a merger with Boy's and Food Giant.

[fol. 369] Now I am saying, as I say this is rumor, it is only talk. Next I notice that he is now working in a very strong capacity for Food Giant, which at the time made people think there must be a very strong connection here between the two of them. That may not be so, because apparently Mr. Goldstein is no longer with Food Giant. That is as far as I know.

Q. Yes. You read the trade papers pretty carefully, don't you, Mr. Dick?

A. I watch them.

Q. Did you see in the trade papers that Mr. Goldstein had stated that he didn't like to be an executive in a large chain and he wanted to become a single store operator?

A. I never saw that.

Q. You have no knowledge that he is a single store operator at the present time?

A. Yes, yes, yes. I will go that far. I never saw the statement you are making at all. Frankly I think that Al Goldstein would love to own a hundred stores.

Q. I am sorry, I didn't hear that.

A. I would think that Al Goldstein would love to own a hundred stores. It is true that I have heard that he has a store in Burbank.

Q. A single store operation?

A. Single store. Now we are talking about personal money. That is probably the extent of what he can do at the [fol. 370] moment, I would assume, otherwise he would be a lot bigger than he is.

Q. Do you expect Mr. Goldstein to be successful in this operation and grow?

A. I can't see why he shouldn't.

Q. That store is directly across the street from a Von's Store in Burbank, is it not?

A. I don't even know where the store is at. I just heard that Al Goldstein had taken over a store from somebody in Burbank. That is the extent of my knowledge.

Q. From your continued study of the grocery business, Mr. Dick, would you agree that there are probably more rumors and more hearsay which doesn't come to fruition than almost any other industry you can think of?

A. I don't know of any other industries, but my experience in the Navy would say this is pretty general with any type of business. There are all types of rumors and we hear them all the time.

Q. And many of them not reliable at all.

A. Some of them not reliable.

Q. From your study of the Von's-Shopping Bag organization isn't it true that the Von's Stores prior to the merger were located primarily in the western and southern sections of the Los Angeles metropolitan area?

A. I can't answer that one. I have never seen their [fol. 371] layout. I don't know exactly how they are concentrated.

Q. From your study of Shopping Bag would you be able to testify that they were located primarily in the northern and eastern sections of this area?

A. I would have to answer that the same way, I don't know.

Q. You said it is conceivable to you that Market Basket might need the help of a Thriftimart, for example, and might merge.

A. That is possible.

Q. Have you made any study of the location of the Market Basket Stores in relation to Thriftimart Stores?

A. No, I have not.

Q. If they had the very bulk of their respective stores across the street or in the immediate trading area of one another it wouldn't make much sense to merge, would it?

A. No. Stating it as you say it, it wouldn't seem that way.

Q. When you say there may be other mergers of major chains, and you identified what you considered to be the major chains, this is just the merest possibility based on speculation on your part; isn't that correct?

A. Not merest, no, I wouldn't say that. I have a feeling that this is the type of business that step by step these things will build up. I honestly feel that way. I [fol. 372] feel that if the advantages are shown strong enough, which I think they would be with a merger of a Von's and a Shopping Bag, that others that had not even thought of the idea will seriously take it into thought anyway. If they can acquire some of these advantages, should it be they go this route.

Q. Fox made a number of mergers, didn't they, before they went into bankruptcy?

A. I don't know of their making mergers. I know they acquired stores. Whether they made mergers, I could not say that. I had never seen their setup.

Q. They acquired a large number of stores in a short period of time?

A. Acquired them by assuming them or buying them or taking them in some shape or form. Whether they merged I can't honestly say.

Q. And then they went into bankruptcy.

A. Then they went bankrupt.

Q. Didn't Yor-Way do the same thing?

A. If they acquired anybody as a merger I do not know of it either. I just assumed that they took the stores as they needed them. It was no 40 units going with 40 units; let's put it that way. It might have been that they had 5 and took 1 more and took 1 after that and 1 after that. That is about the way that it appeared to me as the way I saw it.

Q. Are those the number of mergers or acquisitions [fol. 373] and consolidations that have occurred since 1948 that you had in mind in Paragraph 13 of your statement?

A. Well, I am also referring to the consolidations since '48, and mergers, or that seemed like mergers to me. There again, as an individual outside of a picture, it is very difficult to get all the information I would like to have. But just let us take Acme and Alpha Beta for an example. There seems to be some type of consolidation, of exactly what I don't know, but it seems that way.

Q. It seems that way to me too. That occurred after the merger of Von's and Shopping Bag, did it not?

A. I cannot tell you that. There again they are completely out of my area, Alpha Beta.

Q. And Acme wasn't doing business at all in this area before it acquired Alpha Beta, was it?

A. If they were they were of no note to me. I have no notation of Acme being anywhere around. I actually don't know that.

Q. Isn't Acme the third or fourth largest chain in the United States today?

A. Possibly back East somewhere but not out here.

Q. And they came into this area and acquired Alpha Beta; isn't that right?

A. I could not say that, who acquired what.

Q. Have you ever seen any government challenge of that [fol. 374] acquisition?

A. I can't say I have. I am just assuming this on my own, what I have observed.

Q. Among other changes which have occurred in this area in the marketing conditions, Food Fair has entered the area by taking over the remaining 18 Fox Stores in bankruptcy, haven't they?

A. I have saw a notation of that.

Q. You state in Paragraph 14, Mr. Dick, that this merger of Von's and Shopping Bag is a major stride in increasing the market share of the large chains. I ask you how much this merger increased the market share of Von's.

A. The market share? I could not tell you.

Q. Certainly it didn't increase the market share of Safeway or any other large chain.

A. It would not increase the market share?

Q. The merger between Von's and Shopping Bag didn't increase Safeway's market share, did it?

A. Now we are getting back to shares again.

Q. Yes. That is what you refer to in this Paragraph 14.

A. Yes. Let's put it this way. Talking about market share, you are talking about two now being one. And you are using a division of three. Now you are using a division of two. If anything, in a division of two, a share, as I would look upon it, it changes the picture not exactly as

[fol. 375] it appears. It is possible that the market share of Safeway would go down.

Q. And you have no idea how much this increased the market share of Von's?

A. No, no.

Q. And this language then that this is a major stride in increasing the market share means what?

A. Well, let's put it this way. Let's use simple figures. Let us say you have ten giant type stores and they all merge with another, making five mergers. Let us say the share does not change. Let us say there are still X million people to be served in the industry. But the shares, if they all did it, would make them equal again. There would be five equal shares, not ten. It is all depending on if all ten did it. But if three or four did it now the picture changes in shares.

I cannot state actually how shares would be affected other than the fact that the stores themselves become larger, that is if they go into one unit. In expanding population shares up and down are a very difficult thing to say how it would turn out.

Q. Yes. And we have a very rapidly expanding population in this area.

A. We have an expanding population.

Q. Perhaps more so than any other area in the United [fol. 376] States, wouldn't you say?

A. Oh, yes, I would think so. Maybe Florida or some place like that.

Q. You have seen predictions in your various trade publications that this will continue for many years to come, haven't you?

A. Yes. Let us put it this way, Mr. Alsup. I will break it down this way. Let us say there are three stores in my area——

Q. You didn't answer my question.

A. You wish to know if it has increased.

Q. Would you read the question?

(The reporter read the pending question.)

The Witness: Do you want me to make the statement that I was about to make?

Mr. Alsup: Q. If you would like to make it. Would you like to have it read back to pick it up?

A. All right.

(The reporter re-read the pending question.)

The Witness: There are three stores in my area. Let us say the three stores would be one Von's, one Shopping Bag and Dick's Market. We have equal amount of shares in this area, 33-1/3. Talking about shares now is what we are driving at. You keep trying to share part of the traffic. If Shopping Bag and Von's merge, now if you were calling [fol. 377] them Von's-Shopping Bag in one word, as one outfit, they would now have 66-2/3, not 33-1/3.

Mr. Alsup: Q. And that is what you had in mind in this Paragraph 14?

A. In a general sense, yes. They will increase in that manner.

Q. Do you have any idea, Mr. Dick, how many separate grocery concerns there are in the Los Angeles metropolitan area?

A. Many, many hundreds, but I don't know.

Q. Would you say many thousands?

A. Possibly. I don't know that, sir.

Mr. Alsup: I have no further questions.

(A short recess was taken.)

Mr. Hughes: Before we ask any questions of Mr. Dick I would like to have marked for identification a copy of this statement entitled "Testimony of Richard Dick" as Dick Exhibit No. 1. This is the statement to which we have been referring in your examination by Mr. Alsup.

I would also like at this time to introduce and have marked for identification several of the government exhibits which we are including in our motion for summary judgment data. Would you mark these for identification at this time, as Dick No. 2 a document which is entitled "Position of Von's and Shopping Bag among the ten largest grocery [fol. 378] chains in Los Angeles metropolitan area."

(The documents referred to were marked by the notary public as Dick Exhibits No. 1 and 2, respectively, for

identification, photostatic copies of which are attached hereto.)

Mr. Alsup: It is understood that our objections are reserved.

Mr. Coyle: As our objections are reserved to the other things.

Mr. Hughes: I would like to have identified as Dick No. 3 a table entitled "Changes in Concentration in 20 Largest Chains in the Los Angeles Metropolitan Area 1948, 1954 and 1958."

(The table referred to was marked by the notary public as Dick Exhibit No. 3 for identification, a photostatic copy of which is attached hereto.)

Mr. Hughes: I would like to have identified as Dick No. 4 this chart entitled "Concentration in 4, 8, 12, 16 and 20 Largest Grocery Chains in Los Angeles Metropolitan Area before and after Von's-Shopping Bag Merger Based on 1958 Sales, Per Cent of Total Grocery Store Sales."

(The chart referred to was marked by the notary public as Dick Exhibit No. 4 for identification, a photostatic copy [fol. 379] of which is attached hereto.)

Mr. Hughes: I would like to have marked for identification a chart entitled "Los Angeles Metropolitan Area Number of Grocery Stores Versus Population, 1950-1961 (as of January 1)."

(The chart referred to was marked by the notary public as Dick Exhibit No. 5 for identification, a photostatic copy of which is attached hereto.)

Mr. Hughes: I would like to have marked for identification as Dick No. 6 a table entitled "Grocery Store Openings and Closings in the Los Angeles Metropolitan Area For the Calendar Year 1960."

(The table referred to was marked by the notary public as Dick Exhibit No. 6 for identification, a photostatic copy of which is attached hereto.)

Mr. Hughes: I would like to have marked as Dick Exhibit No. 7 for identification a table entitled "Known Acquisitions

by the 20 Largest Grocery Chains of 1958 in the Los Angeles Metropolitan Area during the Period 1949-1958."

(The table referred to was marked by the notary public as Dick Exhibit No. 7 for identification, a photostatic copy of which is attached hereto.)

[fol. 380] Cross-examination.

By Mr. Hughes:

Q. Mr. Dick, I ask you if you recall our conversation in December 1962 when the government obtained this testimony of Richard Dick from you.

A. I remember the incident.

Q. I would like to show you several exhibits and just ask you if you recall having referred to these exhibits at the time of making your statement. These exhibits are identified as Dick No. 2 through 7 and Fairbank No. 1 and 2. Look at all of these, please, and tell us if you can recall having reviewed those at the time.

A. Mr. Hughes, you are asking me if I had seen them? I can answer that it seems I have seen most of these. Whether I studied exactly every one you showed me I cannot say. But some of these are very familiar to me.

Q. In relation to Paragraphs 3 and 8, in particular, of your statement, did you make reference to any of these exhibits?

A. 3 and 8, you say?

Q. Yes, sir.

A. Yes, I remember this No. 3. Yes, I remember making a statement similar to what I was being shown at the time.

Q. Mr. Dick, in your statement, Paragraph 7, at the top of Page 4, you refer to Von's and Shopping Bag. At the [fol. 381] time this statement was made in December 1962 were these chains one?

A. Yes. As I knew they would be one.

Q. To your recollection was Shopping Bag a member of Certified at that time?

A. I cannot answer that one with full knowledge. I thought they were.

Mr. Alsup: Isn't it a fact, Mr. Hughes, Shopping Bag was dissolved and went out of existence in March 1960?

Mr. Hughes: You are asking me, Mr. Alsup?

Q. Did you state in answer to questions of Mr. Alsup that you had seen Von's-Shopping Bag trucks at the Certified warehouse?

A. Yes.

Q. And it would be a safe assumption that the Von's-Shopping Bag chain was a member of Certified?

A. I thought so.

Q. Can non-members buy from Certified?

A. No.

Q. In your experience as a grocery retailer do you believe that customers come to your store to buy milk only and not purchase other groceries?

A. Not milk only, not the general trend of customers, no.

Q. You have testified that to a point you are on an [fol. 382] equal status with the chains in buying produce and you have given some examples, in particular buying produce at the late market, I believe you called it.

A. Yes, we talked about that.

Q. Is this good business to buy produce at the late market?

A. No.

Q. You have given some examples of buying produce in quantity and obtaining discounts.

A. Yes.

Q. You refer to the fact that you can buy more produce on one occasion than you need and run a special on it.

A. That's correct.

Q. How often can you run a special on your produce?

A. Every week.

Q. Would you run a special on all of your produce every week?

A. No. Certain items.

Q. Just a very few items?

A. One or two or three.

Q. You could not take advantage of this quantity discount on many items a week?

A. I never could.

Q. You refer to some extra services that Certified rendered its members. Are these free services?

[fol. 383] A. Some yes, some no. If you will define the service that you might be speaking of. If it's service in the form of merchandising for you, you pay for that.

Q. What do you pay for this having a Certified buyer take care of your stock?

A. Well, in referring now to drugs and hardware, that is usually a one man operation in your store, both buying and merchandising, working out of an office in Certified. Now, you pay for that. That is a percentage. It could be five—I am almost certain it is five right now. There has been talk of an increase in that service.

Q. And that five per cent subtracts from your over-all profit in the end?

A. Oh, yes.

Q. I refer you to Fairbank No. 1, which you have before you, and I ask you if you note a sharp decline in sales through all chain groupings in the year 1959.

A. Yes.

Q. Can you recall any particular reason why the sales should have dropped that year?

A. Yes, I would say so. That was the year, if I am not mistaken, of the strike. And all chains in the area were without sales of any sort for 30 days.

Q. How would that affect their sales for that year?

A. If they were totalling their sales for that year [fol. 384] undoubtedly it would show less volume of sales for one year.

Q. How would that affect the sales of the independents for that year?

A. Undoubtedly our own, that is my best year by far. We remained open during that strike.

Q. In your experience do you believe that you have retained some of the customers that you picked up during that strike?

A. Oh, some, not many. I would say some have remained from that strike.

Q. Do you believe that the chain stores would have regained these customers?

A. Oh, most of them, yes.

Q. How long a period do you think this might take?

A. Oh, judging from my own sales, we had one or two very good months following the very terrific month of January. That was the month of the strike. Our sales didn't stop the next day. We maintained quite a bit of that volume for two or three months and in fact even possibly longer, until it finally settled down to a leveling off period again. Possibly later in the year.

Q. Referring again to Fairbank Exhibit No. 1, reference was made to the top 20 chains in 1962. For the record, will you state the last year mentioned in Fairbank Exhibit No. 1?

A. I didn't quite understand you. What was that [fol. 385] again?

Q. Would you state the last year——

Mr. Alsup: Can't we stipulate that it shows 1960, Mr. Hughes, and save time?

Mr. Hughes: Okay. He was just testifying to 1962 at one time.

Mr. Coyle: Can we stipulate that this exhibit doesn't refer to 1962 and that he used 1962 in referring to it that it was inadvertent?

Mr. Alsup: Certainly. If he used '62 in referring to this exhibit. I think there were some questions about 1962, because after 1960 we lost Yor-Way, Fox and McDaniel's; isn't that right, Mr. Dick?

The Witness: After which date?

Mr. Alsup: After 1960.

The Witness: I would say after 1960 those were lost.

Mr. Hughes: That is all, Mr. Alsup.

Redirect examination.

By Mr. Alsup:

Q. Referring to that Fairbank Exhibit No. 1, Mr. Dick, it is true, is it not, that the market share of the top 20 was less in 1960 than it was in 1958?

A. Just a moment. Let me find it. You are saying in 1960 it is less than it is in '58?

Q. Right. Of the top 20.

[fol. 386] A. It doesn't show on this one that I have where '60 starts.

Q. This chart, I should say, is intended to carry up through the middle of 1960. That is what that column is.

A. I can't honestly answer that one by looking at this graph. It will have to be explained to me. I am assuming that this is '58, I am assuming this drop here is '59, and still is '59-'60 would start here, and they are regaining this.

Q. They are regaining it but they are less than they were in 1958.

A. If that stopping point is '60, it is less, I can see that.

Q. And that is true of the top 15 also, isn't it?

A. Yes.

Q. You were shown Dick Exhibits 2 through 7 and you have testified that you saw these when you signed your statement, and particularly with reference to Paragraphs 3 and 8. Did the examination of those Exhibits 2 through 7 for identification influence the opinion you expressed in Paragraphs 3 and 8?

A. Did they change my opinion?

Q. Did they influence this opinion which you express in Paragraphs 3 and 8 of your statement?

A. Let me look at 3 and 8. What did I say in 3 and [fol. 387] 8; No, I don't think so. What I have said in there I feel is true.

Q. They didn't influence your opinion at all?

Mr. Knight: He has answered the question.

The Witness: Let us put it this way. You are asking a question that is really cutting the corner here. Did they influence my opinion. Anything I read will influence my opinion as I read it as I go along. Let me put it this way. That is how my studies are made.

Mr. Alsup: Q. And if the figures shown in those statistics, Exhibits 2 through 7 for identification, are demonstrated to be inaccurate would that influence the opinion that you have expressed in Paragraphs 3 and 8?

A. Generally, no.

Q. You wouldn't change your opinion at all even if those were proven to be inaccurate?

A. I would say now there is a question a mile wide. I would say "No" because—May I answer?

Q. Yes.

A. All of my testimony, and I mean all of it, is my honest opinion. I mean you could rephrase all the questions you have asked me all over again, basically I would try to answer them the best I could because they are true.

Q. I am sure you would.

A. And I don't think that is going to influence me. [fol. 388] This is going to be percentage points off. I generally think, as I look at it, I haven't made a real detailed study of it, that this seems to be the trend that I see also.

Q. It does?

A. It seems to be that way, yes.

Q. And that is based on your study, particularly in your area but to some extent in the general area?

A. That's right.

Mr. Alsup: I have no further questions.

Recross-examination.

By Mr. Hughes.

Q. Mr. Dick, in Fairbank Exhibit No. 1, referring back to that exhibit, do you believe the fact that this line does not regain as high a point at the end of the chart that it could have been caused by or influenced by the strike in 1959?

A. Let us take which line now, the top three?

Q. Actually any line.

A. Any line up at top 2 you are referring to? Well, as you will see, in '58 the line is higher. The one Mr. Alsup was asking me about, 20, is lower. But frankly as this line goes along I say the sharp drops are gone and the sharp increase, as you see them, I feel that they are going to regain some stature that they had somewhere along the line. I am saying this is going to even off some [fol. 389] place. I am just looking at a graph. I don't know who you are talking about here, but I say somewhere along the line these things are going—maybe yes, maybe no. But I would have to know more what I am looking at or what I am referring to.

Mr. Hughes: I have no further questions.

Mr. Alsup: I have no further questions.

Mr. Hughes: Mr. Dick, will you waive signing this deposition at its conclusion, if it is agreeable to counsel that the deposition has been correctly taken by the reporter?

The Witness: Would I waive signing it?

Mr. Hughes: Yes.

The Witness: I assume it has. I am a trusting soul.

Mr. Vaughn: We will waive.

[fol. 390] TESTIMONY OF LESTER L. EATON

If subpoenaed to testify, Lester L. Eaton would testify as follows:

1. He is the owner and operator of Hillgrove Market, 15002 East Clark Avenue, La Puente, Los Angeles County, California. He has operated this business for the past ten years. In 1959, Hillgrove Market had sales of about $450,000.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, Mr. Eaton closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the "Buyers' Guide," a booklet similar to the Key Services, and follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age" and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 [fol. 391] the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent

grocers has been obvious to him as a result of his observations.

4. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result, fewer grocery stores are needed in the area to serve a comparable number of people.

5. He would testify that a single store operator cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result, single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains [fol. 392] with Triple A financial status.

6. He would agree with Mr. Claude W. Edwards, president of Alpha Beta Acme Markets, Inc., a Von's industry witness, that it is far preferable to build your own grocery store from the ground up than it is to buy one already operating. However, he would testify that the cost of building and financing a new store is prohibitive, and to build one the size of the average large chain supermarket today would be impossible for an independent retailer with limited financial resources. With very few exceptions, only the large chains can build such stores today, and a single store operator generally gets started by buying an existing store.

7. The large chains have as much flexibility in buying supplies, in advertising and in pricing as do the single store operators. Almost every large chain belongs to Certified Cooperative and also buys direct. Therefore, they have every advantage of an independent and in addition they have their own direct buying organization. The large chains can and do advertise in local papers and in metropolitan papers, changing their advertisements and prices on short notice. An independent cannot be more flexible

in advertising than this. As for flexibility in pricing items, he would state that if he does not meet the advertised prices of the chain store, he will not sell his groceries.

[fol. 393] 8. He would also state that in an effort to compete with the chains some single store operators must give credit, delivery services and other personal attention. However, giving credit is not within the ability of the average independent since the independent cannot get credit from his suppliers to cover his purchases and the extension of credit requires a great deal more capital than the average independent has at his disposal. Further, the cost of maintaining a truck and employing a delivery boy would necessitate higher prices. This might attract some customers but would lose others and the relative merits of such advantages are marginal.

9. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

10. He would also testify that he purchases from the [fol. 394] Orange Empire Cooperative and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major perishable products as fresh dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution system. Thus, they have combined the advantages of the cooperative with direct purchasing and a highly developed distribution system. In addition, some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey

Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid.

11. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the picture presented in defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.5 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains [fol. 395] increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

12. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

13. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food iGant, were among the leading firms in the area.

14. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the [fol. 396] inventory in the stores has been adjusted with the result that the stores of both firms now carry the same

lines and the stores are known as "Von's-Shopping Bag."

15. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

16. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger a major stride in increasing the market share of the ... ge chains and it will accentuate the large chains' advantages over the small grocery. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 397] Deposition of LESTER L. EATON, taken on behalf of defendants, at 433 South Spring Street, Los Angeles, California, commencing at 11:30 A.M., Wednesday, April 17, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.

[fol. 398] LESTER L. EATON, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Vaughn:

Q. Mr. Eaton, will you state your full name for the record, please.

A. Lester L. Eaton.

Q. What is your residence address?

A. 1035 Latchford, Hacienda Heights.

Q. You presently operate the Hillgrove Market at 15002 East Clark Avenue, La Puente, California?

A. Yes, sir.

Q. How long have you operated that market?

A. Ten years.

Q. That takes it back to 1953.

A. Yes.

Q. How old are you, sir, if I may ask?

A. Thirty-four.

Q. Did you have any prior experience in the grocery business before?

A. A short prior experience to that, about six months.

Q. In what capacity?

A. As managing a store.

Q. For whom?

[fol. 399] A. A person by the name of Mr. Edgerton.

Q. This same store?

A. Yes.

Q. And then you purchased it from Mr. Edgerton; is that correct?

A. Yes, sir.

Q. For how much money? What was the total purchase price?

A. About $8,000.

Q. How much of that did you pay down?

A. None, sir.

Q. Nothing?

A. Nothing.

Q. About how much total capital did you have to commence this venture?

A. I had a thousand dollars.

Q. I take it that you have been paying Mr. Edgerton or have paid him installments out of the earnings of your business?

A. Yes, sir.

Q. Have you paid off your obligation to Mr. Edgerton?

A. Yes, sir.

Q. When did you make the last payment?

A. Well, this was much before the time was out and I had to go to the bank and borrow money to complete my [fol. 400] obligation. He demanded the money before the period of time was up. So I had to find other financing.

Q. How large is the Hillgrove Market?

A. Over-all size about 2500 square feet, sir.

Q. Was the thousand dollars that you had your total savings and assets at the time?

A. Yes, it was, sir.

Q. Do you know what annual sales Mr. Edgerton was experiencing at this location?

A. No, not basically I don't, sir.

Q. How did you do your first year?

A. About $6,000, I think.

Q. $6,000 a month?

A. No, I am sorry. Yes, a month, that would be about what I did.

Q. That would work out to $72,000 for the first year?

A. About.

Q. What are your present sales?

A. Monthly or yearly?

Q. Yearly, if you can.

A. About four fifty, sir.

Q. Has there been a steady increase from 1953 to 1963 from the $72,000 a year?

A. Up to about two years ago, sir, three years ago, I would say it leveled off.

[fol. 401] Q. It has leveled off?

A. Yes.

Q. Has it declined any?

A. No.

Q. Can you tell me what competition you face in the general vicinity of your store and how far away other stores are from you?

A. We have a Thriftimart within a mile radius, a Gateway within a mile radius of us, a mile and a half we have a Market Basket, and we have a Bon's—or Shopping Bag, pardon me, that is about two miles, and Food Giant. Those are the closest ones in the vicinity.

Q. Food Giant about two miles away?

A. Yes, sir.

Q. Any other independent operators in the radius of, say, two miles?

A. Not left in the grocery business.

Q. Not in the grocery business?

A. Not in the grocery business.

Q. So you stand alone against all these chains; is that right?

A. Yes, sir.

Q. How about discount houses, are there any discount houses with food departments that you compete with?

A. Our closest one would be three to four miles.

[fol. 402] Q. Which is that?

A. Jimco is our closest.

Q. That is operated by Lucky Stores, is it not?

A. Yes.

Q. Isn't it generally true that discount houses are regarded as having a larger draw area than a conventional supermarket?

A. They tend to want to draw, or they want to draw from a larger area, let's put it that way.

Q. So you may be in competition with this Jimco despite the fact that it's a little farther away than your other competitors; isn't that right?

A. Yes.

Q. What is the present net worth of your business?

A. I would say $25,000, sir.

Q. $25,000?

A. Yes.

Q. In addition to that do you own some other real property in La Puente?

A. Yes, I do.

Q. Directly across the street, isn't it?

A. Yes, sir.

Q. Did you purchase that with profits that you earned out of your grocery business?

A. Yes, sir.

[fol. 403] Q. What was the purchase price of that property?

A. $30,000.

Q. When did you buy that?

A. A year and a half ago, sir.

Q. Do you have any plans for the deveolpment of that property?

A. I have nothing on paper, sir. In the future I hope to develop that property, yes.

Q. In what respect? What do you intend to do with it?

A. I intend to build a market.

Q. Any particular size market?

A. Between 8,000 and 10,000 feet, sir.

(Discussion off the record.)

Mr. Vaughn: Q. Did you bring along with you a copy of the testimony of Lester L. Eaton, which you had signed in connection with this case?

A. Yes, I did.

Q. I wonder if I might ask you to take that out and refer to it. Specifically I would like you to look at Paragraph 3 of the statement. You state, "On the basis of his—" and I assume this means yours "—continued study of retail grocery merchandising in the Los Angeles Metropolitan Area, the witness—" I assume that is you "—would testify that in the period since 1950 the number of single store grocery retailers operating in the area decline." [fol. 404] What area were you referring to there, sir?

A. I was referring to the La Puente Valley.

Q. The La Puente Valley?

A. Yes, sir.

Q. And this is the only area with which you have any real familiarity; isn't that right?

A. Yes, sir. It is a close area. We take a look at a general area. We take a look at other areas growing and try to base ourselves on it.

Q. Does the La Puente Valley, as you have referred to it, include an area that is larger than two miles from your store in any direction?

A. Yes, I say it would. It probably would go into a four or five mile area.

Q. As I understand it, in the particular area where your store is located there was one independent in 1950, Mr. Edgerton, and there is one independent now, and that is you; is that right?

A. Yes.

Q. Can you name any other independents that do business in which you refer to as the La Puente Valley?

A. New business now, sir?

Q. At any time since 1950.

A. We have Leo's Markets, we have Moore's Market.

Q. Is that Leo's Markets one market?

[fol. 405] A. There was two.

Q. Both in La Puente?

A. Yes. Moore's.

Q. Is that one market?

A. Yes, one market. We have the La Puente Grocery, we have Codd's Markets.

Q. How many were there?

A. There was three in total. Stacey Junior Market, we have had Clark's Market. These are markets that have been taken over by other acquisitions.

Q. All of these markets?

A. No, sir. Some of them are out of business.

Q. Let us find out the ones that are out of business and the ones that have been taken over. How about Leo's Markets?

A. They are out of business.

Q. The locations where they operated grocery stores are now not operated as grocery stores?

A. Right.

Q. How about Moore's?

A. No, he is not there.

Q. La Puente Grocery?

A. Not there.

Q. Codd's?

A. It has re-opened again. Let's put it this way, it [fol. 406] was re-opened. Codd's was closed and re-opened again.

Q. Under other management?

A. Yes, sir.

Q. Not all of the three Codd's Markets were in the La Puente Valley, were they?

A. No. Two are in Covina. In fact both of the others were in Covina, one in town and one adjacent to the town.

Q. Mr. Codd was a former Alpha Beta employee, wasn't he?

A. Yes, I believe he was.

Q. Do you know Mr. Codd?

A. Not personally, sir.

Q. Have you any information as to why his company went out of business?

A. No, sir.

Q. Haven't you heard or read in your study of this area, as reflected in your statement, that Mr. Codd expanded very rapidly?

A. Yes.

Q. And maybe too rapidly?

A. This would be a base for it.

Q. Had he been financed by Orange Empire, do you know?

A. This, I do not know.

Q. Did he make any other investments outside of the [fol. 407] grocery business?

A. I do not know.

Q. So you don't know whether he made investments outside the grocery business which may have contributed to his failure?

Mr. Coyle: He already said he doesn't know.

Mr. Vaughn: Q. Mr. Codd's store in La Puente, wasn't that an old Alpha Beta Store?

A. No.

Q. Were either of the stores in Covina Alpha Beta Stores?

A. One in Covina was, yes.

Q. Is that the one he started with?

A. Yes, I believe it was.

Q. Let me go back and ask you about the two Leo's Markets. How large were they?

A. Oh, I don't know exactly. I would say approximately 8,000 feet and one was six.

Q. How about Moore's?

A. He was approximately 3,000.

Q. Comparatively a small store?

A. Yes.

Q. La Puente Grocery?

A. Probably 5,000.

Q. How about Codd's in La Puente?

A. The Codd's in La Puente was a good size, I would [fol. 408] say from twelve to fifteen.

Q. How about the Stacey Junior Market?

A. About eight to ten, sir.

Q. Is that still being operated by someone?

A. Yes, it is.

Q. How about Clark's?

A. Clark's Market has been bought out by Food Giant.

Q. Is that the Food Giant that is two miles away from you?

A. Yes, sir.

Q. And somehow I missed this. Is the Codd's Market still being operated by someone?

A. Yes, it is.

Q. By whom, by the way?

A. It was re-opened. It was closed and then someone re-opened it. I do not know who.

Q. So the ones that have gone out of business and have not had anyone take over the business or re-open them are the two Leo's Markets, Moore's Market and the La Puente Grocery; is that right?

A. Yes, sir.

Q. And that is in an area of approximately how many square miles?

Mr. Coyle: Why don't you ask the radius.

Mr. Vaughn: Q. All right, the radius.

[fol. 409] A. I would say a two to three mile radius.

Q. Are you acquainted with whether or not the total number of grocery stores in areas other than the La Puente Valley have declined since 1950?

A. In the reading, yes, it shows the decline.

Q. Have they declined in Orange County?

A. Yes, they have.

Q. Have they declined in the San Fernando Valley area?

A. Yes, in all markets, yes.

Q. You base this on what?

A. On the report from the State Board of Equalization.

Q. And I take it that your independent observations don't tell you anything about Orange County or the San Fernando Valley?

A. Only what I can read through the Commercial Bulletin and stores closing and so forth.

Q. Are you able to say, independent of anything that the Board of Equalization statistics show, that there have been more closings than there have been store openings in areas outside the La Puente Valley?

A. No, sir.

Q. During the period when you have noticed in the Commercial Bulletin, and otherwise, that small markets are closed, you have also seen notices that other markets have [fol. 410] opened, have you not?

A. Yes, sir.

Q. Some of them small?

A. Yes.

Q. You don't know which is the greater, the openings or the closings; is that right?

A. The greater is the closing than the opening.

Q. In the Los Angeles metropolitan area?
A. Yes.
Q. How did you determine this?
A. By the figures of the State Board.
Q. Simply by reason of the figures of the State Board?
A. Right.
Q. If it could be demonstrated to you that those figures were inaccurate I take it that you would have to change your opinion.
A. Yes, sir.
Q. Let me ask you this. Let me talk about your competitors that you have listed. When did the Thriftimart open in La Puente?
A. That has been five years ago.
Q. Gateway?
A. Two years ago.
Q. Market Basket?
A. Four or five years ago, sir.
[fol. 411] Q. Shopping Bag?
A. Shopping Bag was, I would say, eight years ago. One of the first.
Q. Food Giant, I take it that is the old Codd Market. When did Mr. Codd first put that store in there?
A. Now, the Food Giant was built specifically. It opened, oh, probably six years ago under Clark's.
Q. That's right, that was Clark's.
And the Jimco, when did that open?
A. About two years ago, sir.
Q. So all of these stores have opened since you acquired the Hillgrove Market; is that right?
A. Yes.
Q. And nonetheless your sales have increased until the last three years when they leveled off; is that right?
A. Yes. May I add there that we have had quite an increase in population in our area too.
Q. Yes, sir. That is probably the reason why these chain stores came in, wouldn't you think?
A. I would say in volume.
Q. In fact it was necessary, to serve this area, that there be more stores, was it not, in the last ten years?
A. Yes.
Q. Have you ever attempted to get a store in a shopping center, Mr. Eaton?

[fol. 412] A. Yes, I did.

Q. Would you tell me about that?

A. I attempted here, we have a person creating a shopping center up on Hacienda and I approached the people and asked about it and so forth, why, the last word in talking to them was that Alpha Beta had signed a contract with them.

Q. Shopping Bag had the requisite finances and other attractions to get into shopping centers prior to the merger, did it not?

A. Yes.

Q. And so did Von's, did it not?

A. Yes.

Q. Can you tell me any way in which the merger itself has affected, one way or other, the inability of smaller concerns to get into shopping centers?

A. Well, it brings them down to one master planning where you have just one person rather than a group fighting against somebody to get into it. So it gives them a greater ability. It would give them a larger financial backing to get into them, greater power of advertising to get into them.

Q. You said before that Shopping Bag could get into shopping centers prior to the merger and so could Von's; right?

A. Right.

Q. Now Von's can get into shopping centers, can it not?

[fol. 413] A. You say they can or can't?

Q. Can.

A. Yes, I would say so.

Q. And there are many other concerns which can get into shopping centers, are there not?

A. Yes.

Q. Maybe a dozen others; isn't that right?

A. Yes.

Q. Has the merger then really changed the picture with regard to the inability of the smaller concerns to get into shopping centers?

A. No. Except with more power, I would say. I mean you would have more power.

Q. Von's is now a larger organization?

A. Right.

Q. But now instead of Von's and Shopping Bag grap-

pling for shopping centers against the smaller concerns we have only Von's; isn't that right?

A. Right.

Q. And all the other large chains which get into shopping centers.

A. Yes.

Q. Are you aware from your study of the grocery industry of legislation now pending before the Congress which would give financial assistance to smaller concerns [fol. 414] in their attempt to get into shopping centers?

A. The only knowledge I have is the fact that the small business bureau has been more lenient in the last year with loans.

Q. You do not know about any new legislation which would in effect have the government guarantee the leases of the smaller concerns?

A. No, sir.

Q. Would you be in favor of such legislation?

A. Yes, I would.

Q. Most single store operators don't start out by building a brand new store but they usually acquire an older store, don't they?

A. Yes.

Q. But some of them, if they are successful in their business, can gain enough capital so that they can acquire property in order to build a new store; isn't that right?

A. Yes.

Q. This is the way things usually happen, you have to start small and try and grow; isn't that right?

A. Yes.

Q. So your statement in Paragraph 6, where you say that you agree with Mr. Claude W. Edwards of Alpha Beta, that it is better to build your own grocery store, means that once an independent operator has gained ex- [fol. 415] perience and some resources from his business he can go out and do just that, can he not?

Mr. Coyle: The statement is clear on its face.

Mr. Vaughn: It was a bad question, Mr. Coyle. Let me try again.

Q. It is possible, is it not, for a single store operator, a relatively young man, to buy a small grocery store for a relatively small amount of money, make it successful and

with the experience he there gains and with the financial resources he there gains, then acquire property on which he can build one of these more desirable stores; isn't that right?

A. Yes, if things go right, if you don't run across a snag like a supermarket set down on top of you in the meantime.

Q. That is just about what you have done, isn't it?

A. I have tried to, yes.

Q. And you got that piece of property and you plan to build a store on it; isn't that right?

A. Yes, sir.

Q. I compliment you on it.

Would you refer to Paragraph 7 of your statement, sir, and particularly to the statement, "Almost every large chain belongs to Certified Cooperative and also buys direct." Do you belong to Certified?

A. No, sir.

[fol. 416] Q. Spartan?

A. No, sir.

Q. Orange Empire?

A. Orange Empire.

Q. Can you tell me whether Safeway belongs to any cooperative?

A. Not to my knowledge.

Q. Does Ralphs?

A. Not to my knowledge.

Q. Does Market Basket?

A. This I don't know.

Q. Does Thriftimart?

A. Thriftimart owns and runs the Iris-Smart & Final Company, which is a wholesaler. Thriftimart-Fitzsimmons Company.

Q. So when you say that almost every large chain belongs to Certified Cooperative, that has to be amended a little bit to include those several whom we have mentioned who are not members of a cooperative.

A. I would say at a time at the beginning they belonged until they were big enough to acquire their own facilities.

Q. Do you ever shop—when I say "shop" do you ever visit—the stores of your competitors?

A. Yes, I do.

Q. Do you notice what they are doing in their particu-
[fol. 417] lar stores?

A. Try to, yes, sir.

Q. Do you notice what prices they are charging?

A. Well, not so much by this visiting of it but by the Buyer's Guide which we subscribe to.

Q. What is your purpose in visiting the other stores?

A. Check on arrangement and displays and so forth, from which we can create or help create ideas of our own.

Q. You can sort of see the mistakes they are making and sort of counteract them by doing the right thing in your store; isn't that right, sir?

A. We try, sir.

Q. And this covers a broad range of merchandising problems; isn't that right?

A. Yes, it does.

Q. After you come back from visiting Thriftimart or a Shopping Bag, seeing what they are doing, you decide on changes that you want to make. You can make those changes almost immediately, can't you?

A. It depends on the changes. Most of them it takes some time, it depends on when you have to get into it. If it's a structual change it takes a little more time.

Q. But if you are going to shift a display from the back of the store to the front of the store, that is something that can be done in a day, isn't it?

[fol. 418] A. Yes.

Q. And that frequently happens, does it not?

A. Yes, it does.

Q. Do your chain store managers come into your store?

A. I have had some, yes.

Q. They look at what you are doing?

A. Yes.

Q. Do you know what they have to do in order to make the same change that you do?

A. No, sir.

Q. Isn't it true that they have to go back? Can they make that change, shifting a product from the back of the store to the front of the store, right away or do they have——

Mr. Coyle: He has testified he doesn't know.

Mr. Vaughn: Q. —or do they have to clear with their superiors before they can do it?

A. This I don't know exactly. I feel that they have quite a bit of ability of their own, that each store is not set up to a pattern and each store is based on the manager's way of promoting and so forth. If he feels that he can promote this a little better than shoving it in the corner, why, I would think that this item would be promoted.

Q. Could he change a price?

A. This I don't think so, sir.

Q. You don't think so? You can change a price just [fol. 419] like that, can't you?

A. Yes, sir.

Q. And he has to clear through his chain headquarters, which may take days before he can change a price?

A. I am not sure.

Q. That is your understanding, isn't it?

A. That he does, yes.

Q. And then the chain management may not permit him to make that change; isn't that correct?

A. I can't answer that. I don't know, sir.

Q. Wouldn't you say, though, that you have a greater flexibility in making merchandising price changes than the chain store manager?

A. No, not always.

Q. Could you explain that in the light of your previous testimony?

A. Well, yes. Due to the fact that in our business we follow what we call a change in a chain, or something like that. And consequently they have most generally made their change before we can go.

Q. But you previously stated that if you go to a chain store and you think they are making an error in their merchandising you come back and try to counteract that error by doing the right thing in your store; isn't that right?

A. It is not a change in the price, though. I would [fol. 420] say merchandising, or something like that. You are talking about flexibility of price in a chain store and so forth.

Q. Let us talk about flexibility in merchandising and

leave out price. Don't you think you are more flexible than the chain store?

A. Yes.

Q. Do you think this is an advantage to you over your chain competition?

A. No, I really don't.

Q. Do the chains ever reduce their prices to meet yours?

A. Not that I know of, sir.

Q. So that if you wanted to have a special item at a price lower than the chains you wouldn't be afraid of them coming down to meet your price, would you?

A. Yes, I would. If I became a thorn in their sides, I would.

Q. But let us say just tomorrow's special, or this week-end special. You are not afraid that the chain is going to reduce its price to meet yours, are you?

A. No.

Q. You have the ability, though, to reduce your price to meet the chain's, haven't you?

A. I do as a single man.

Q. You say in your statement that the large chains [fol. 421] can and do advertise in local papers and in metropolitan papers changing their advertisements and prices on short notice. What newspaper do you advertise in?

A. I don't advertise in newspapers, sir.

Q. You don't advertise at all?

A. No. I mail out. I have a direct mail.

Q. Suppose you had your mailing material all set up and I take it you send it to a printer.

A. Yes, sir.

Q. How soon before he goes to press can you make a change?

A. Once I mail it there is no changes.

Q. How soon after you mail it do you get it back?

A. Five days or four days.

Q. About five days?

A. Yes.

Q. Do you know whether or not a chain can change its advertising within a five-day period?

A. I know that on a slick and general paper, they advertise in our paper, it is set up and we can advertise after it is set up, in the general we can change before it goes

to press. If it goes to press on Tuesday for Thursday, why, we can change it Tuesday as it comes out for checking, which gives them two or three days prior to us.

Q. If you were to advertise in local papers you could [fol. 422] make these same changes, could you not, in the same time limits?

A. Yes, I could.

Q. And a chain has the same advertisement running——

Mr. Coyle: The witness wanted to say something.

Mr. Vaughn: I am sorry.

The Witness: But let me say this. It is to disadvantage to advertise in a local paper for me because of the fact that there is the Daily Tribune, for example, with forty or fifty thousand circulation, in my particular area I have maybe five hundred. And the advantage of a chain, or proper advertising, they are not advertising for one store, they are advertising for the forty or fifty thousand that will cover them.

Mr. Vaughn: Q. You mean you have only five hundred customers who read the local paper in La Puente?

A. I would say that that would be within the area.

Q. Your potential draw is only 500 people?

A. Not the potential. But we are not interested in somebody on the other side of town that wants to pick up the paper and head for our ads where you are covering not one store, you are coving a multiple of stores.

Q. Yes, sir, that is quite right. But we are just talking now about how rapidly changes can be made in newspaper advertising. It is true, isn't it, that the large [fol. 423] chains place the same advertisement in the metropolitan newspapers and in local papers all on the same day?

A. Yes.

Q. If they make a change in one they have to make a change in all of those advertisements, don't they?

A. Yes.

Q. Their limitation in making changes is governed by the newspaper which has the longest period between the time you could make a change and the time the paper goes to press; isn't that right?

A. Not all cases, because they could come out—Well, actually, yes, it would be.

Q. If the Los Angeles Times said, "We won't accept any changes after three days before the paper goes to press," and the La Puente paper says, "We will give you changes up to two days," you still have to make your changes by three days, don't you?

A. Yes.

Mr. Coyle: I just wonder, are we assuming that the chains in the Los Angeles area have the same price in all their stores?

Mr. Vaughn: Are you asking me that question?

Mr. Coyle: Is that what these questions are based upon?

Mr. Vaughn: Q. Is that your understanding, that they have the same prices in all their stores?

[fol. 424] A. In the ads, yes.

Q. Yes, in the ads. They don't run one ad in La Puente and another ad in the Los Angeles Times and another ad in Santa Monica?

A. No.

Q. And at a different price?

A. When you have a birthday you have a birthday, or a new store opening is in how many other units besides your one? Is it all tied into one.

Q. Right. But in any case if the independent was advertising in only his local newspaper he might well be able to make changes at a later time than chains; isn't that right?

A. I don't believe it is true, no.

Q. Do you know how soon after the printing of the paper you can make a change in an ad in the Los Angeles Times?

A. No, sir.

Q. Do you work full-time in your store yourself?

A. Yes, sir.

Q. On the floor?

A. Yes.

Q. Are you a long time resident of La Puente?

A. Ten years.

Q. Just the ten years you have been there?

[fol. 425] A. Yes.

Q. You have gotten to be pretty well known in th community?

A. Yes.

Q. Do you make a special effort to get to know your customers?

A. Yes. By being on the floor.

Q. To be friendly with them?

A. Yes.

Q. Courteous?

A. Yes.

Q. And I take it that you insist that your employees have a friendly and courteous attitude toward the customers.

A. Yes, sir.

Q. Do you think that the personal, friendly and courteous service that you can give is an important aspect of attracting customers and keeping customers?

A. I believe it is one of our survivals.

Q. It is in fact something that the chain can never quite duplicate; isn't that right?

A. I don't believe a chain lets their personnel duplicate it.

Q. And a lot of people like to be treated in a friendly and courteous way and to be served and they come back to your store because of that; isn't that right?

[fol. 426] A. Yes.

Q. Would you refer now to Paragraph 8 of your statement. There you talk about credit and delivery services. Do you give credit or delivery?

A. No, sir.

Q. And most grocery stores in Los Angeles do not; is that right?

A. No.

Q. No, they do not?

A. No, they do not.

Q. And this is true of both chain and single store operators; isn't that right?

A. Right. I feel this is a case where if you want to be competitive you cannot give this service. If you are in an area where you are catering to that, your Jurgensen's of Pasadena, you charge for this through your prices.

Q. And so to remain competitive and charge the same prices as the chain you can't give credit and you can't give delivery, can you?

A. No, sir.

Q. But these aren't the only services which you can give to attract the customers; isn't that right?

A. Well, you can give other services.

Q. These personal, friendly services that I am talking about are examples of other services that you can give to [fol. 427] attract customers, aren't they?

A. Right.

Q. And there are many stores, for example, that put up bulletin boards that anybody can use. Do you have that sort of a service at your store?

A. No, sir.

Q. But even though credit and delivery means higher prices there are grocers who have used credit, delivery and higher prices and have been very successful; isn't that so?

A. There are cases of it, yes.

Q. Do you know Hines Grocery Company in Pasadena?

A. Yes.

Q. That is an example, isn't it?

A. Yes.

Q. One store and they give credit and delivery?

A. But they are in what you would call an exclusive area.

Q. Yes, I would say that's right. And Jurgensen's is another example?

A. Yes.

Q. Is there a heavy Mexican-American population in La Puente?

A. It has been outgrown I would say. Go back 15 years ago and I would say it would be the Spanish Basque more than Mexican. Now it has tended to fade away to the point [fol. 428] that it is not considered that any more.

Q. Do you serve a large number of Spanish speaking people?

A. No, sir.

Q. Do you purchase your groceries from Orange Empire Co-op?

A. Yes.

Q. Do you feel that you buy your groceries as cheaply as a chain by buying through Orange Empire Co-op?

A. Most of them.

Q. And Orange Empire Co-op have large warehouses?

A. Yes.

Q. Serviced directly by railroad shippers; is that correct?

A. Yes.

Q. And they operate large trucking facilities, too, do they not?

A. Yes.

Q. When did you say you purchased the property across the street?

A. A year and a half ago, sir.

Q. Do you think it has increased in value since you purchased it?

A. Yes, I think it has increased.

Q. Would you say that the investment that you made in [fol. 429] that property gave you any competitive advantage in the operation of the Hillgrove Market?

A. I don't follow your questioning, sir, on that.

Q. The fact that you invested in real estate in the La Puente area, right across the street from you, do you feel that makes any difference, gives you any competitive advantage in your present operation?

A. No, I don't.

Q. Do you think that Von's investment in Jerseymaid gives them any competitive advantage in attracting customers?

A. Yes.

Q. What dairy do you deal with?

A. Challenge.

Q. Is Challenge a well advertised product?

A. I would say they have a minimum of good advertising.

Q. More than Jerseymaid, don't they?

A. No, I wouldn't say so.

Q. But do you think that you attract more customers into your store because you sell Challenge dairy products than Von's attracts because it sells Jerseymaid?

A. No.

Q. Do you think that Von's attracts more because it sells Jerseymaid than you do because you sell Challenge?

A. This would be a specific I couldn't answer on.

Q. It is pretty even, though, isn't it? It really doesn't [fol. 430] make that much competitive difference, does it?

A. In the attracting of people, no. But in the other ends

of it, since it all falls into one pocket, it is all said and done, the profits.

Q. And Von's might have made just as much money had it invested in real estate as you did than if it invested in Jerseymaid; isn't that right?

A. Possible, yes.

Q. Or if they bought common stocks; isn't that right?

A. Yes.

Q. Would you refer to Paragraph 15 of your statement, please. Would you tell me what the acquisitions and consolidations in the retail grocery field since 1948 are, the ones that you had in mind when you signed this statement?

A. Well, you can go back to your Raisin, to Alpha Beta and Acme and American and come back to Food Giant into Clark's, Food Giant has acquired McDaniel's Markets, Von's Shopping Bags. The Foxes took over a number of markets to become what they were before they disappeared. This is a few of them.

Q. How many stores did Clark's have when they were acquired by Food Giant, do you know?

A. I am not sure. I think the number was three, sir, that they had.

Q. How many did Food Giant have at that time?

[fol. 431] A. This I am not sure.

Q. Do you know about when that merger occurred?

A. About five years ago.

Q. Didn't Food Giant have less than ten stores at the time they acquired Clark's?

A. This I am not sure in the statistics, sir.

Q. The Acme-Alpha Beta merger occurred after the Von's-Shopping Bag merger, did it not?

A. Datewise I am not sure, sir.

Q. It is my information that it did occur afterwards.

Was Acme operating any stores in the Los Angeles metropolitan area prior to their acquisition of Alpha Beta?

A. Under the Acme name?

Q. Under any name.

A. Not that I know of. I don't know of any.

Q. Fox made a number of acquisitions, as you have stated, and after 1960 they went into bankruptcy, didn't they?

A. Yes.

Q. Do you know the reason why they went into bankruptcy?

A. There has been many stated and they keep digging up more that they find out.

Q. Isn't the one most often stated that Fox expanded too rapidly with inadequate capital?

A. This is one that you hear real common, yes.

[fol. 432] Q. And you believe that to be so?

A. I think this is part of it. I wouldn't say it was all of it.

Q. What else might have contributed to Fox's failure?

A. Well, actually I would say some of his advertising programs of giving things away would be one of the main factors, a free trip to Hawaii and what have you.

Q. Did they have poor locations?

A. At the time of some of these acquisitions I would say no, because I know they acquired or bought some of the finest markets in the area at this particular time.

Q. Do you know whether they had a number of poor locations at the time of their bankruptcy?

A. No, I don't.

Q. Do you know that a number of Fox's locations have been sold off to single store operators and small concerns since their bankruptcy?

A. Yes.

Q. And that they have about 18 remaining stores that are being operated by Food Fair?

A. Yes.

Q. And Food Fair is one of the largest national chains; is that not correct?

A. Yes.

Q. There are other national chains here, too, are there [fol. 433] not, such as Safeway?

A. Yes.

Q. Isn't that the second largest chain in the nation?

A. Yes.

Q. A & P?

A. A & P.

Q. Is that the first largest chain in the nation?

A. Yes.

Q. And Acme is the fourth largest; isn't that right?

A. I am not sure.

Q. But it is a large national chain?

A. Yes.

Q. In addition to those national chains there are chains such as Mayfair and Lucky which operate stores in the Northern California area and in other states; isn't that right?

A. Yes.

Q. Von's at the time of the merger operated stores only in Los Angeles and Orange County; isn't that right?

A. Yes.

Q. And Shopping Bag likewise, except they had two in San Bernardino County, isn't that right?

A. Yes.

Q. Do you believe, in view of the fact that there are these large national and regional chains in Los Angeles, [fol. 434] that the merger made Von's the dominant factor in the Los Angeles metropolitan area?

A. Yes, I do.

Q. On what do you base that statement?

A. Because you still have a closer knit and a closer concentration of your power of advertising and what have you.

Q. Do you know how many stores Safeway has in the Los Angeles metropolitan area?

A. No.

Q. Do you know if they have more than Von's?

A. No, sir.

Q. Do you know if Alpha Beta has more stores than Von's?

A. No, I don't.

Q. Would you refer to Paragraph 16 of your statement, Mr. Eaton. You state there in the second sentence that this merger is a major stride in increasing the market share of the large chains. I take it that you mean only that Von's and Shopping Bag, or Von's increased its market share. I take it you do not believe that the merger increased Safeway's market share.

A. No, sir.

Q. Or any other chain's market share?

A. No.

Q. Do you know what Von's market share is today?

[fol. 435] A. On the stock market, sir?

Q. Not on the stock market, no. What percentage of

the total grocery sales in the Los Angeles metropolitan area are accounted for by Von's?

A. The statistics of 1960 is 8.9 per cent.

Q. How about Safeway?

A. They run around 7.

Q. Are these statistics the ones shown to you by the government?

A. Yes, sir.

Q. Is that the basis for your knowledge about their share of the market?

A. Yes.

Q. And I take it that your conclusions would change if it could be shown that those statistics were in error.

A. Well, this is brought up to 1960, which would complete the last three years.

Q. I take it that you have no independent way of knowing whether those statistics are accurate or not, have you?

A. No, sir.

Q. Do you know what share of the market Shopping Bag had just prior to the merger?

A. They had four point something, sir, prior.

Q. This addition of this roughly four per cent to Von's [fol. 436] total is what you refer to as a major stride in increasing the market share of the large chains; is that right?

A. Yes.

Q. I take it that your statement that Shopping Bag had four point something percentage share of the market is also based on statistics supplied to you by counsel for the government?

A. Yes, sir.

Q. And the same observations about their accuracy would hold true as in the case of these statistics about Von's share of the market in 1960?

A. Yes, sir.

Q. You state in the first sentence of Paragraph 16 that in all likelihood it will develop that a few large grocery chains will dominate the retail grocery distribution throughout the Los Angeles metropolitan area. You say this because you fear there will be other mergers?

A. Yes.

Q. What other firms would you expect to merge?

A. Well, one of the recent ones of talk, which has fell off I believe now, has been the Lucky and Market Basket.

Q. Negotiations for that merger have been terminated, have they not?

A. I don't know whether they have completely terminated [fol. 437] but they have been set aside for a while.

Q. Isn't it true from your study of the trade papers that as long ago as 1960 it was announced by the management of Market Basket that they had terminated negotiations with Lucky?

A. It seems more recent to me than that, sir.

Q. That there was such an annuoncement?

A. Yes.

Q. Any other mergers that you foresee?

A. Not at the present.

Q. In other words, your statement that there may be more mergers in the future is really speculation on your part, is it not?

A. Yes.

Mr. Vaughn: I have nothing further.

Mr. Coyle: Would you mark for identification as Eaton Exhibit No. 1 the document entitled "Testimony of Lester L. Eaton."

(The document referred to was marked by the notary public as Eaton Exhibit No. 1 for identification, a carbon copy of which is attached.)

Cross-examination.

By Mr. Coyle:

Q. Mr. Eaton, I show you a document entitled "Testimony of Lester L. Eaton" marked for identification as [fol. 438] Eaton Exhibit 1 and I ask you if this is a copy of the statement you have been referring to in the course of your testimony.

A. Yes, sir.

Q. Referring specifically to Paragraph 3 of your statement, in which you refer to certain government exhibits prepared by the State Board of Equalization, and to Paragraph 11 in which you refer to certain exhibits prepared by the defendants, and also to certain exhibits prepared

by the government from the Bureau of Census reports, I ask you whether these documents marked Fairbank Exhibit 1, Craun Exhibit 1 and Dick Exhibits 2 through 7, I ask you whether these are the exhibits you referred to in those paragraphs of your statement.

A. Yes, they are, sir, except for the Craun here.

Q. You didn't see this Craun exhibit?

A. Yes, sir.

Q. You have stated in your examination that if any of these exhibits proved to be inaccurate you might change your statement as to the conclusions you drew. Were you referring to a gross inaccuracy rather than an inaccuracy with respect to a given figure or a given detail on any one of those exhibits?

A. I was referring to the fact that time had elapsed from the time these figures were produced until the present date.

[fol. 439] Q. In a general way you based some of your testimony upon them?

A. Yes.

Q. But you don't vouch for specific figures with respect to a given year or given date, or exact percentages, because you didn't make the computations yourself; is that correct?

A. Right.

Q. You mentioned the fact that your net worth has increased over the years. Has some of this increase in net worth come about because the property you own out in La Puente has increased that net worth in value?

A. Yes.

Q. Would you say the majority of your increase in net worth has come from the fact that the property has appreciated out there?

A. Yes, I would say a good proportion of it.

Q. You mentioned in your testimony that because of the increasing population of the La Puente area there was need for more stores out there to sell merchandise to the people. Would some of those independents who have gone out of business been in a position to sell that increasing population?

A. Well, it comes up to a bare point of this. When we have a major chain move in the area and they set down on

[fol. 440] it, they can move in within a year, or something before actually it is ready to produce the given amount.

Consequently they can sit there and take the business, plus.

Q. And if a chain set down next to your property, that you hoped to build on, would that alter your plans with respect to that property?

A. By all means.

Mr. Coyle: I have no further questions of this witness.

Redirect examination.

By Mr. Vaughn:

Q. Speaking of your net worth, do you own the land on which the Hillgrove Market is located?

A. No.

Q. You lease that?

A. Yes.

Q. And you purchased the property across the street for $30,000, did you not?

A. Yes.

Q. What is it on your books at today?

A. This I don't know, sir. I would have to check with my bookkeeper.

Q. It is still on there at $30,000, wouldn't you imagine?

A. I imagine.

[fol. 441] Q. So increase in land values has not accounted for any of your increase in net worth as reflected by your books; isn't that right?

A. This I don't know.

Q. Do you remember ever signing a statement saying that your present net worth was $87,000?

A. No, sir.

Q. If I may go back for a moment to the Food Giant acquisition of certain McDaniel's Stores, it is a fact that McDaniel's found itself, within the last three years, in financial difficulty; isn't that correct?

A. Yes.

Q. And started selling off many of its stores?

A. Yes.

Q. And when they started selling off stores they had somewhere around 24 or 25 stores; right?

A. Yes.

Q. And it sold off all but about ten of those stores prior

to making any deal with Food Giant; isn't that correct?

A. Ten or twelve, I believe.

Q. And most of those stores sold off prior to the deal with Food Giant were sold to single store operators and small concerns, isn't that correct?

A. Yes.

Q. Then it went into bankruptcy or made an assignment [fol. 442] for the benefit of creditors and then its remaining stores were acquired by Food Giant; is that right?

A. Yes.

Q. All but one, I think. I see out on the San Bernardino Freeway that there is a sign still up there that there is a McDaniel's Store for lease.

A. They also have one on Orange Avenue there that was taken over by an independent through lease, and so forth, and they closed it on them.

Q. McDaniel's closed it on them?

A. I believe Food Giant closed them.

Mr. Vaughn: I have nothing further.

Mr. Coyle: I have one more question.

Recross-examination.

By Mr. Coyle:

Q. You used the word "speculation" in connection with some of your testimony as to your feeling that there might be more mergers if this merger is permitted to stand. When you used that term "speculation," were you referring to your conclusion based upon your observation and experience?

A. Yes.

Mr. Vaughn: I will object to the question as being leading and suggestive.

[fol. 443] Redirect examination.

By Mr. Vaughn:

Q. Let us go back to this "speculation." The Von's-Shopping Bag merger was in 1960, was it not?

A. Yes.

Q. How many mergers have there been since that time?

A. I don't recall of any, sir.

Q. So we have three years pass by without any more mergers after the Von's-Shopping Bag merger. On what basis then do you assume that there will be further mergers?

A. I would assume the fact that if this is a successful merger it opens the gate for more people.

Q. Can you tell me what firms you expect to merge? Do you think Ralphs will merge?

A. I have no idea.

Q. Do you think that Safeway will merge?

A. This I have no idea.

Q. Really, you don't know who might merge in the future.

A. No.

Q. So wouldn't it be fair to characterize your assumption as to the future as speculation?

A. Yes, if you want to put it that way.

Mr. Vaughn: Thank you. I have nothing further.

[fol. 444] Recross-examination.

By Mr. Coyle:

Q. That assumption or speculation is still based on your experience and observation, isn't it?

A. Yes.

Q. And based upon your experience and observation, and the fact that this case has been pending ever since the acquisition took place has a deterring effect upon other possible mergers between chains?

A. Yes, they do.

Redirect examination.

By Mr. Vaughn:

Q. That is speculation too, isn't it?

A. I don't use the word speculation. It is just foreseeing.

Q. Your guess?

A. My guess.

Q. Because you don't know what is going on in the mind of Mr. Ralphs?

A. No. I wish I did.

Mr. Vaughn: That is all.

Mr. Coyle: Although this is not our witness I am going to ask him to waive the signing of the deposition, if counsel is agreeable.

Mr. Alsup: Before I agree to that statement I should [fol. 445] add that we have been furnished with a statement by the government as to what you would testify to, Mr. Eaton, if you were called by them as a witness and this is a statement that you have been referring to here today; is that not correct?

The Witness: Yes, sir.

Mr. Alsup: You regard yourself as a government witness, don't you?

The Witness: Yes.

Mr. Alsup: We will stipulate.

Mr. Vaughn: We will stipulate if you are agreeable to waiving the signing of the deposition.

The Witness: I am agreeable.

Mr. Coyle: So stipulated.

[fol. 445a] IN THE UNITED STATES DISTRICT COURT

Honorable CHARLES H. CARR, Judge Presiding

No. 336-60-CC Civil

[Title omitted].

Transcript of Proceedings—June 11, 1963

Los Angeles, California

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[fol. 446] TESTIMONY OF DON HENRY FAIRBANK

If subpoenaed to testify, Don Henry Fairbank would testify as follows:

1. He is the senior partner in Don's Market, 10038 Paramount Boulevard, Downey, Los Angeles County, California. He has been in the grocery business for the past five years. Since 1945 he has been a meat retailer in Bell, California, on three separate occasions. In 1959, Don's Market on Paramount Boulevard had sales of about $1,200,000. Mr. Fairbank would testify that Don's Market is a member of a two store operation. The second grocery store is D & B Market, Inc., in Trona, San Bernardino County, California. The president of that market is Dean Fairbank, the son of the witness. D & B Market had sales of about $900,000 in 1959. On October 13, 1962, he sold Lucky Five, Inc., a corporation in which he had held about 58% of the stock. This was a grocery store at 9511 East Firestone Boulevard in Downey which had done about $600,000 in business in 1959.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, Mr. Fairbank closely inspects all grocery advertising by the major chains as it [fol. 447] appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the Key Services, and

follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Commercial Bulletin," "Super Market Merchandising" and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since he has been in the grocery business the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations he would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that a single store operator cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not [fol. 448] have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status. He would testify that his own unsuccessful experience in attempting to get into shopping centers corroborates his opinion.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result, fewer grocery stores are needed in the area to serve a comparable number of people.

6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses,

and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

[fol. 449] 7. He would also testify that Don's Market purchases from Certified Cooperative, and the D & B Market purchases from Orange Empire Cooperative. The cooperatives enable the markets to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major perishable products as fresh dairy, meat, and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution systems. Thus, they have combined the advantages of the cooperative with direct purchasing and a highly developed distribution system. In addition, some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the picture presented in the defendants' exhibits which show that in the period between 1950 and 1958 the market share of the eight largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the nine largest chains increased from 34.3 per cent to 41.7 per cent; [fol. 450] the market share of the fifteen largest chains increased from 38.4 per cent to 50 per cent; and the market share of the twenty largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sale of the largest chains.

9. He would state in his testimony that he observed the operation of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their advertising is [fol. 451] consolidated; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same line and the stores are known as "Von's Shopping Bag."

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

13. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the

[fol. 452] sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 453] Deposition of DON HENRY FAIRBANK, taken on behalf of defendants, at 433 South Spring Street, Los Angeles, California, commencing at 9:00 A.M., Monday, April 15, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.

DON HENRY FAIRBANK, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Alsup:

Q. Mr. Fairbank, would you state your name and address.
A. Don Henry Fairbank, 6627 Riverside Avenue, Bell.
Q. What is the address of your business?
A. 10038 Paramount Boulevard, Downey.
Q. We have been furnished with a statement by the government attorneys of what would be your testimony. Have you read that?
A. I have.
Q. Have you read it recently?
A. I have.
Q. Will you keep it before you, please, because I [fol. 454] have a few questions to ask you about it. This statement says that you have been a grocer for five years; is that correct?
A. That's correct.
Q. Is that at your Paramount location in Downey?
A. Yes, sir.
Q. When did you acquire that location?
A. 1951.
Q. In 1951?
A. Yes.
Q. Will you explain the five years?
A. The first five years I had the grocery department

leased to another man. At the end of that five years I took it over myself.

Q. From whom did you acquire this store?

A. Thomas H. Seabring.

Q. Had he been a grocer there before?

A. He had.

Q. What was your investment?

A. You mean in the grocery department?

Q. Well, I assume you bought the land and the store. Am I wrong?

A. Well, in a sense you are, yes. I leased the land and built the building myself. I could approximate it for you. [fol. 455] Q. Just an approximation.

A. I would say maybe $150,000.

Q. In 1951?

A. Yes.

Q. What would you say the net worth is now?

A. Well, it is less than that because we are depreciating the building and the fixtures.

Q. You say it is less because of the depreciation. What would you say its true value is, Mr. Fairbank?

A. Well, I would say it was that much or more. I think it's on my books at something around 80,000 now.

Q. But its true value, you say, is about $150,000 or more?

A. I would say so.

Q. Do you now own the land?

A. No, sir.

Q. Your store is across the street from Von's Store No. 5?

A. It is across the street from Von's. I am not sure of the number, but anyhow it is across the street and down a little ways.

Q. Is that store known as Von's-Shopping Bag?

A. No, I don't think so.

Q. You state, Mr. Fairbank, in Paragraph 11 of your statement, on Page 4, that the stores are known as "Von's [fol. 456] Shopping Bag."

A. Well, what I had reference to in that statement is all their ads say "Von's Shopping Bag."

Q. I see. Was the Von's store there when you built your store?

A. No, sir.

Q. When did it come in?

A. Well, that I am not sure of. It is five or six years later.

Q. What other stores of Von's Shopping Bag, as you put it, do you compete with?

A. The Shopping Bag at Stonewood, if you could call it competition. It is about two miles away.

Q. Do you call it competition?

A. Well, we class it as competition, yes. Anybody in Downey we feel is competition if they are a live merchant.

Q. What do you consider the draw area of your store?

A. Well, about, I would say, 65 per cent of it is within a radius of a mile and a half to two miles. The rest of it might extend as far as Whittier.

Q. Do you have a lot of friends in Whittier?

A. No, but we have self-service—I mean we have service meats, which very few people have.

Q. That is quite a draw item?

A. That is a draw, yes.

[fol. 457] Q. Does the Von's store across the street have service meats?

A. No, sir.

Q. What is the size of your store?

A. Approximately 10,000 square feet.

Q. Do you run the meat department?

A. I do.

Q. Do you run the liquor department?

A. No, sir.

Q. Do you lease that out?

A. I do.

Q. Do you run the produce department?

A. No. I lease that out also.

Q. Your statement says in Paragraph 1, that you had sales of $1,200,000 in 1959 in your store. Does that include the produce and liquor departments?

A. That includes everything under the one roof, yes.

Q. Is your store in a shopping center?

A. It is.

Q. Will you describe what other stores are in the shopping center?

A. Well, there is a restaurant, doughnut shop, drug store, barber shop, a youth shop, apparel shop, coin store

—coins and stamps—a dry cleaning establishment and a good will store.

[fol. 458] Q. What other stores are there within a mile and a half radius of your store?

A. Sav-On Drug—Are you talking about all types of stores?

Q. I am talking about grocery stores.

A. Well, there is All American, Ralphs, Shopping Bag, a couple of small independents. When I say "small," I mean four to five thousand square foot independents. Kenny Craun in the south end of town. Recently there is a Boy's Market in the south end of town.

Q. This is within a mile and a half radius?

A. I would say it was, yes.

Q. You indicated earlier that you thought the Shopping Bag store at Stonewood was a couple of miles away.

A. Well, actually I have never clocked it on a car. It is between a mile and a mile and a half.

Q. Do you feel that you compete with all of these stores which you have named?

A. Yes.

Q. Do you own other property in the area of your store there in Downey?

A. I do.

Q. What is it?

A. I own the three lots east of the food market, which most of this other shopping center is on that we named. [fol. 459] I have a half interest in the bank-post office building across the street.

Q. When did you acquire those interests?

A. Well, since I have acquired the market corner. One of them at a time.

Q. You say your business has been successful?

A. I would say on a moderate scale it has.

Q. Paragraph 2 states that you check the ads and read the various trade publications. You list Commercial Bulletin, Super Market Merchandising and Progressive Grocer.

A. Yes.

Q. Are there any others?

A. Only very occasionally if they mail me a free copy or something.

Q. By Super Market Merchandising do you mean Super Market news?

A. Yes.

Q. You don't take the Southern California Grocers Journal?

A. No. I used to but I don't any more.

Q. Do you sometimes go into the Von's store across the street and check their prices?

A. Occasionally. We have somebody in there every week. It is not always me but we do have somebody in there every week.

[fol. 460] Q. And you are acquainted with the manager there?

A. Well, just on a speaking acquaintance is all.

Q. And I guess he comes in your store and checks your prices?

A. Either he does or somebody else.

Q. Are there any other stores in the area where you go in and check prices?

A. Well, occasionally we check the Safeway, but not near as often.

Q. How far is Safeway?

A. That I left out when I was naming those to you there. They are within the mile radius too. They are west on Florence.

Q. Is that a newer store than yours?

A. That is a brand new store within the last year and a half.

Q. You named Von's and Safeway that you go in and shop. Any others?

A. Not very often. Once in a while All American, and if there is a doubt about a price in another store, why, we would go in and check it.

Q. What is the purpose of that, Mr. Fairbank?

A. Well, if we have a constant—I wouldn't say complaint, but somebody telling us that we are two cents out of line on coffee, or an item like that, that they [fol. 461] could buy it at another store for two less, regular shelf prices, then we would go and check their shelf price.

Q. On some occasions do you have a lower shelf price on a particular item than a Von's or a Safeway?

A. We hope to have on occasions.

Q. Do you feel that you have greater flexibility in doing that by reason of being a single store operator?

A. You mean on their shelf price or advertised price?

Q. Shelf price.

A. No, I don't think we would have any more flexibility on shelf price.

Q. Would you on the advertised price?

A. We would inasmuch as I think it is a law that they have to have them in all stores if they advertised them.

Q. If you want to change a price on a particular item you can make that decision the night before your advertising goes to press, can't you?

A. Yes, I think we could.

Q. How would you, on the basis of your study of the industry, feel that the manager of the Von's store would be able to make such a determination?

A. Well, I don't believe he could unless he had special permission from the district manager.

Q. In other words, a chain has a long chain of command and it doesn't really have the flexibility of the [fol. 462] single store operator, does it, Mr. Fairbank?

A. No, I wouldn't think it would in that sense, anyway.

Q. You say you have been in the grocery business for five years and Paragraph 3 states that on the basis of your continued study of the industry you can testify the number of single store retailers has declined. That is in the last five years?

A. That is based on the survey that I was shown and also——

Q. What survey was that?

A. That the Federal attorneys had. But I think it's common knowledge in the industry too.

Q. Would you describe this survey you were shown?

A. Well, it was a survey put out by——

Q. The State Board of Equalization?

A. I wouldn't say whether that is what it was or not until I look here.

Mr. Coyle: Paragraph 3, Mr. Fairbank.

The Witness: Yes.

Mr. Alsup: Q. When you say it was based on that sur-

vey then you added, "It is common knowledge in the industry." Where did you learn it, aside from the survey you were shown by the government attorneys?

A. Well, through the fact that I have been in the [fol. 463] food industry for 35 years. I have several locations that I know of that went out of business, not particularly in the last five years but in the last ten.

Q. And you know some that have opened up, like yourself, don't you?

A. Not too many. If you asked me to name some I don't know that I could name too many that have opened in the last ten years, independents.

Q. Well, in 1958 you and your son opened up a second store out in Trona, didn't you?

A. It was already in operation, we just took it over. It is five years in the one spot before we took.

Q. That was an acquisition?

A. Yes, sir.

Q. When you took over your second store that caused the decline of one in the number of single store operators, didn't it, because you are now a two-store operator?

A. In a sense, but not in a sense either. It's another corporation entirely.

Q. On the basis of your studying the industry, Mr. Fairbank, do you know how many stores A & P had, say back in 1940?

A. Are you talking about in Southern California?

Q. No; in the nation.

A. No, I don't. I know about how many they had in [fol. 464] Southern California.

Q. How many did they have?

A. About seven.

Q. How many do they have now?

A. That I couldn't be sure of. I know they have opened a couple of new ones. They opened one last week. I could say that they are the largest in the world, I guess.

Q. Would it be your impression, based on your study of the industry, that this decline in the number of retailers that you have mentioned is largely the small mom and pop store?

A. Well, when you say "momma and poppa," you mean what?

Q. The tiny stores that you referred to earlier.

A. If you go under 12,000 square feet I would say that, yes.

Q. In the same period that you have been observing the industry you have seen a number of other concerns start up and grow and be successful and expand, haven't you?

A. Yes.

Q. Can you name some of those?

A. Yes, I could. Hughes for one.

Q. They got started in 1952?

A. About that time.

[fol. 465] Q. And what others?

A. Then I might tell you that Eddie Fox started and wasn't so successful. Well, I think Von der Ahe's have grown tremendously since '52.

Q. I am talking about people who have started their own chains, Mr. Fairbank.

A. Well, outside of Hughes there likely is more but he is the only one that I am personally acquainted with.

Q. Are you acquainted with Mr. Barondess, who is one of the government's witnesses?

A. No.

Q. You don't know whether he started after 1952?

A. I never heard of the man.

Q. Are you acquainted with Mr. Carpenter, who is scheduled to testify today?

A. No.

Q. You don't know whether he started since 1952?

A. No, I don't.

Q. Are you acquainted with Ted Wood of the Pantry Markets?

A. No. I know of him but I am not acquainted with him.

Q. Do you know when they got started?

A. No.

Q. Are you acquainted with Joe Goodnight of Michael's [fol. 466] Markets in Orange County?

A. No.

Q. You don't know when he got started?

A. Going back to the Pantry Markets, is that a private concern or a corporation?

Q. It's a chain that is incorporated.

A. It is a stock selling chain, isn't it?

Q. I don't know if it is stock selling, Mr. Fairbank. Can you think of others that have been able to start in the business and been successful?

A. I can't think of any offhand that have started and grown that I personally know except Hughes. I am very well acquainted with Orville Fallon, who has Orville's Markets. He had three when I was his meat operator and then he expanded it to four or five and he is back down to three again.

Q. And Eddie Fox, who you mentioned, started out in '54 and built himself a very large chain, didn't he?

A. Yes, he did. But he didn't pay his bills.

Q. He expanded much too rapidly, isn't that right, and he went into bankruptcy?

A. He actually didn't start in '54. I worked for Eddie Fox in '30.

Q. He started the Fox Markets in 1954?

A. He might have started another chain that he went [fol. 467] under another name with. But I think he was supposedly the leading stockholder in Mayfair at one time, wasn't he?

Q. How about McDaniel's, did they have much the same experience as Eddie Fox?

A. Really, I don't know. I know they sold their chain out.

Q. Wouldn't you learn these things about McDaniel's and Fox from your study of the trade papers?

A. You mean why they are out of business?

Q. Yes.

A. Yes, I think it was common knowledge in the industry why they are out of business.

Q. What is that?

A. Because they couldn't pay their bills.

Q. And that is another case of a chain that expanded too rapidly, isn't it?

A. That's right.

Q. How about Yor-Way?

A. Well, I guess they are still in business. There are none of them in my locality so I am not sure.

Q. Don't you know from your examination of the trade papers, Mr. Fairbank, they went into bankruptcy too?

A. No. I didn't examine it that close.

Q. In Paragraph 4 you refer to the shopping center situation and you say single store operators cannot get [fol. 468] into the more desirable shopping centers and you refer to your own unsuccessful attempts. Would you describe those?

A. Well, I have a friend who opened one of the largest housing projects in Orange County. I say he is a friend, he is a mutual acquaintance. I went to him and asked him to let me have the food market in the shopping center, which covered 13 acres, and he was very frank to tell me that he couldn't because he had to have a tenant with a triple A rating in order to finance the building to put it in.

Q. What is the name of this friend?

A. Since you ask me, I can't recall his name.

Q. We can leave a blank, Mr. Fairbank.

A. I can get it for you.

Q. You can fill it in.

A. Louise Laramore.

Q. Are you aware of the bills that have been pending in Congress to give financial assistance from the Federal Government to the small operators who would like to get into shopping centers?

A. Well, I have read something about them. That is about as much as I am aware of them.

Q. There is quite a bit about them in these trade papers that you have studied?

A. If you made a study you likely would. I haven't [fol. 469] gone into studying that because actually I feel that primarily the man that is opening the shopping center wants somebody where he can go out and get practically 100 per cent on his money if he builds the building. Now, if the government would back it up you could get it. I haven't talked to anybody——

Q. You would be in favor of the passage of those bills, I take it?

A. I think it would be a fine thing. As far as I am concerned myself it wouldn't make any difference.

Q. Would you explain, Mr. Fairbank, how the merger of Von's and Shopping Bag made any change whatsoever in the shopping center situation you describe in your Paragraph 4?

A. Well, now, I don't know that this particular merger made any change in this Paragraph 4. I think this thing was going on before—this condition existed before they merged.

Q. Both Von's and Shopping Bag had triple A credit ratings, didn't they?

A. That I couldn't be sure of. I think maybe Von's did. I don't know that Shopping Bag did.

Q. It brings up another question which I was going to ask you later. In Paragraph 9 you state that both Von's and Shopping Bag were profitable operations. What was the knowledge that formed the basis of that statement, Mr. [fol. 470] Fairbank?

A. Well, the knowledge that I have on the Von's is strictly on their stock reports and what they pay for their shares that are out. I think that is actually a pretty good yardstick of how successful anybody is. Now, I don't know—I couldn't tell you exactly what Shopping Bag paid on their shares, if they had any out even.

Q. Do you really know if Shopping Bag was a profitable operation?

A. You mean to take oath that they were a profitable organization?

Q. Yes.

A. No, I don't.

Q. That is what I am asking you to do. We were told this is what you would testify to and that is the reason I am asking you this question.

A. On the surface they were a successful operator.

Q. I suppose back in 1950 you would have said the same about Eddie Fox, wouldn't you?

A. No, I wouldn't, since he has owed me a labor bill since about '30.

Q. Didn't his chain give the appearance prior to its bankruptcy in 1961 of being a very successful operation?

A. You mean to a customer that was shopping or somebody that was in the industry?

[fol. 471] Q. To someone in the industry.

A. I don't think it did.

Q. How about McDaniel's?

A. No, it didn't either.

Q. How about Yor-Way?

A. There is one that I don't know anything about.

Q. Why do you say that McDaniel's did not give the impression of being a successful operation?

A. Well, it was common talk among the industry that they couldn't pay their bills.

Q. Commencing when?

A. Well, that I couldn't say exactly.

Q. Based on your study of the industry, Mr. Fairbank, isn't it true that in the years '59 and '60 both Fox and McDaniel's opened up a large number of new stores?

A. Well, maybe they did, but I think it was through prior obligations that they had.

Q. You feel you have more information about Shopping Bag so that you could say Shopping Bag was a profitable operation?

A. No.

Q. You don't?

A. The only thing is that there was never any talk in the industry that they weren't paying their bills.

Q. Paragraph 5 says that you have observed the [fol. 472] decline in the number of grocery stores in the area which arises also from the increasing size of supermarkets and their large, continually expanding dollar sales. The supermarkets are not an exclusive province of the chains, are they, Mr. Fairbank?

A. No.

Q. I wish you would explain for the record how the merger of Von's and Shopping Bag in March of 1960 had any effect whatsoever on what you describe in Paragraph 5.

Mr. Coyle: I want to make a point there, Mr. Alsup. The witness in Paragraph 5 didn't say there was any connection between the increasing sales of supermarkets and the decline of the number of grocery stores and this acquisition. He is just stating a fact in Paragraph 5.

Mr. Alsup: If the witness wants to state let him so answer.

The Witness: What do you want me to answer?

Mr. Alsup: Q. Did the merger of Von's and Shopping Bag have any effect whatsoever on the matters you refer to in Paragraph 5?

A. No, I don't think it does.

Q. Paragraph 6, Mr. Fairbank, says that you would testify that single store operators and small chains do not have their own highly developed distribution system. Does the single store operator need a highly developed [fol. 473] distribution system?

A. I think it would help toward the profit structure.

Q. What do you mean by "highly developed distribution system"?

A. Well, there are several things that you could take into that. I don't think there is any doubt in anybody's mind that is in the food business that there is more profit made in the dairy part of the industry than likely any other part that we operate from, dairy and bakery industry.

Q. Is that what you refer to when you say a highly developed distribution system?

A. Partly, yes.

Q. What else?

A. Well, we might take, for an example, on an ad item I think that there is no doubt that most any of the chain stores that have their own warehouses and own distribution system has the ad item in their warehouse before they advertise it. In our particular organization where we buy through a co-op we have to hope that the co-op has the ad item in.

Q. You are a member of Certified Grocers, aren't you?

A. Yes, I am.

Q. Doesn't Certified boast that it has the most efficient electronic data processing system in the world [fol. 474] and the most efficient distribution system?

A. I think maybe they do, yes.

Q. Does a single store operator or a small chain need a large warehouse?

A. Well, we need a larger warehouse than the chain store would need where they have direct shipments.

Q. Do you need a fleet of trucks?

A. From an operating standpoint we couldn't afford to have a truck with a single operation.

Q. Your conclusion in this Paragraph 6, Mr. Fairbank, is that large chains, such as Von's and Shopping Bag, operate large warehouses, are serviced directly, and can buy in heavy volume, and this gives chains such as Von's

and Shopping Bag an advantage over independents and small chains in terms of inventory control. What do you mean by that?

A. In the produce and dairy part of the industry I have reference to.

Q. You don't run the produce department, do you?

A. No, not in this particular store we don't.

Q. In the dairy department how does the warehousing and the trucking assist Von's in inventory control?

A. Well, I think they likely—they have their own direct dairy that is owned by a group of the chains. I don't mean Von's-Shopping Bag by itself. I think they likely [fol. 475] have a finer distribution than the independent does if he buys from one of the national dairies.

Q. From what dairy do you buy?

A. We are buying from Golden State-Foremost right now and Knudsen.

Q. And would you say that Foremost and Knudsen products have more or less public acceptance than Jerseymaid?

A. About the same, I would say.

Q. Are they more or less advertised?

A. Well, that I couldn't say. I know I run straight into one of Jerseymaid's big board signs on the road up here but I didn't see any of Foremost or Knudsen. How much they are spending for advertising, I don't know. I think Knudsen is likely the best accepted of any of the dairy products. If it wasn't I don't believe that Von's and the rest of the chains would have it in there.

Q. The price of milk that you sell is fixed by state law; isn't that right?

A. Right.

Q. Would you tell me what competitive advantage Von's gets out of membership in owning a part of Jerseymaid?

A. I don't think there is any doubt in the industry that the dairy industry is the biggest discount part of the industry.

Q. That is it's a profitable operation?

[fol. 476] A. That's right.

Q. The dairy companies make a lot of money?

A. I think so.

Q. You feel that gives Von's a competitive advantage because it is a member of Jerseymaid?

A. Right.

Q. Do you feel that you have a competitive advantage over others because of your real estate ownership of the bank and the post office?

A. You mean in the market operation?

Q. Yes.

A. No.

Q. Do you know whether Von's gets a better return on its investment in Jerseymaid than it would if it had an investment in some common stock?

A. I don't know it but I feel I would if I had an investment in it.

Q. You don't know?

A. No, I couldn't make a statement to that effect.

Q. There are other cooperative dairies that various retailers belong to, aren't there?

A. There might be, but there is none that I know of.

Q. Don't you know of Golden Creme from your study of the industry?

A. We have never had anything to do with Golden [fol. 477] Creme.

Q. You never sought membership in Golden Creme?

A. No, sir.

Q. You don't know that a large number of retailers belong to Golden Creme?

A. No, I don't.

Q. Does Certified Grocers operate large warehouses?

A. They do.

Q. Are they serviced directly by railroad shippers?

A. Would have to be, yes, sir.

Q. And does Certified operate large trucking facilities?

A. They do.

Q. Does Certified buy in greater volume than any of the chains doing business in this area?

A. I would assume they do. I don't know that they do but I would assume that they do, unless it would be Safeway.

Q. Would you describe some of the services that Certified renders to its members such as you?

A. Well, they fill our wholesale grocery orders and frozen food orders and deliver them.

Q. Is that all?

A. That's about all that we have anything to do with them with. We buy our Blue Chip stamps through them.

Q. You don't use any of their men for assistance in [fol. 478] advertising layout?

A. No, sir.

Q. Or for electronic data processing?

A. No, sir. I believe they have the service but I don't use it.

Q. Do they have a service to help their members get equipment financing?

A. Within the last 15-20 days they do have, yes, sir.

Q. Are you able to get insurance through Certified at a cheaper cost?

A. Yes. But I don't believe it is Certified. It is an organization run in Certified's office but it doesn't belong to Certified.

Q. But it is available through your membership in Certified?

A. It would be available if I wasn't a member of Certified.

Q. If I asked you the same questions about Orange Empire would your answers be the same?

A. If I could answer them they would. I don't have much to do with Orange Empire myself. My son runs that organization in Trona.

Q. From your constant study of the industry aren't you able to give an opinion at all on Orange Empire?

A. Yes. I think they are a good organization. They [fol. 479] are not quite as competitive as Certified in some sense.

Q. Do you have any knowledge on the basis of your study of the industry, and your membership in Certified, as to the growth of Certified in membership and in volume of sales in the last ten or twelve years?

A. Well, I don't have any figures that I could give you on it. I know they have made a tremendous growth.

Q. Both in members and in volume; isn't that right?

A. That's right.

Q. What about Orange Empire?

A. The same thing holds true.

Q. Turning to Paragraph 6 again, and reading it, if you will, Mr. Fairbank, would you please tell me what, if any-

thing, that is contained in that Paragraph 6 has been changed or affected as a consequence of the merger of Von's and Shopping Bag in 1960?

A. Well, the only thing that I might say that has been changed since the merger is that they eliminate dual heads in the organization by combining it into one. I mean they don't need two supervisors in one area. One supervisor can operate it. Certainly they have had a big advantage in their advertising structure. We will all admit that.

Q. An advantage over the independents?

A. An advantage over what they had before they merged.

Q. They saved some money in their advertising?

[fol. 480] A. About 50 per cent, yes.

Q. What advantage does that give them over the independents and small chains in terms of inventory control?

A. Well, that doesn't give them any advantage as far as inventory control.

Q. Isn't that what you say in Paragraph 6?

A. I would say that if they only had to run one warehouse for a combination of the two chains they certainly could have less inventory control than they could with two warehouses for two chains.

Q. You say if they had two. Do you know whether they do?

A. No, I don't. I am assuming they have only one.

Q. You say in Paragraph 9 that you would state in your testimony you observed the operation of Von's and Shopping Bag prior to the merger. Am I to conclude you haven't observed them since the merger?

A. You mean on the basis of what they are doing inside of their organization?

Q. Yes.

A. I don't know exactly what changes they have made as far as their key personnel is concerned. I know that Mr. Ward, who was with them, is not with them any more, who I used to run into quite frequently.

Q. Do you know he got a much better job with Food [fol. 481] Giant?

A. Yes, I do.

Q. Is that one of the disadvantages that the large, successful chain has, that they have most of their key personnel raided?

A. Most any of us has a chance to lose their key personnel.

Q. I am still puzzled, Mr. Fairbank, and I would like to go over it with you again with respect to the advantage of the chains, the larger chains, in terms of inventory control. You have mentioned milk.

A. That they don't warehouse, I don't believe. My thought on that was not that it went to their warehouse.

Q. You don't warehouse your milk?

A. No, we don't. Only just two days' supply, we might say.

Q. I would like to know——

A. When I spoke in terms of advantages in warehouse, I meant in dry groceries.

Q. So far as you know the merger had no effect whatsoever on that; is that correct?

A. You mean that I could say bookwise?

Q. Yes.

A. No, I am not in a position to say that.

Q. What other advantages in terms of inventory control [fol. 482] were you referring to in that Paragraph 6?

A. If you were operating two chains and you consolidated them into one, or even if you were operating three stores in one chain and three in another, and you consolidated them into one, you would likely, as soon as you could, consolidate your warehouse.

Q. That is it would be more efficient and you might make some savings; isn't that right?

A. Right.

Q. Now tell me what competitive advantage that gives you.

A. So if you were going to make a buy, we will say on tuna, you would buy it all in one warehouse and distribute it from there. You wouldn't say, "Give me 2,000 cases of tuna for one warehouse and 2,000 cases for another," because maybe you would only sell 3,000 altogether and you would have a surplus of a thousand where you could replace it.

Q. How does Certified Grocers handle that situation?

A. I think they handle it right from one floor.

Q. Is that all you had in mind in terms of inventory?

A. That is the type of thing I had in mind.

Q. Give me some more examples.

A. You could take the same thing on toilet paper, you could take the same thing on Kleenex. You could take it on any common commodity that you are selling in all these [fol. 483] stores. You could take it on tobacco.

Q. Did Shopping Bag have that advantage prior to its merger with Von's?

A. I don't know. I don't think so.

Q. It did not?

A. You mean of the combination of two buying out of one warehouse for the both stores?

Q. Didn't Shopping Bag have some 38 stores before its merger with Von's?

A. Yes, they did.

Q. Your statement says the large chains have this advantage over the single store operators and small chains in terms of inventory control. I am asking you, did Shopping Bag have that advantage prior to the merger with Von's?

A. I don't know.

Q. Did Von's have that advantage prior to the merger with Shopping Bag?

A. You mean over the one single independent?

Q. Yes.

A. I would think they did have.

Q. That is you don't know if Shopping Bag, a 38-store chain, had that advantage but you think that Von's, a 28-store chain, did?

A. I would assume that either one would have that [fol. 484] advantage over an independent store.

Q. What change in this advantage occurred as a consequence of the merger?

A. Well, if they combine their warehouse this is bound to be an advantage.

Q. Some savings?

A. Yes.

Q. That is what you are referring to?

A. That's right. Wouldn't the savings be an advantage?

Q. Would it be a competitive advantage?

A. It should be.

Q. In what respect?

A. What they could sell for less. If my advertisement

costs me one per cent of my gross volume and I could cut that down to one-half of one per cent of my volume, I could certainly sell to my customer less than I could before.

Q. Would you regard that as beneficial from the standpoint of the public or detrimental to the public?

A. It depends on how far it went.

Q. In this area, Mr. Fairbank, isn't it true that we had two national chains back in 1960, A & P and Safeway?

A. Right.

Q. And since then we have had another national [fol. 485] chain, Acme, come into the market?

A. The one that took over Fox, you mean?

Q. No; Alpha Beta. Were you not aware that——

A. Yes, I was.

Q. Since that time Food Fair, a national chain, has entered into the market by taking over the remaining Fox stores out of bankruptcy, haven't they?

A. Well, I guess they have. Alpha Beta took part of them. I don't know who got the rest of them. I know Alpha Beta had some of them.

Q. Do you know that?

A. Beg pardon?

Q. Is that so?

A. I know they took the one on Washington Boulevard, north and east of me.

Q. But from your study of the trade papers in the industry are you not aware that the trustee's plan of reorganization has been approved whereby Food Fair will take over operation of the remaining 18 Fox stores?

A. No, I didn't.

Q. Paragraph 7, Mr. Fairbank, says that the large chains such as Von's and Shopping Bag belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution systems. Are you referring there, when you refer to cooperatives, to [fol. 486] Certified Grocers and Orange Empire?

A. Yes, I am.

Q. Does Safeway belong to Certified?

A. Not to the best of my knowledge. I don't know. They might but I don't think they are active in it.

Q. Does Von's?

A. I don't know whether they still maintain a membership or not.

Q. Do you know when they last had a membership?

A. No, I don't.

Q. Does Ralphs?

A. No, I wouldn't say they have a membership. They are not active in their buying through Certified.

Q. You say that these cooperatives, such as Certified and Orange Empire, do not carry fresh dairy, meat and produce. And here again——

A. And when I say "meat," I am referring to fresh meat.

Q. Yes, fresh meat. And perishable produce?

A. That's right.

Q. Here again the price of milk that you sell, or any grocer sells, is fixed by state law; right?

A. Right. But the ice cream is not.

Q. Has Certified announced plans to get into the ice cream business?

A. They have, as of today.

[fol. 487] Q. They are starting today but the plans were announced some time ago, weren't they, Mr. Fairbank?

A. Well, there was talk about a month ago.

Q. What effect has the merger of Von's and Shopping Bag had on this Jerseymaid situation that you refer to in Paragraph 7?

A. Well, I really don't know that it had any effect on it. Only inasmuch as I think they both bought from Jerseymaid before they merged.

Q. With respect to fresh meat you have had long experience as a meat market operator, haven't you?

A. About 30 years.

Q. Would you describe it generally?

A. You mean the meat operation?

Q. No. Your experience in running meat departments and meat stores.

A. Well, it's a lot of hard work, I want to tell you that. I operated as much as three meat markets at one time, from that down to one.

Q. That was over a period of about 25 years?

A. Well, since about 1927.

Q. Up until you started in the grocery business five years ago.

A. I was operating the meat department prior to that.

Q. Where do you buy your meat?

[fol. 488] A. We buy most of our meat from Ruchti.

Q. Are you the buyer?

A. No, sir; I am not right now.

Q. Who is your buyer?

A. Paul Goforth.

Q. Has he had long experience in this business of buying meats?

A. Well, he has been in the meat business about 25 years, maybe 20.

Q. When did you stop being the meat buyer?

A. About six years ago when I had a heart attack and the doctor told me to get out of the meat market.

(Discussion off the record.)

Mr. Alsup: Q. Various independent or single store operators have told me, Mr. Fairbank, that they can go to the meat wholesaler and buy in small quantities and can do just as well or better than the chains on quality. What has been your experience?

A. They might do just as well but not better.

Q. I have been told that sometimes a single store operator or a small chain can help a packer out by buying a small quantity of meat which a chain can't handle because of its necessity for large quantities. Has that happened?

A. I really don't know. The organization that we buy our beef from has no dealings, I don't think, with any [fol. 489] of the chains at all, unless it would be Market Basket. They might sell Market Basket a little but I don't think they sell any of the other chains at all.

Q. Do you have any knowledge as to whether or not you can get your meat at comparable prices to that of any of the chains?

A. Not from the organization that I am buying it from we can't. That is why they don't sell chains.

Q. Would you explain that a little further for me?

A. Well, according to what Bob Ruchti tells me, they feel that if they buy 20 or 25 cattle, or 50 or a hundred cattle at a time, that they should buy it for a cent to a

cent and a half less on the pound. And they don't want to do business with them on that account, along with the fact that he tells me that he doesn't want to put all his eggs in one basket. If he was to sell Safeway 200 cattle twice a week and then Safeway all at once decided to buy the 200 cattle some place else he would be sitting with his killing floor and no market for it. So he would rather sell to independents who buy three to five cattle a week every week.

Q. With your service meat department you emphasize quality meats, do you not?

A. Right.

Q. How do your prices on meat compare with those of [fol. 490] Von's across the street?

A. They are a little higher.

Q. The people are willing to pay a little bit more for the personal service?

A. Some are and some aren't. It depends on who the customer is. It is not proven that the majority are willing to pay more.

Q. But you are satisfied with your personal service policy?

A. We are. Along with the fact that we would have to have an increase of about $2,000 a week in volume if we went to self-service to make it effective. You can't operate a self-service market on $5,000 a week very effectively. Your spoilage is too great, and your package returns.

Q. With your experience in the industry, the meat industry, I gather you can keep your spoilage to a minimum; is that correct?

A. We do because we don't cut more than we are going to sell. But you can't do that if you are going to prepack it. You have to put it on an assembly line and run it through, so many of this and so many of that.

Q. You lease out your produce department, you testified. To whom do you lease that department?

A. To a Japanese fellow by the name of Nikamo.

[fol. 491] Q. Do you know where he buys his produce?

A. No, I don't. I know he buys it at the wholesale produce market but I don't know which purveyor he buys it from.

Q. Do you know how he does in comparison with the large chains in terms of price and quality?

A. No. I know he has the quality but I don't know about the price.

Have you talked to one of these Orientals and tried to get them to tell you anything about their business?

Q. Yes. And some of them have.

Do you know Yosh Inadomi?

A. No, I don't.

Q. In Paragraph 8, Mr. Fairbank, you refer to market share of the eight largest, the nine largest, the fifteen largest and the twenty largest chains. You state you are in agreement with the picture presented in Defendants' Exhibits, which you were shown, and so on. Were you shown the Defendants' Exhibits?

A. I was.

Q. What did those exhibits show about the market share of the top two?

A. Well, that I can't tell you without looking at the exhibits.

Mr. Alsup: Do you have them with you?

[fol. 492] Mr. Hughes: I might.

Mr. Alsup: Q. While they are looking I will ask you a couple of more questions. Is there any reason why in this statement you picked out the top eight, top nine, top fifteen and top twenty and excluded all the others?

Mr. Coyle: Mr. Alsup, I think you better show the witness the exhibit. I think that is what the exhibit has grouped them in, the top eight, top nine and so forth.

(A short recess was taken.)

Mr. Alsup: Q. Government counsel have shown you, Mr. Fairbank, a document which is labeled "Percentage of total grocery store sales by various groups of chains in the Los Angeles metropolitan area, 1950-1960." Is this the document that you were shown by them?

A. This is one of them. We had other ones besides that, I am sure.

Mr. Coyle: The Department of Commerce, I believe, were the other ones.

Mr. Hughes: Most of them, I believe, were the government's.

Mr. Alsup: Q. As far as you know that is the only Defendants' Exhibit, although the statement says "exhibits"?

A. No, there was these percentages of failures which we went over too put out by the State Board of Equalization, weren't they?

[fol. 493] Mr. Hughes: Yes, they were.

Mr. Alsup: Q. But do you recognize the document which is before you now as the one that was shown to you?

A. Yes, this is one of the ones, yes.

Q. Would you tell me from that document what happened to the market share of the top three in the period 1950-1960?

A. Well, I would say that they took a decided down in '59. But there is a decided reason for that also.

Q. Yes. Well, compare 1952 with 1960, Mr. Fairbank.

A. Yes.

Q. "Yes" what?

A. They are down over 1952 too.

Q. What happened to the market share of the top four from 1952 to 1960?

A. It runs along about on the same graph.

Q. Are you looking at the dotted line?

A. Yes, I am.

Q. 1952 to 1960?

A. Yes. I would say it's maybe a little bit farther down in '59 in the top three.

Q. Perhaps you don't understand my question. Doesn't this chart indicate, Mr. Fairbank, that in 1952 the top four had roughly 27½ per cent?

A. Yes, I think it does.

[fol. 494] Q. Now based on your study of the industry, Mr. Fairbank, who has been the leader, in No. 1 position, in market share in this period 1952 to 1960?

A. When you ask that question do you mean who did the industry look to?

Q. No. Who had the largest market share, if you know?

A. Of volume?

Q. Yes.

A. I imagine Safeway.

Q. Do you know what has happened to their market share in this period?

A. No, I don't.

Q. Do you know what has happened to the market share of Ralphs during this period?

A. Well, I think they have likely, on the over-all picture, they have both increased because they have increased stores.

Q. This is speculation on your part and not based on any study?

A. Yes.

Q. Just speculating, Mr. Fairbank, if Ralphs and Safeway increased because of their number of stores how did the top three decrease from roughly 24 per cent in '52 to roughly 21 per cent in 1960?

[fol. 495] A. Well, I would like to know who the top four is before we get too far into this. I can't see it off of this graph here.

Q. You refer to the top eight in your statement. Perhaps you can tell me who the top eight are.

A. Well, I don't think there is any—Most any of us could go through the industry and pick out at least six out of the top eight without ever studying the graph.

Q. You pick them out.

A. Safeway, Ralphs, Von's, Food Giant, Shopping Bag, if you are going to take them separately or together, Market Basket. How many have I got so far?

Q. I ran out of fingers.

Mr. Bates: Six.

The witness: Likely Hughes would come along in about seventh or eighth and Thriftimart.

Mr. Alsup: Q. You mentioned Hughes. You earlier testified that Hughes got started in 1952; isn't that right?

A. Yes.

Q. You say now it would probably be within the top eight?

A. Volumewise I don't really know whether he would or not. I am thinking in terms of chains. Now, there might be some other chains that would be in there ahead of them. I don't think A & P would be in the picture in Southern [fol. 496] California.

Q. You regard them as an insignificant factor?

A. No, I don't. But I don't think they had enough stores to be in that category volumewise.

Q. Doesn't A & P have more stores than Hughes in Southern California?

A. I really am not sure, but I don't think they do have. I know they opened up a good sized one last week in Huntington Park, but I think it is about the first big one that they have opened in the last few years. Maybe a couple in the last three or four years.

Q. This chart that you referred to indicates that the market share of the top 20 declined from 1958 to 1960, does it not?

A. No. No, it doesn't show any decline, it shows an increase.

Q. From 1958 to 1960?

A. Oh, from '58 to '60? There was a decided decline there in '59.

Q. And '60?

A. '60 was on the road back up. It doesn't go to '60, actually.

Q. It goes a little beyond the middle, doesn't it?

A. Yes. The '60 line—there is a line drawn for '60 and it doesn't go that far.

[fol. 497] Q. That chart indicates that there has been a decline in the market share of the top 15 in that same period, does it not?

A. Only on this period where the strike was.

Q. It shows that the market share of the top nine was roughly comparable to 1960 to what it was in 1958; is that right?

Mr. Coyle: Mr. Alsup, there is no 1960 on the chart, as the witness pointed out a few minutes ago. The line doesn't go to 1960.

Mr. Alsup: It goes well into the year, as you know, Mr. Coyle.

Mr. Coyle: I am afraid it doesn't.

The Witness: You look at the chart again and I don't think you will find that there.

Mr. Alsup: The chart was based on these figures.

Mr. Coyle: He is talking about the chart.

Mr. Alsup: Q. Is it your testimony, Mr. Fairbank, that

the market share of the top twenty increased or decreased after 1958?

A. Well, according to this chart it decreased between '58 and '59, because that was the period we had the food strike. They were closed, they couldn't very well do business if they weren't open.

Q. If the market share was down in the year 1960 what [fol. 498] would you attribute that to?

A. The fact that they hadn't reclaimed their volume that they lost during the strike.

Q. How long did the strike last?

A. I can't remember exactly but it lasted quite a while.

Q. A month?

A. I don't know whether it was a month or not.

Q. When did it occur, in January of '59?

A. No, I don't think it was January. I think it was along in March but I am not sure. I am only basing it on March because I think that is when our contract comes due.

Q. You also state in this Paragraph 8 that when shown the reports of the Bureau of Census that these figures would corroborate your understanding based on your experience of the trends in the area. When you are referring to market share of the top eight did you include Fox?

A. I don't know whether he was included in that or not, to be honest with you.

Q. Would you have included McDaniel's?

A. No, I wouldn't.

Q. Would you have included Yor-Way?

A. No.

Q. When you refer to the top fifteen would you have included Fox, McDaniel's and Yor-Way?

[fol. 499] A. I would have included Fox.

Q. But not McDaniel's or Yor-Way?

A. I don't think I would have included Yor-Way. I don't think they ever had over five or six stores, did they?

Q. Well, you studied the industry, Mr. Fairbank.

A. I told you I didn't know anything about Yor-Way. There was none of them in my area so I wasn't worrying too much about them.

Q. Would you include Fox, Yor-Way and McDaniel's in the top twenty?

A. I think so.

Q. And there have been changes in the industry insofar as the shares of Fox, McDaniel's and Yor-Way, at least, are concerned?

A. Right.

Q. Each of those companies went into bankruptcy.

A. Some of them voluntarily and some of them otherwise, I guess.

Q. This Paragraph 8, Mr. Fairbank, states that on the basis of your continued study of the industry in this metropolitan area you are in agreement with the picture presented by these exhibits.

A. That is the study I have reference to.

Q. Yes. And you named the top one.

A. Whatever was shown on the chart as the top one.

[fol. 500] Q. Are you able to name the top twenty?

A. No. You mean just at random?

Q. Yes.

A. No.

Q. Or the top fifteen?

A. I wouldn't be sure I could name the top fifteen.

Q. Or the top nine?

A. I think I could likely name the top nine unless they have changed.

Q. At the present moment you could name them?

A. Well, I don't know that I could because I haven't seen any statistics on their volume.

Q. Isn't it true, Mr. Fairbank, that in this period, Hughes you gave us as an example, there have been changes in the make-up of the top five, six, seven, eight, nine, ten and so on?

A. You mean some increases in volume or increases in stores?

Q. No. Changes in the identity of the firms who make up the top eight.

A. Well, I imagine there has been since this Eastern organization came in and bought one of them, yes.

Q. You included Hughes as in the top eight?

A. Well, now, I didn't include them. I said I assumed he would likely be along about eighth or ninth.

[fol. 501] Q. And Hughes wasn't even in existence in 1948, was it? That is Hughes Markets.

A. I don't know. He likely was in existence, but whether

he operated Hughes Markets or not I imagine he was in the food business at that time.

Q. Well, based on your knowledge of the industry you know he was with Thriftimart, don't you?

A. No. You are going a little far on this based on the knowledge of the industry. I don't propose to be an authority on the industry.

Q. I see.

A. Only in my own area where I am not operating. If you ask me something about the store across the street from me or the stores in the immediate town I am in, naturally I read these papers and you get what's in the paper if you read it.

Q. Would this be a correct statement, you consider your immediate competition and you are not concerned with the broad over-all picture?

A. I am concerned. I am concerned with the amount of income tax that you and I pay, in a sense.

Q. But you regard your competitive area as these stores which can draw the same customers as you draw; isn't that right?

A. Right.

[fol. 502] Q. From your study of Von's and Shopping Bag, your observation of the operation prior to the merger, can you tell me in what section of the area the Von's stores were primarily located?

A. You mean of my immediate area?

Q. No. Of the Los Angeles metropolitan area.

A. Mostly Los Angeles County and some in Orange County.

Q. Isn't it a fact, Mr. Fairbank, that most of the Von's stores were located in the west and south areas?

A. No. I think their No. 1 store is likely over here on Vermont Avenue.

Q. You don't regard that as in the west?

A. I wouldn't regard that as West Los Angeles, no.

Q. I wasn't referring to West Los Angeles. Just the western part of this area. Would you regard the Shopping Bag stores as having been located primarily in the east and northern section of the Los Angeles metropolitan area?

A. On the origination of their chain, yes.

Q. You said in Paragraph 9 you observed the operation of Von's and Shopping Bag prior to the merger.

A. Yes.

Q. Did Shopping Bag have any stores located, say west of Spring Street where we are now sitting?

A. That I don't know. If they did I didn't observe any [fol. 503] of them. The stores that I observed was the stores next to me.

Q. And that is what you were referring to then in this Paragraph 9 when you talked about observations of the operation of Von's and Shopping Bag prior to the merger?

A. Right.

Q. Do you know from your study of the industry, Mr. Fairbank, how many single store operators there are in the Los Angeles metropolitan area?

A. No.

Q. Would you say it is several thousands?

A. Yes, I would.

Q. Would you tell me how many small chains there are in the area?

A. Do you classify an operator with two or more a chain?

Q. Well, let us take that definition.

A. I wouldn't have any idea how many there is.

Q. Would you say several hundred?

A. No.

Q. Would you say a hundred?

A. Yes, I would say there is a hundred. I am guessing at it now. There is no authentic way for me to tell you.

Q. Paragraph 10 states that you would state that Von's [fol. 504] and Shopping Bag, Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant were among the leading firms in the area. Are there any others that you would put in the category?

A. Are you talking about volumewise or efficiency of operation?

Q. I am talking about how you use the phrase in Paragraph 10, Mr. Fairbank. You explain it.

A. The way I use this phrase was volumewise. I wouldn't know of any other ones to put in the category unless you would want to include A & P, who is now in the growing stages in Southern California.

Q. Then are these the major chains that you are referring

to in Paragraph 14 when you say that if a merger of Von's and Shopping Bag is permitted there will probably be subsequent mergers between and involving the other major chains?

A. Yes, they are.

Q. Would you tell me what the basis for your assumption —I assume that is an assumption, isn't it?

A. Yes, it is.

Q. What is the basis of your assumption that Ralphs will merge?

A. Well, I don't know that Ralphs will merge but I think it is common talk in the industry that All American will [fol. 505] merge with one of the larger chains.

Q. All American has been in financial difficulty, has it not, Mr. Fairbank?

A. Well, I am not in a position to say they have been. It is talk that they are.

Q. From your study of the industry and your reading of the trade papers haven't you observed that they have had to sell off a number of stores?

A. I don't think they have sold any of their good stores.

Q. That doesn't answer my question.

A. I know they have sold a couple they figured were lemons.

Q. What is the basis for your assumption that Safeway will merge?

A. I don't think Safeway would merge with any of the local chains.

Q. How about Market Basket?

A. I think they likely will if given an opportunity.

Q. What is the basis for that statement?

A. Well, it is common talk among the industry that they are in financial trouble too.

Q. And on the basis of that you feel that they might seek a merger; is that correct?

A. Yes.

[fol. 506] Q. How about Thriftimart?

A. They seem to be a very successful operator.

Q. You don't anticipate that they will engage in a merger with one of the other major chains?

A. No.

Q. How about Alpha Beta?

A. I think they already have, haven't they?

Q. In Paragraph 14 you refer to mergers between and involving the other major chains.

A. Well, I didn't mean that all of these chains were going to merge to one right away. I didn't have any——

Q. Did you mean that any of them would merge?

A. I think they would if they had the opportunity.

Q. Would you name which ones and give me the basis for your opinion?

A. All American or Market Basket, either one.

Q. All American isn't listed in your Paragraph 10?

A. No. But they are one of the chains. I imagine they would be among the top twenty.

Q. I thought you earlier told me, Mr. Fairbank, that the chains you list in Paragraph 10 are the ones that you are referring to in Paragraph 14.

A. You mean that might merge with somebody; is that what you are talking about?

Q. With one another.

[fol. 507] A. No.

Q. Would you say that Paragraph 14 is largely surmise and speculation on your part?

A. What part of it do you have reference to?

Q. Well, we will take up the part we have been questioning you about so far about mergers.

A. Well, the only merger I talk about in 14 here is the merger between Shopping Bag and Von's.

Q. You said at the beginning of Paragraph 14 that you would testify that if this merger of Von's and Shopping Bag is permitted there will probably be subsequent mergers between and involving the other major chains. And you told me that the major chains you were referring to are those you listed in Paragraph 10.

Mr. Hughes: I don't believe he did.

The Witness: I don't know whether you are switching this around to where you want me to say that I think Safeway is going to merge with somebody else, or something like that. But that isn't the opinion that I had.

Mr. Alsup: Q. Let us get back. Your statement with respect to Paragraph 14 is largely surmise and speculation, is it not, Mr. Fairbank?

Mr. Coyle: Mr. Alsup, you are putting words in his mouth. It is a conclusion that he has reached. It is not surmise at all.

[fol. 508] Mr. Alsup: Q. You gave me the basis of your conclusion. Do you agree that it is surmise and speculation?

A. I would say this, that I think if this merger is allowed that there will likely be more mergers to follow.

Q. You give me the basis for that conclusion.

A. For the efficiency of the operation.

Q. Anything else?

A. There might be a lot of things but that would be enough to cause a merger in itself if you could operate much more efficiently.

Q. Anything else in your mind when you agree to this statement in Paragraph 14?

A. No, I don't think so. And I don't think I had any particular chain in mind when I made that statement that they would merge with somebody else.

Q. In Paragraph 12, Mr. Fairbank, you state that you would testify you face very vigorous competition from Von's. Is that a correct statement?

A. That is.

Q. Was that true before the merger?

A. Yes.

Q. That has been true after the merger?

A. Yes. It hasn't changed any.

Q. In Paragraph 13 you state that there have been a number of other acquisitions and consolidations in the [fol. 509] retail grocery field since 1948. One acquisition we know about, that is Von's and Shopping Bag. And another one we know about, that is your acquisition up there in Trona; isn't that right? What others did you have in mind?

A. Well, I think Food Giant has acquired some real good stores. I don't think there is any denial of that. I think maybe Alpha Beta has acquired a few stores that are good that they didn't have and they didn't open.

Q. When?

A. Since Fox took voluntarily bankruptcy.

Q. What others?

A. That's all that I can name right offhand.

Q. That is all you had in mind——

A. I didn't have in mind, particularly, my own store because actually we operate that under two separate companies entirely.

Q. You have made no particular study, I gather, of mergers which may have occurred since 1948.

A. Only in the sense that we operated—that I did at one time operate a third store in Downey which gave us what we could classify as a chain store operation, as far as the bread industry was concerned, which entitles us to open credit which we are not entitled to with one single operation. It gives us a little bit of an additional discount that we weren't entitled to with the single operation.

[fol. 510] Q. Would you turn to Paragraph 14 and tell me what you had in mind when you say that a few large grocery chains will dominate the business?

A. I think they are dominating it right now.

Q. What is the basis for that opinion?

A. Based on the volume that is done in Southern California.

Q. Is it possible, in your opinion as a student of the industry, Mr. Fairbank, for any chain to dominate this market in the face of Certified Grocers and Orange Empire?

A. I don't think there will ever be a time when we will eliminate every independent, if that is what you mean.

Q. I don't think anyone is going to eliminate you, do you?

A. Yes.

Q. Describe and name the few large chains which will dominate the business.

A. Food Giant, Von's, Ralph's, Safeway, and I think if we have our health and God permits, we will see that Alpha Beta—I mean that A & P will be a big factor in the food industry in the Southern California area.

Q. When you use the term "big factor," are you using it in the sense of dominating the food business?

A. Yes.

Q. Yet isn't it true that at the present time the top 20 [fol. 511] chains still have slightly only more than 50 per cent of the total grocery business in this area?

A. Well, according to the survey here they have about 55 per cent—54 in 1959. I imagine they have more than that now if you was to take a present survey.

Q. When was it that you started operating your own store, '57?

A. Right in about there, yes.

Q. And yet they had in 1957 over 50 per cent of the business.

A. Well, a small amount over 50 per cent.

Q. That didn't discourage you from starting to run your own store, did it?

A. It wasn't a question of starting to run it. I already had my money in there, I couldn't help myself.

Q. And you know of quite a few others, don't you, that have entered the business since that time?

A. I might say that it certainly discouraged the man that was running my grocery store. He wanted out immediately.

Q. You told me your store had been a successful operation for you.

A. That's right.

Q. In the grocery business, Mr. Fairbank, as in any other business, I suppose that you would agree that there [fol. 512] are people who are good operators and there are people who are bad operators; isn't that right?

A. Right.

Q. Has it been your experience that most of the bad operators eventually go out of business?

A. Not always so.

Q. Some of the bad ones cling on.

A. Would you like me to explain what I am thinking?

Q. Yes.

A. If I had 25 eggs and one was bad I could still exist with the 24 but I couldn't if I had only one egg and it was bad.

Q. Thats' right. You understand, don't you, Mr. Fairbank, that this case doesn't involve an attack on chain stores as such?

A. No, I realize that. And I am not picking on the chain stores as such. Really I am not picking on anybody, only I do feel that if mergers are allowed it won't be long until

we will have a setup like some places in the East now where there is one independent in the town and five chains.

Q. Weren't people saying that in this area back in 1930, Mr. Fairbank?

A. Well, I don't know whether they were or not. About 1930 I was so busy trying to make beans that I didn't have much chance to listen to anybody else.

[fol. 513] Q. Weren't you aware of the large consolidations that put Safeway together here in the early thirties?

A. No.

Q. Did you know what market share Safeway had in 1930?

A. No, I didn't.

Q. Do you know when Von's commenced doing business?

A. Well, it was between '30 and '40, I think.

Q. Do you know when Market Basket commenced doing business?

A. No.

Q. Wasn't it during that same period?

A. I really wouldn't know.

Q. How about Shopping Bag?

A. I wouldn't know. About 1930 I was just interested in one thing, selling enough pork chops to feed two kids I had.

Q. I would say you have been a successful man, Mr. Fairbank, and I congratulate you.

A. Sixteen-eighteen hours a day you can accomplish a lot of things.

Q. That's right. A grocer has to work like a lawyer, I am told.

You state in Paragraph 14 that this merger is a major stride in increasing the market share of the large chains. [fol. 514] How much business did this merger increase the market share of Von's?

A. Figurewise, you mean?

Q. Yes.

A. I couldn't tell you without looking at actual figures. You likely know that without asking me.

Q. Did it increase the market share of Safeway?

A. What do you mean now?

Q. Well, did this merger of Von's and Shopping Bag

increase the market share of Safeway or Ralphs, or any other company?

A. You are going to have to explain that to me.

Q. You explain to me what you meant here. You say this merger is a major stride in increasing the market share of the large chains. What did you mean by that?

A. Well, if you consolidate two chains with 35 or 40 stores apiece into one it certainly increases the market share of the one chain that is left, doesn't it?

Q. Yes.

A. That is what I meant.

Q. That is all you meant?

A. I didn't mean it in reference to what it was going to do to Safeway, if that is what you meant, or Ralphs. Now, if Von's-Shopping Bag and Ralphs had consolidated it would certainly increase their market share of the volume [fol. 515] in Southern California over what it is now.

Q. But you have no reason to expect or anticipate such merger, have you?

A. No, I don't have.

Q. Now will you explain how this merger of Von's and Shopping Bag will probably substantially lessen competition, as you say in Paragraph 14?

A. Well, your basis for opening a store, a food store, is how much prospective volume you can acquire if you opened a store. Now, if there is already a Market Basket or a Von's there, or a Shopping Bag, you are not going to run up and take the lot next door and open up a new store, not unless you've got awful good backing from somebody, because you know you are going to sit there and pretty well starve to death for a few months. That was the reference I had, that if they've got all this territory covered with one store or another there certainly isn't room for another one in there.

Q. Do you know of any single Von's store or Shopping Bag store which doesn't face competition from a number of other stores?

A. Not offhand I don't know. I know if you have an independent store doing a couple of million dollars and there is a lot available you will have a chain store next door.

[fol. 516] Q. When you say that this merger will probably substantially lessen competition, how do you reconcile that

with your statement in Paragraph 12 that you face very vigorous competition from Von's and your testimony here that you haven't seen any change in the vigor of competition since the merger?

A. Well, all I said was that we faced vigorous competition before or afterwards, either one. They are real good competition.

Q. And yet this merger will substantially lessen competition?

A. It will lessen their operating cost.

Q. And that is what you meant by lessening competition?

A. Yes. Inasmuch as if I could operate this law office for two per cent less than you could you would likely think quite a while before you opened up a law office with 50 attorneys in it.

Q. What, in your opinion, is a monopoly?

A. Any time you have—Anything would be a monopoly that you had enough of anything to monopolize the control of it.

Q. How does this merger tend to create a monopoly?

A. Well, inasmuch as it gives them a bigger buying power, a better advertising medium, and everything that goes right down the line with operating more stores.

[fol. 517] Q. They don't have any bigger buying power than Certified Grocers, or anything comparable, do they?

A. I imagine they are comparable. I don't think after you reach a period of one car or five cars, I don't think there is any difference in the price.

Q. I think you earlier testified that you felt there were several thousand single store operators and at least a hundred small chains aside from the major chains doing business in this area; isn't that right?

A. Something to that effect.

Mr. Coyle: I think the witness testified he didn't know how many small chains there were.

Mr. Alsup: The record will speak for itself.

Q. On the basis of your study of the industry, Mr. Fairbank, do you think Von's has anything like the assets of A & P?

A. No.

Q. Or of Safeway?

A. No.

Q. Or of Acme Stores?

A. No. Well, I don't know anything about Acme.

Q. Don't you know it is either the third or fourth largest concern in the country?

A. Yes, I do. But I don't know what their assets are.

Q. Or Food Fair?

[fol. 518] A. I don't know much about them, either.

Q. Do you know anything about Ralphs?

A. Yes.

Q. What do you know about them?

A. I know that they, four years ago, were about the only chain in Southern California—they had the highest financial rating of any chain in Southern California except for the four that was from the East.

Mr. Alsup: I have no further questions.

Mr. Coyle: Off the record.

(Discussion off the record.)

Cross-examination.

By Mr. Coyle:

Q. Mr. Fairbank, were you ever interviewed by any defense counsel in connection with this statement that you have given the government?

A. No.

Q. Did you give this statement to the government voluntarily?

A. I did; yes.

Q. Did we speak informally with you prior to having this statement typed up?

A. You did.

Q. Did we give you a chance to consult your records and think things over and form a conclusion before this state-

[fol. 519] ment was formulated?

A. You did.

Q. In your experience in running a grocery store it is necessary to keep informed of events in the area?

A. It is.

Q. And when you.

Mr. Alsup: I don't like to object unnecessarily, but these are leading and suggestive questions, I believe, and this is your witness. I prefer the questions be properly on direct examination.

Mr. Coyle: I believe this is your witness, Mr. Alsup. You noticed this deposition.

Mr. Alsup: If there is going to be any quarrel about this we will adjourn and get a ruling from the court. You furnished me with a statement that the witness would testify to if called. He is your witness. He is listed as a government witness.

Mr. Coyle: I will proceed with the questioning now, Mr. Alsup.

Q. Mr. Fairbank, read this Paragraph 2 of your proposed testimony. What type of survey did you refer to that you conducted in the area? What type of survey did you refer to?

A. Well, I am talking about The Key on the price structure, which carries a price structure for all the chains. It [fol. 520] is supposed to be weekly. And I am also talking about the survey we make of our own immediate competition, talking about Von's across the street.

Mr. Alsup: Can I interrupt a minute off the record?

(Discussion off the record.)

Mr. Coyle: Q. Mr. Fairbank, in your statement you refer to your inspection of grocery advertising by the major chains as it appears in the metropolitan newspapers. What chains do you refer to who advertise in the metropolitan newspapers?

A. Safeway, Von's-Shopping Bag, Ralphs, All American, I don't think All American advertises in the metropolitan but we can tell you——

Mr. Alsup: Actually the statement says "local papers."

Mr. Coyle: I am sorry, Mr. Alsup, I am referring to the statement that says "metropolitan papers."

Mr. Alsup: I am sorry.

The Witness: We usually try to study the ads both in the metropolitan papers and in the local papers because some of the local chains, of course, don't advertise. I don't be-

lieve that All American advertises in the metropolitan, it is just local.

Mr. Coyle: Q. Based upon your experience in the industry, Mr. Fairbank, have you formed any conclusion as to whether or not it is necessary for an operator of a retail [fol. 521] grocery store to drive through the area and inspect various stores in the area in order to ascertain what they are doing and how they are operating?

A. I think that is necessary that somebody affiliated with the organization drive through the area.

Q. Does your organization have someone drive through the area?

A. We do.

Q. Do you ever do it yourself?

A. Sometimes.

Q. Is it necessary in operating a retail grocery establishment for the person who rides through the area to take notice and form general conclusions as to what is happening in the grocery trade, for example as to whether or not there is a trend towards one organization owning a large number of stores or a trend away from single store operations?

Mr. Alsup: I object to the form of the question on the ground that it is leading, suggestive, confusing, complex and compound.

Mr. Coyle: If the witness can answer it, let him answer it.

The Witness: Well, I don't know that we do that. We do drive through the area and try to ascertain how much business the competition is doing, as near as we can.

Mr. Coyle: Q. Have you, as a result of this driving [fol. 522] through the area, formed any conclusion as to whether or not there has been a decline in the number of single store grocery retailers operating in the area?

A. Well, that we would know without even driving through.

Q. And you have formed a conclusion as to that?

A. Yes, we have.

Q. What is your conclusion?

A. That there has been a couple of independents that went out of business in the Downey area.

Q. And in other areas have you formed any conclusion, the other areas where you operate stores?

A. Well, actually I haven't because we have the same amount of competition in the Trona store that we have always had.

Q. Is this competition mainly from the chains or independents?

A. Independents. Except for Ridgecrest, if you can call that——

Q. Where is Trona?

A. Trona is 179 miles north and east of Downey.

Q. What county is it in?

A. San Bernardino. Our nearest chain store competition is Ridgecrest, which is 29 miles. Fox went out of there. He was the only chain operator that was in there.

[fol. 523] Q. When you were shown these government exhibits prepared by the State Board of Equalization did they conform to your understanding of what was happening in the retail area?

Mr. Alsup: I object to the form of the question on the ground that it is leading and suggestive and calls for a conclusion of the witness.

Mr. Coyle: Q. Answer the question now.

A. Well, I would say that the survey was about what my assumption would have been as to the trend of the business in Southern California.

Q. Was your conclusion based upon your own experiences?

A. Well, it is based on practical knowledge you have of the industry. You can see when—You definitely know when somebody has left the area that you are in or something.

Q. Was it necessary for you to make this kind of judgment in order to keep abreast of things in the industry so that you could survive in this competitive industry?

A. Yes, I think you are going to have to keep alive if you are going to survive.

Q. You testified in response to Mr. Alsup's question that you built, sometime about ten years ago, a shopping center in Downey; is that correct?

A. Yes.

[fol. 524] Q. How does that shopping center compare to the newer shopping centers being built today?

A. Smaller, much smaller.

Q. And then you had a tenant in your shopping center named—What was his name?—Seabring?

A. Seabring, yes.

Q. Did he operate a grocery store?

A. Does he now?

Q. Did he then?

A. Yes, he did.

Q. Did you take over his grocery store?

A. I did.

Q. Was he in difficulty when you took it over?

A. No. Only he just didn't—He felt the competition was keen enough that he didn't want to keep the store up. He said he made his money and he felt it was time to get out.

Q. Have you made any efforts to get into other shopping centers yourself?

A. Yes, I have.

Q. You mentioned one of them in response to Mr. Alsup's questions. Were there any other efforts that you made?

A. Well, only inasmuch as when I built this store here, and building it on leased ground, on long time lease ground, I found that I couldn't borrow the money to put the building up, although I had a financial rating of about $200,000 at [fol. 525] the time. I couldn't make only about a 20 per cent loan for the building because it was on leased ground.

Q. Have you formed any general conclusions as to whether or not the size of the supermarkets in the area is increasing or decreasing?

A. Well, I don't think they are increasing now over what the trend has been for the last five or six or seven years.

Q. Has there been a trend in the last five or six or seven years?

A. In the last ten years there has been a trend of putting them up from twenty to thirty thousand square foot.

Q. Have you formed any observation or conclusion based upon your experience in this industry as to whether these large supermarkets are owned by chain operations or by independents?

A. Mostly by chains.

Q. The question was: Have you formed a conclusion?

A. What do you mean?

Q. I wanted a yes or no answer whether you formed a conclusion.

A. Well, I have a definite opinion that they are owned by chains, most of them. I don't know that it's a conclusion.

Mr. Alsup: In what area are you referring to, Mr. Coyle? [fol. 526] Mr. Coyle: In the area Mr. Fairbank has been observing.

The Witness: I have reference to the Downey area.

Mr. Coyle: Q. Yes. Now, have you in the course of your business observed or taken note of the warehousing facilities in a general way which the various chains have in the area?

A. Only to the extent that I know through my Certified membership that they have their own warehouse.

Q. You know that they have their own warehouse. Do you know whether these warehouses are served directly by railroad shippers?

A. In most cases they would have to be.

Q. Do you know as a result of your experience whether or not chains are able to buy in heavy volume directly from the producer?

A. From my experience, you say?

Q. From your own observations or your experience with Certified.

A. Well, it would be my assumption that they were able to.

Mr. Alsup: I move to strike the answer as not responsive.

Mr. Coyle: Q. I asked you whether or not you——

A. Of course I don't have any basic figures to back up [fol. 527] my statement but I am sure that they must buy on a good discount basis, otherwise they wouldn't do their own buying, they would continue to buy through Certified.

Q. Is it common knowledge in the industry that they have their warehouses?

A. It is.

Q. Is it common knowledge in the industry that most of them have railroad shippers?

A. It is.

Q. Is it common knowledge in the industry that they buy directly from the producers?

A. Yes, sir.

Q. You talked about inventory control in response to Mr. Alsup's questions. Can you tell us what the purpose of keeping an inventory in your store is?

A. Well, you would almost have to keep a periodic inventory or you wouldn't know whether you were going broke or whether you were making money.

Q. Do you also keep a supply of merchandise so you have it there on hand to sell to the consumer?

A. You must have a supply of merchandise, at least ample until your next delivery.

Q. Is there an advantage in keeping that supply of merchandise if you have a large warehouse in order to store your merchandise?

[fol. 528] Mr. Alsup: I object to the question on the ground that it calls for a conclusion of the witness and no foundation has been laid to show that he is qualified to so testify.

Mr. Coyle: I think this man has been in the grocery business and there is plenty of foundation.

The Witness: You would have to have ample warehouse space to warehouse what you were selling. But you would have to have if you were going to stay in business.

Mr. Coyle: Q. Does it facilitate your warehousing in maintaining an inventory if you have a single warehouse serving a number of stores?

A. Yes, you would have to have. If you were serving a number of stores out of a warehouse you would have to have a warehouse and an inventory.

Q. And as you have more stores served out of the same warehouse does that bring down your net overhead?

Mr. Alsup: I object to that on the ground that it calls for a conclusion of the witness and no foundation has been laid.

The Witness: Well, of course, I really am not in a position to say what the exact conditions would be in a chain store warehouse because I have never operated one. But you certainly wouldn't have to keep the inventory for the multiple number of inventories for 20 stores that you would if you

only kept an inventory for one store. So a chain store [fol. 529] inventory would logically come down. It would logically be less.

Mr. Coyle: Q. Does this observation have any relationship to the statement appearing in Paragraph 6 of your statement, "This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in term of inventory control"?

A. I would think that it would give them some advantage inasmuch as they would have a little more direct delivery from their own warehouse. Actually they don't have any more direct delivery, but they likely have less days involved between their order—I am only assuming this—between an order of one of their own stores and delivery than they would if they went through a co-op.

Q. Is that your conclusion as a businessman?

A. Well, that is my assumption as a businessman that they would have.

Q. Isn't that a question of general business knowledge?

A. I don't really know whether it is or not, to be honest with you.

Q. You say that it has been your experience at one time that Von's and Shopping Bag purchased from Certified; is that correct?

A. Yes.

Q. Was that prior to the time they built their ware- [fol. 530] houses?

A. Yes.

Q. You sold a store recently, Mr. Fairbank, The Lucky Five. Did you handle the produce in The Lucky Five?

A. We did.

Q. And you handled that directly yourself?

A. Well, when you say "directly," I didn't have it leased out.

Q. Yes.

A. Yes.

Q. Referring to your statement in Paragraph 7, you would state that the cooperative does not carry such major perishable products as fresh dairy, meat and produce items. Does that conclusion relate in any part to your experience as the owner of The Lucky Five?

A. Well, that's common knowledge that the cooperatives don't carry those things. I mean your produce you have to buy—we had to buy direct from the wholesale produce. And also now, of course, it is being changed but we also bought our dairy products and we will have to continue to buy our milk from the dairies.

Q. Referring to this graph, which I am going to ask the reporter to mark as Fairbank Exhibit No. 1, being a percentage of total grocery store sales for various groups of chains in the Los Angeles metropolitan area for the period [fol. 531] 1950 to 1960.

(The graph referred to was marked by the notary public as Fairbank's Exhibit No. 1 for identification, a photostatic copy of which is attached hereto.)

Mr. Coyle: Q. Referring you to Fairbank Exhibit No. 1, can you tell us what the market share shown on that exhibit was in 1950 for the top 20 chains in the area?

Mr. Alsup: I object to the question on the ground that the exhibit speaks for itself.

Mr. Coyle: Q. Go ahead and answer the question.

A. What year did you want me to tell you about?

Q. 1950.

A. In 1950 it was about 41 per cent.

Q. And in 1958 what was the percentage?

Mr. Alsup: The same objection.

The Witness: About 54 per cent.

Mr. Coyle: Q. Prior to approving this draft of your testimony did you form any conclusion as to whether or not that increase was in general agreement with your own observations in the industry?

Mr. Alsup: I object to the question on the ground that it calls for a conclusion, that it is argumentative and no foundation has been laid.

Mr. Coyle: I just asked the witness if he formed any [fol. 532] conclusion.

Mr. Alsup: I have made my objection.

Mr. Coyle: Q. You can answer "Yes" or "No."

A. Yes, it was about my conclusion before I even looked at the chart.

Q. Was it also your conclusion that the 15 top chains in the area had increased from about 39 per cent to about 50 per cent as shown on this exhibit?

Mr. Alsup: The same objection.

The Witness: About the same conclusion.

Mr. Coyle: Q. When shown similar charts prepared by the government from the Bureau of Census data did you form any conclusion as to whether they also conformed to your understanding?

Mr. Alsup: I object to the form of the question on the ground that there is no foundation laid to show the chart is similar.

Mr. Coyle: I will have this marked as Fairbank Exhibit 2, please, being entitled "Changes in Concentration in 4, 8, 12, 16 and 20 Largest Grocery Chains in Los Angeles Metropolitan Area, 1948 and 1958."

(The document referred to was marked by the notary public as Fairbank Exhibit No. 2 for identification, a photostatic copy of which is attached hereto.)

[fol. 533] Mr. Coyle: Q. Mr. Fairbank, can you tell us what the market share, as shown in 1948 for the 20 largest chains in the metropolitan area, is on that exhibit?

Mr. Alsup: I object to the form of the question on the ground that the exhibit speaks for itself.

Mr. Coyle: Q. Go ahead, can you tell us what the percentage is?

A. At what year?

Q. 1948.

A. 43.8 per cent.

Q. What was the percentage in 1958?

Mr. Alsup: The same objection.

Mr. Coyle: Q. Go ahead and answer.

A. 56.9 per cent.

Q. I am comparing that exhibit with Fairbank Exhibit 1.

Do the exhibits show approximately the same thing as to——

Mr. Alsup: I object to the form of the question. It obviously calls for a conclusion of the witness and the exhibits speak for themselves.

Mr. Coyle: Q. In your judgment do they both show the general picture that you observed in the industry?

Mr. Alsup: I have the same objection.

The Witness: Pretty much the same both charts are, yes. They both show the same increase.

[fol. 534] Mr. Coyle: Q. You referred to a strike in 1959. In your judgment, based upon your experience, is that strike in 1959 reflected in Fairbank Exhibit 1?

A. Yes, it is.

Q. How is it reflected?

A. All the major chains went down in volume inasmuch as they weren't in operation for part of the year.

Q. Is there anything in this Fairbank Exhibit 1 which indicates to you whether or not the chains subsequent to the strike started to recover?

Mr. Alsup: I object to the form of the question on the ground that it calls for a conclusion. The exhibit speaks for itself.

The Witness: Yes, they did start to recover.

Mr. Coyle: Q. Is that your general understanding of what has happened in the industry?

A. Yes, it is.

Q. Mr. Fairbank, you testified that from your general knowledge and from seeing published reports that it was your conclusion that Von's was profitable prior to the acquisition in question.

A. Yes, I did.

Q. If called as a witness would you be in a position to interpret similar annual reports published by Shopping Bag to determine whether that firm was also profitable prior [fol. 535] to the acquisition, if such annual reports were shown to you?

A. I think I would.

Q. You mentioned in your direct testimony that the Von's

store directly across from your store bears the name "Von's." Does it also bear the name "Shopping Bag"?

A. Not on the sign I don't believe.

Q. Does it advertise?

A. They are advertised in the local and metropolitan papers as "Von's-Shopping Bag."

Q. Is there any doubt in your mind that it is one organization?

A. No.

Mr. Alsup: We will stipulate to that.

Mr. Coyle: Q. Is there any doubt in your mind that the consumer recognizes it as one organization?

A. I think they all do.

Q. And their area-wide and local advertising is carried under the single name?

A. Right.

Q. And there is no question in your mind that they were two of the largest chains in the area?

A. Volumewise——

Mr. Alsup: I object to the form of the question because I think it is confusing and ambiguous. I don't know what [fol. 536] you mean by "the largest." Do you mean A & P, Safeway, Food Fair?

Mr. Coyle: The witness has answered that, Mr. Alsup. He said in volume they were two of the largest in the area.

Mr. Alsup: A & P's volume in the country is over five billion.

Mr. Coyle: The witness said "in the area."

Q. Referring to Paragraph 10 of your statement, where you list Von's-Shopping Bag along with Ralphs, Safeway, Market Basket and Thriftimart, Alpha Beta, Mayfair and Food Giant as among the leading firms in the area, did you consider these firms when you drew your conclusions as to the increasing market share in the area?

A. Yes, I did.

Q. Referring to Paragraph 11 of your testimony, when you referred to Von's-Shopping Bag were you referring to the advertising and the inventory carried in these stores?

A. Yes, I am.

Mr. Alsup: I object to the form of these questions on the

ground that they are leading and suggestive. I think with your own witness you should ask him what he had in mind there and not put words in his mouth.

Mr. Coyle: He is testifying, Mr. Alsup, from his own statement. The statement is right in front of him.

Mr. Alsup: My objection still stands.

[fol. 537] Mr. Coyle: Q. In Paragraph 13 you state that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. Could you name some of those consolidations?

A. Well, there has been this particular consolidation and Food Giant has consolidated with McDaniel's, or taken them over, whichever way legally you want to state it. I don't know which one it would be. There is the one the defense attorney talks about, Yor-Way Markets.

Q. Was there a market in the area called Raisin's?

A. There was.

Q. What happened to that?

A. That was sold to Alpha Beta.

Q. Did Alpha Beta buy Raisin's?

A. Yes.

Q. Was there a market in the area known as Lucky, or a chain known as Lucky?

A. Well, there was one in the Bell-Maywood-Huntington Park area.

Q. Was there a chain known as Hiram's?

A. Yes. That is consolidated with Lucky now.

Q. Have you formed any conclusion, based upon your observation both as a businessman and as a retail grocer, as to whether or not acquisitions seem to run in series, that is one acquisition will follow another?

[fol. 538] Mr. Alsup: Well, I object to the form of the question. It calls for a conclusion and is pretty speculative.

Mr. Vaughn: Why don't you let him finish talking before you interrupt.

Mr. Coyle: I thought he was finished.

Mr. Vaughn: Obviously he wasn't.

Mr. Alsup: And further that no foundation has been laid.

Mr. Coyle: Q. Have you now formed any conclusion as to that matter, Mr. Fairbank?

A. There seems to have been a heavy consolidation in the last, I would say, five years. I don't know whether it is due to financial stress that some of the chains have gone into or whether it is just a consolidation. There has been quite a consolidation.

Q. And in Paragraph 14, when you refer to your conclusion that there will probably be further mergers, did you have any specific chain in mind when you made that conclusion.

A. Well, of course, anybody that is affiliated with the industry immediately thinks of anybody that is in distress in the industry, that is chainwise or single storewise. My thinking is somebody will likely take All American. I don't think there will be any doubt about that. Whether they do it under voluntarily bankruptcy or it's a consolidation. I [fol. 539] guess that most of the stores that Fox has had has been taken over by the major chains. I don't know of any of them that any independent got.

Q. You refer to service meat departments. Do any of the chains have service meat departments?

A. Not in the sense that I refer to. They all have some self-service, maybe some of them have service and self-service. I take it back, I believe Von's has service in Bell.

Q. But that is not in your area?

A. No.

Q. What would happen to you competitively if you stopped your service meat department?

Mr. Alsup: I object to the form of the question. It obviously calls for a conclusion and conjecture.

Mr. Coyle: Q. Can you answer that question?

A. We feel we would lose some of the customers we now have if we went to self-service meats instead of service meats. Because we know that we have some of the better clientele in Downey that want their stuff all custom cut.

Q. Have you any conclusion as to whether or not you could continue to operate competitively if you eliminated your service meats department?

A. We don't feel we could operate as efficiently. If we did we would likely go to self-service.

[fol. 540] Q. Do you feel that this is your best competing point to keep business?

A. We do.

Q. You testified that you could change your prices overnight and you engaged in some speculation as to whether a big chain could change prices overnight. Do you think Mr. Von Der Ahe could change prices overnight if he wanted to?

A. I think he could chainwise if he wanted to.

Q. You referred to the Hughes Markets. Do you know how Hughes got started?

A. One store. Outside of that that is about all I know.

Q. Do you know whether he acquired it or opened it?

A. No, I don't. I am not sure.

Q. Do you know whether he acquired some of his subsequent stores?

A. I think he did acquire some of them.

Q. You mentioned that you buy Blue Chip stamps from Certified. How long have you been buying Blue Chip stamps from Certified?

A. Ever since the organization was put into effect and they were allowed to purchase through Certified.

Q. Were Blue Chip stamps on the market prior to the time Certified started selling them?

A. I think they were. I am not sure.

[fol. 541] Q. Who handled Blue Chips at that time?

A. Well, they have their own warehouse and their own distribution point. We didn't go into Blue Chips originally when they first came on the market. We had Blue & Gold.

Q. Has Certified made any acquisitions over the past few years?

A. What do you mean by that now?

Q. Have they taken over the business of any other co-op?

A. Spartan Grocery.

Q. Would that account for some of their increased volume?

A. Yes, it would.

Q. How many co-ops are there in the area at the present time?

Mr. Vaughn: What area?

Mr. Coyle: The Los Angeles metropolitan area.

Mr. Knight: The section of the country we are talking about in the lawsuit.

Mr. Coyle: Q. You mentioned Certified and Orange Empire in the area?

A. I think there are some small ones called Cash & Carry, and Spartan is still a co-op inasmuch as it is operated for the momma and poppa small store operators.

[fol. 542] Q. But it is owned by Certified?

A. Yes. There is only two of any size, that is Certified and Orange Empire.

Q. Do you know whether Safeway has sold stores over the years?

A. I don't believe they have ever sold any.

Q. Do you know whether Von's has sold any stores?

A. They haven't sold any, to the best of my knowledge. They might have sold some but not to the best of my knowledge.

Q. Do you know whether some of the chains have sold some of their more inferior stores and opened up larger and newer ones in the suburbs?

A. Some of the smaller chains have. All American has disposed of some of their smaller stores. I think the general practice with Safeway is to close the small stores entirely.

Q. Do you know whether they have closed their small stores?

A. They have closed some of them. They have closed three or four that I know of. They closed one at Eastern and Clara in Bellgardens and they closed one at Atlantic and Gage, Atlantic and Florence in Bell. They opened two supermarkets, one on Florence in Downey and one on Florence in Huntington Park and one on Washington Boulevard [fol. 543] in Pico-Rivera. They closed the small store they had on Downey Avenue in Downey. That is the only three that I am personally acquainted with.

Q. You mentioned that 65 per cent of your customers come from within a one and a half mile to two mile area. What would happen to your store if you lost the other 35 per cent of your customers that come from outside that area?

Mr. Alsup: I object on the ground that that is argumentative and calls for a conclusion of the witness.

The Witness: Well, if we actually lost 35 per cent of our volume we would have to cut down.

Mr. Coyle: Q. Do you have any conclusion as to whether you could stay in business without that other 35 per cent?

A. Take that 35 per cent of our volume and it would take a large readjustment, that's for sure. I don't know whether we could stay in business or not. I assume we likely could. It wouldn't be very profitable.

Mr. Coyle: Would you mark this document entitled "Testimony of Don Henry Fairbank" as Fairbank Exhibit No. 3, please.

(The document referred to was marked by the notary public as Fairbank Exhibit No. 3 for identification, a carbon copy of which is attached hereto.)

[fol. 544] Mr. Coyle: Q. Mr. Fairbank, I show you the document we have been referring to entitled "Testimony of Don Henry Fairbank." Does this document contain your conclusions and observations based upon your experience as a practical retail merchant in the Los Angeles metropolitan area?

Mr. Alsup: I object to the form of the question on the grounds that it is leading, suggestive and argumentative. The witness has identified the statement and he has testified with reference to it. I have no objection to marking the document.

The Witness: I would say it does. The same as this one.

Mr. Coyle: I have no more questions.

Redirect examination.

By Mr. Alsup:

Q. Mr. Fairbank, you testified that Certified now owns Spartan; is that correct?

A. Right.

Q. And Certified is owned by its retail members; isn't that right?

A. Right.

Q. You are a part owner of Certified; isn't that right?

A. Right.

Q. You indicated that some of the increase in volume [fol. 545] of Certified over the years was due to the acquisi-

tion of Spartan. How much of that increase would you attribute to the consolidation with Spartan?

A. I am not in a position to say because I don't know figurewise what it is.

Q. You get patronage dividends from Certified, do you not?

A. Yes, I do.

Q. Do you feel that the consolidation of Certified and Spartan was in your interest as one of the retail owners of Certified?

A. I wasn't of the belief that it would be.

Q. Has it adversely affected your patronage dividends?

A. It hasn't done much of anything to them so far inasmuch as most of their sales at Spartan is broken cases which the cost of handling is quite a little bit greater.

Q. You said that over the past five years there have been a number of consolidations and you mentioned Food Giant consolidating with McDaniel's. Isn't it a fact that McDaniel's went into bankruptcy?

A. I think they did.

Q. And didn't you testify that there were rumors in the industry that they couldn't pay their bills?

A. That's right.

Q. Didn't you testify that they had expanded too rapidly [fol. 546] with inadequate capital?

A. I don't think I testified to that.

Q. Perhaps you didn't. It was true, was it not, from your study of the industry that a large number of McDaniel's stores were sold off to single store operators prior to the bankruptcy?

A. No. I don't know of any of them that were. There could be but I don't know of any.

Q. You didn't see that in any of the trade papers?

A. No, I didn't.

Q. You mentioned Hiram's consolidated with Lucky. Was that the means by which Lucky entered this market area?

A. I think they had some other stores besides that.

Q. Do you know if they did?

A. I know they had one in the Downey area.

Q. Did they?

A. Yes, they did, or the Norwalk area. I don't know which one you would call it. It is right on the borderline.

Q. You said there were rumors in the industry that Fox and McDaniel's were having trouble paying their bills before they went into bankruptcy. Did you hear any such rumors concerning Shopping Bag?

A. No.

Q. You say that when you think of mergers you think of companies that might be in distress and you mentioned [fol. 547] All American. Do you recall that?

A. Yes.

Q. Is All American generally regarded in the industry as being in distress right now?

A. Well, that is the talk among the wholesalers.

Q. How long has that situation existed?

A. Oh, for the last couple of years, since Blayne Hutchinson passed away.

Q. You said that you would expect someone to merge with them. Who would you expect to merge with them?

A. Well, it wouldn't surprise me if Food Giant merged with them.

Q. Is that speculation on your part?

A. In some sense it is. And in another sense I have a friend who deals in the stock market and he was told to hang onto All American stock that he had because there was a possibility that it would belong to Food Giant before long.

Q. It was based on that hearsay plus speculation?

A. That's right.

Q. You were referred to this Exhibit 1. Will you look at it again?

A. Yes.

Q. Can you tell us whether the top 20 indicated there are the same top 20 as are listed in 1960?

A. No, I couldn't.

[fol. 548] Q. Could you do it for the top 15?

A. Not according to this survey I couldn't.

Q. How about your own knowledge, based on your study of the industry?

A. I would say that with the exceptions of maybe two that are no more in business it would be the same.

Q. That is that the top ten in 1950 were the exact same concerns with the top ten in 1960?

A. That I don't know. This survey doesn't have a top ten.

Q. I am asking about your knowledge based on your study of the industry.

A. That, I don't know.

Q. But if I asked you about the top eight would your answer be the same?

A. I don't know that they haven't changed from '50 to '60.

Q. How often do you get deliveries from Certified?

A. Twice a week.

Q. And it has two warehouses, has it not?

A. No.

Q. One in the San Fernando Valley and one out on Eastern Avenue?

A. Yes. But we don't get any deliveries out of San Fernando.

[fol. 549] Q. It serves a large number of stores from those warehouses, does it not?

A. Right.

Q. All stores of retailers who own an interest in Certified; is that correct?

A. If they can buy a case or better. If they can't purchase a case of any one thing they can't buy it out of Certified.

Q. You were asked about some changes that have occurred in the industry in recent years. Can you think of any others? How about discount houses?

A. The last three years they have come very much into effect.

Q. Have you read predictions in various of the trade papers that eventually they will put supermarkets out of business?

A. Well, that I don't believe.

Q. Have you read that in various trades?

A. I have read some newspaper talk on that but I don't believe it.

Q. There has been an advent of bantam stores, like Speedee Mart in recent years, hasn't there?

A. Yes, there has.

Q. Has this changed the competitive picture?

A. No.

[fol. 550] Q. They have a certain share of the market?

A. They have a very small share, yes.

Q. And the discount houses?

A. I would say they have quite an increase over what they would have had five years ago.

Q. You testified your financial rating was $200,000 in 1951. Do you recall that?

A. Approximately, yes.

Q. What is your financial rating now?

A. My own, you mean?

Q. The comparable figure.

A. I would say maybe $250,000, $300,000 maybe. I don't know. I haven't checked it lately.

Q. If you added in your interest in the Trona operations would it increase it?

A. Not right now it wouldn't.

Q. Do you expect it to?

A. If we eventually get it paid for it would, yes.

Q. You testified that Mr. Seabring gave up the lease because he had made his money and felt it was time to get out. Do you recall that?

A. Yes, I do.

Q. Had he made his money in operating this grocery store?

A. He had.

[fol. 551] Q. You testified that two independents, I gather you mean single store operators, had gone out of business in the Downey area.

A. Right.

Q. Will you name them?

A. Well, it was the Downey Drive-In Market, and there is one down next to Kenny Craun, and I think it was called the Liberty Market. They both went broke.

Q. Has anyone else opened up?

A. There is a restaurant where the drive-in was. I don't know what is in the building next to Kenny Craun.

Q. Incidentally, when was this that they went out of business?

A. In the last three years.

Q. Have you seen any new single store operators come in the business in Downey in this time?

A. Well, this Speedee Mart you are talking about came in since then.

Q. Just the one Speedee Mart?

A. I think there is one in South Downey but I am not sure of that. But the one I have reference to is in the old Downey business section.

Q. Any others?

A. None that I know of.

Q. Any discount houses?

[fol. 552] A. There are some in South Downey, there is none in North Downey.

Q. These discount houses have food departments, do they not?

A. Yes.

Mr. Alsup: Mr. Bates has a question.

By Mr. Bates:

Q. Mr. Fairbank, you have testified that on the basis of your observation and continued study you have noticed that the number of independent grocers has declined. Then in response to a question by Mr. Coyle you say that you observed a couple of independents out of business in the Downey area, that you formed no conclusions as to other areas. It is true, isn't it, that you formed no opinion or made no observations as to Orange County, as to that decline?

A. Well, I don't think there has been any decline in the volume of food business in Orange County.

Q. My question was: You made no observation as far as Orange County is concerned? You confined your observations to the Downey area, didn't you?

A. Do you have reference to an increase in food markets or the growth of the area?

Q. The decline in the number of independent markets, Mr. Fairbank.

A. No, I haven't made any observation of any of the [fol. 553] towns in Orange County.

Q. On single store operators?

A. Right.

Q. I will read Paragraph 3 in your statement that you gave the government. You say, "On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since he has been in the grocery business the number of single store grocery retailers operating in the area declined." That is not true, then, is it? You have made no observation in the metropolitan area but just the Downey area.

A. That is not exactly what I meant when I made this statement. According to surveys there has been a decline in single store operations all over the metropolitan area.

Q. Can you define the metropolitan area for us?

A. I wouldn't consider Orange County part of the Los Angeles metropolitan area. I would say Los Angeles, the beach towns. Isn't that what is commonly called the metropolitan area?

Q. I am asking you, Mr. Fairbank.

A. That would be my opinion of the metropolitan area.

Q. But as far as your observations are concerned then it is true that the only decline you noticed was the couple of stores in the Downey area?

[fol. 554] A. You mean that I could name the two stores?

Q. Yes.

A. That is the only two that I can name specifically.

Q. Mr. Fairbank, you said that you made an effort to get in other shopping centers, in response to a question by Mr. Alsup, who asked where you made this effort and you forgot the name of the friend. Have you remembered the name of that friend yet?

A. No. But I will get it for you if you like.

Q. Can you name any other efforts that you made to get into any other shopping centers?

A. No.

Q. This one instance where you made an effort through your friend was the only effort that you ever made to get in?

A. Well, I have made some inquiries, if that is what you mean. I tried to get in across the street on the location that Von's was in when Milano had it. But I couldn't finance the building that he wanted on there.

Q. We are talking about shopping centers. There was no shopping center in that area, was there?

A. There was nothing in that area when I went there.

Q. Let us confine the matter to the shopping centers for the moment and I will ask you again. Aside from this one instance——

[fol. 555] A. That is the only shopping center that I have ever tried to get in.

Q. Mr. Fairbank, when Mr. Coyle was examining you you stated that before looking at the chart, which has been designated as Fairbank Exhibit 1, you had formed the conclusion that the top 20 markets in the metropolitan area had increased their market share.

Mr. Coyle: Excuse me. I don't think that is exactly what he testified.

Mr. Vaughan: That is exactly what he testified to.

Mr. Coyle: He testified in terms of Paragraph 8 of this statement. I think you should read Paragraph 8.

Mr. Bates: Q. Let me ask you the direct question, Mr. Fairbank. Did you testify that you had formed a conclusion that the top 20 had increased their market share before you ever saw the chart marked Fairbank Exhibit 1?

A. Are you asking me if they have increased their volume-wise percentage?

Q. No. I will restate the question again. In response to a question by Mr. Coyle did you tell him that you had formed a conclusion before looking at the chart that the top 20 markets in the metropolitan area had increased their market share?

A. Yes, I had.

Q. And you also said that you formed a conclusion before [fol. 556] seeing the chart as to the top 15 markets having increased their market share; is that true?

A. I don't think so.

Q. What is the basis of your conclusion, which you formed before seeing the chart, that the top 20 markets had increased their market share in the metropolitan area?

A. The growth and the increase of the stores they have.

Q. Can you identify these top 20 as to whom you formed this conclusion?

A. You mean individually?

Q. Yes. Name them off.

A. No, I don't think I can. I could go through the 20

that I think are the leading 20 operators in Southern California. I don't know whether it would be 1, 2, 3, 4, in that order, or anything.

Q. Before looking at the chart if you formed a conclusion you must have known whom the conclusion applied to, if it was the top 20, didn't you?

A. I don't know that it was exactly—Maybe we used the word "top 20." But I don't like the idea that you say it is either top 20, top 14 or top 12. I don't know whether 11 is ahead of 12 or 12 is ahead of 11.

Q. This is the statement that you used and the phraseology that you used in this signed statement here.

[fol. 557] A. Which paragraph are you referring to?

Q. I will refer to Paragraph 8, in which you say, "The market share of the 15 largest chains increased from 38.4 per cent to 50 per cent."

Mr. Coyle: Mr. Bates, why don't you read the sentence to him. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area he is in agreement with the picture presented in the defendants' exhibit. He is talking about a picture that he sees, not that he has made his own study and knows exactly which the top 20 were and which percentage they had.

Mr. Bates: Mr. Coyle, suppose we let Mr. Fairbank testify. You are not testifying here and you are not under oath.

Mr. Coyle: You just read the statement to him and ask him if that is true or not.

The Witness: Actually I don't see in that statement where I made the statement that I had assumed that before I looked at this chart, where I named 20 or 10 or anything.

Mr. Bates: Q. I don't see it in this statement either. But you told Mr. Coyle that, you have just admitted that you formed the conclusion before seeing the statement.

A. On the top 20?

Q. Yes.

[fol. 558] A. I don't think so.

Q. Mr. Coyle asked you what would happen to your business competitively if you were to eliminate the service meat

department. As a matter of fact, you would lose customers if you would eliminate that department, wouldn't you?

A. We feel we would.

Q. And it would cost you more to operate the department, too, wouldn't it, in packaging this meat and in loss from spoilage?

A. That is not so.

Q. What is the truth about it?

A. You can operate a self-service market for about nine and a fraction per cent labor against eleven and a half in—I mean you can operate a self-service market for less than nine, or around there, where it costs you about eleven to operate a service market.

Q. Could you make more profit if you would institute a self-service department in your store?

A. If we could create more volume we would.

Q. As a matter of fact, you don't have any intention of eliminating the service department, do you?

A. Well, we have talked about it, both pro and con, but we wouldn't want to do it a hundred per cent because we feel we would lose some of the customers we've got.

Q. Then you feel it is more in your interest to operate [fol. 559] it as a service department than it would be as a self-service department?

A. If we can hold the customers we now have, it is.

Mr. Bates: That is all.

Mr. Coyle: I have a couple of questions.

Recross-examination.

By Mr. Coyle:

Q. You referred to a Speedee Mart market that had been opened in your area. How many square feet does the Speedee Mart market have?

A. I really don't know. I would say not to exceed 5,000 square feet, but I am only guessing.

Q. How much volume of business would a Speedee Mart be able to do in that square footage?

Mr. Alsup: I object to the question. There is no foundation laid.

Mr. Coyle: Q. Would you have any basis for knowing how much?

A. No, I wouldn't. I think it's a two-person operation so I don't think it did much volume. But I wouldn't have any way of telling.

Mr. Coyle: No further questions.

Redirect examination.

By Mr. Alsup:

Q. And you don't know, I gather, Mr. Fairbank, what [fol. 560] volume this Liberty Market was doing that you mentioned?

A. No, I don't.

Q. Or the other single store operator that went out of business?

A. Very little, I can tell you that.

Q. Or did you know the size of those two stores?

A. I would say they were around between six and eight thousand square feet. I am just guessing at that now. I have no basis for that.

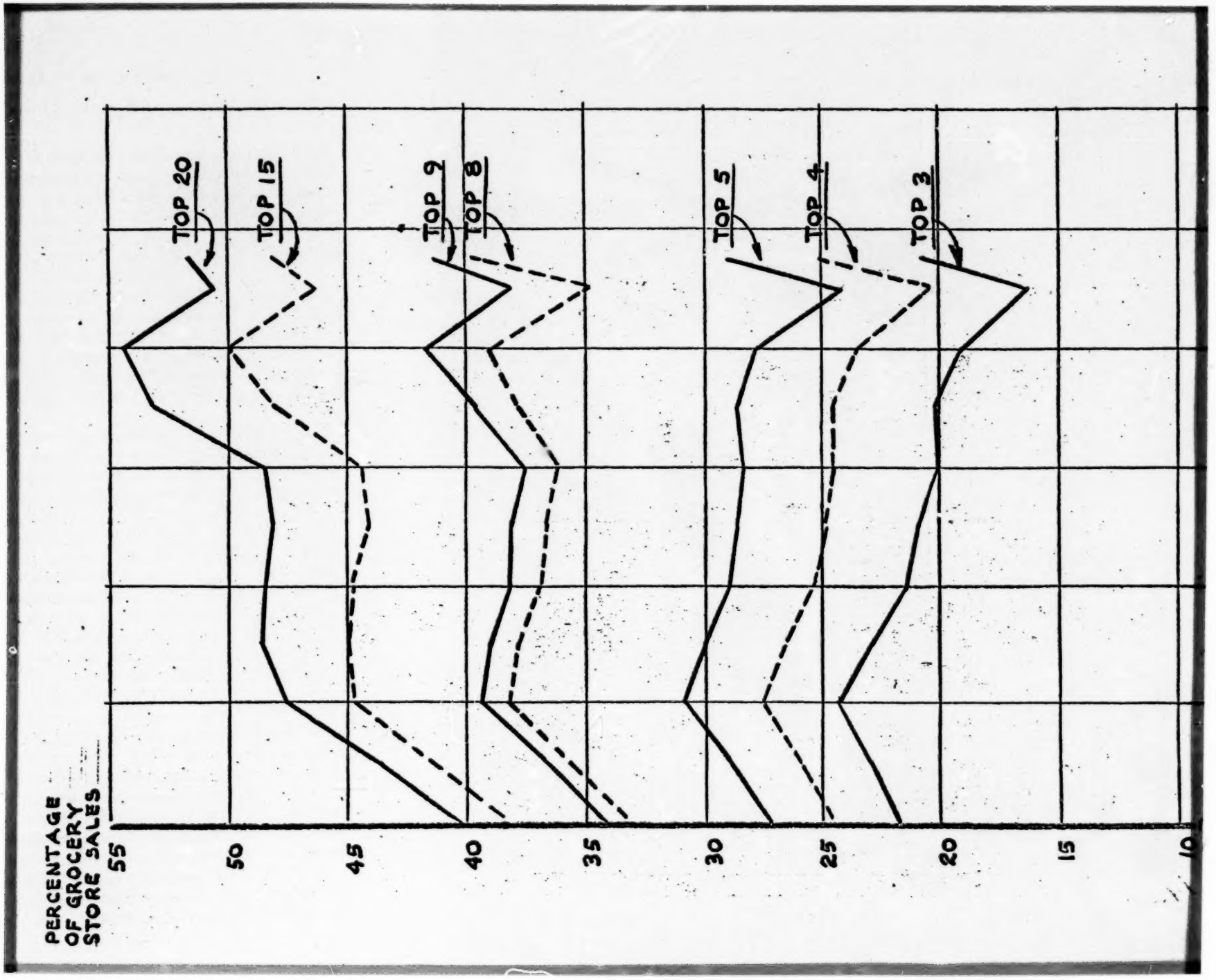
Mr. Alsup: Thank you.

Mr. Coyle: That is all.

Mr. Alsup: May it be stipulated that it can be signed before any notary?

Mr. Coyle: I suppose so. I would like to give him a chance to supply that one name.

(Signed) Don Henry Fairbank.



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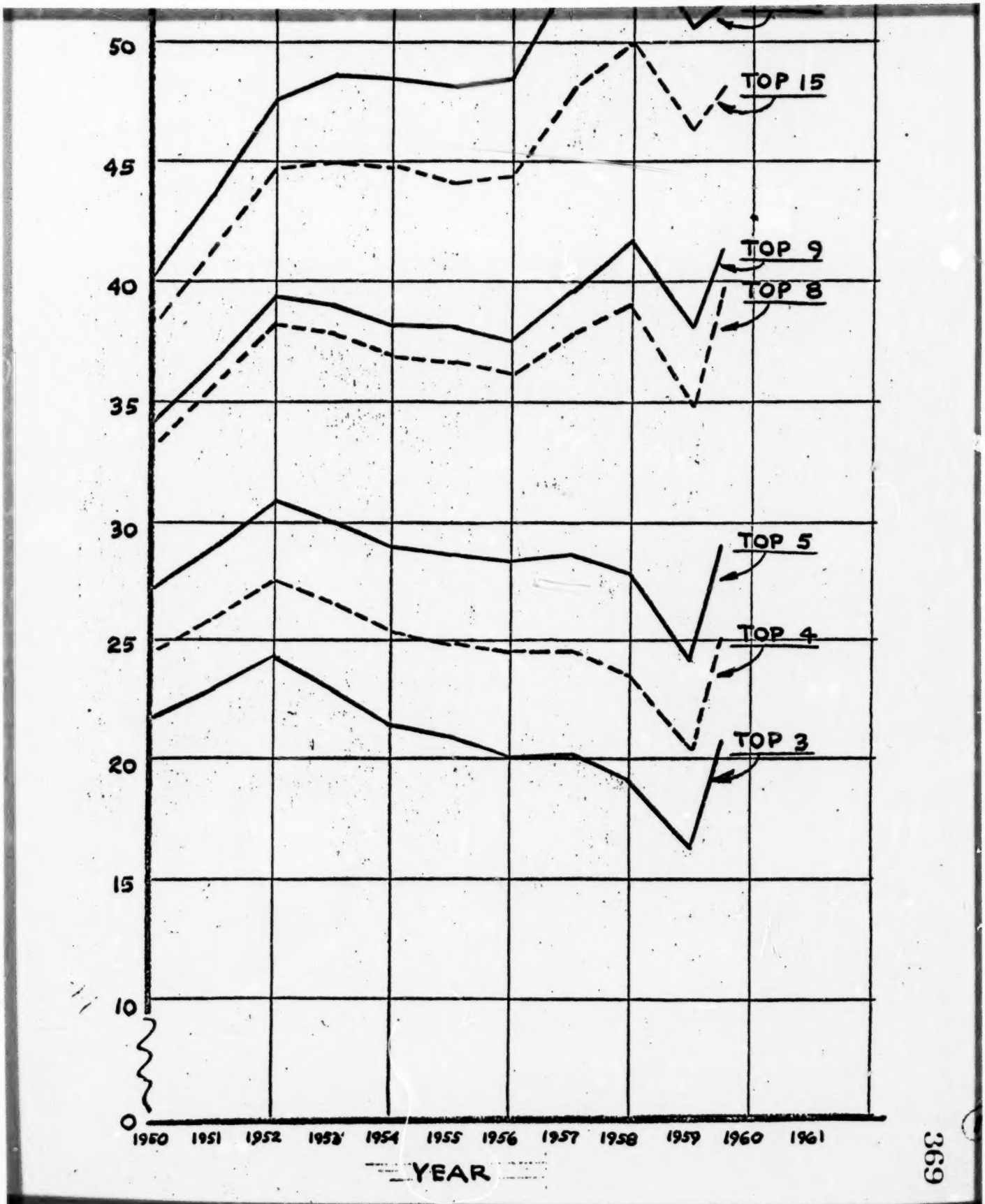
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[fol. 561] TESTIMONY OF JERRY FLEISHMAN

If subpoenaed to testify, Jerry Fleishman would testify as follows:

1. He is the owner of Beverly-Normandie Market, 4213 Beverly Boulevard, Los Angeles, Los Angeles County, California. He has owned this market for about one and one-half years, but he does not own the meat or produce departments. This market had sales of about $125,000 for the six-month period during which it was operated in 1961, and sales of about $265,000 in the year 1962.

2. He was employed as a clerk by Shoppers Market from 1946 until 1954. He managed an independent Food Fair Market from 1954 until 1956 when the owner went bankrupt. In May, 1956, he bought a grocery market located at 3271 West Pico Boulevard in Los Angeles. He continues to operate the West Pico Market and it had 1961 sales of about $225,000.

3. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, Mr. Fleishman closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the Key Services and follows the prices of all the major chains appearing in these booklets. In keeping [fol. 562] abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age" and the "Progressive Grocer."

4. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing

size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result, fewer grocery stores are needed in the area to serve a comparable number of people.

6. He would testify that a single store operator cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A [fol. 563] financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

7. He would agree with Mr. Claude W. Edwards, president of Alpha Beta Acme Markets, Inc., a Von's industry witness, that it is far preferable to build your own grocery store from the ground up than it is to buy one already operating. However, he would testify that the cost of building and financing a new store is prohibitive, and to build one the size of the average large chain supermarket today would be impossible for an independent retailer with limited financial resources. With very few exceptions, only the large chains can build such stores today, and a single store operator generally gets started by buying an existing store.

8. The large chains have as much flexibility in buying supplies, in advertising and in pricing as do the single store operators. Almost every large chain belongs to Certified Cooperative and also buys direct. Therefore, they have every advantage of an independent and in addition they have their own direct buying organization. The large chains can and do advertise in local papers and in metro-[fol. 564] politan papers, changing their advertisements and prices on short notice. An independent cannot be more flexible in advertising than this. As for flexibility in pricing items, he would state that if he does not meet the advertised prices of the chain store, he will not sell his groceries.

9. He would also state that in an effort to compete with the chains some single store operators must give credit, delivery services and other personal attention. However,

giving credit is not within the ability of the average independent since the independent cannot get credit from his suppliers to cover his purchases and the extension of credit requires a great deal more capital than the average independent has at his disposal. Further, the cost of maintaining a truck and employing a delivery boy would necessitate higher prices. This might attract some customers but would lose others and the relative merits of such advantages are marginal.

10. The witness would testify that single store operators and small chains do not have their own highly own developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and [fol. 565] deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

11. He would also testify that he purchases from Certified Cooperative and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major perishable products as fresh dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution system. Thus, they have combined the advantages of the cooperative with direct purchasing and a high developed distribution system.

12. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the picture presented in defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per [fol. 566] cent; and the market share of the 20 largest

chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

13. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

14. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

15. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March, 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the [fol. 567] search for new locations is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's-Shopping Bag."

16. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

17. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

18. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and

in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will [fol. 568] have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 569] Deposition of JERRY FLEISHMAN, taken on behalf of defendants, at 433 South Spring Street, Los Angeles, California, commencing at 2:00 P.M., Wednesday, April 17, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.

JERRY FLEISHMAN, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Alsup:

Q. Will you state your name and address.

A. Jerry Fleishman, 438 South Highland, Los Angeles, California.

Q. That is your residence address?

A. Residence.

Q. Would you state your business address.

A. 4213 Beverly Boulevard.

Q. You have another business?

A. I have other businesses but not in the grocery business.

Q. Don't you have a grocery business on Pico and Wilton, 3271 West Pico?

A. No, I sold out.

[fol. 570] Q. When was this?

A. October 1, 1961.

Q. Do you have any interest in the property at Pico and Wilton?

A. Yes, sir. I own the property.

Q. You own the store there?

A. I own the store. Not the store, I own the property.

Q. Do you own the store building?

A. I own the building, yes.

Q. You lease it to some other operator?

A. Lease it to an operator.

Q. Who is that?

A. Jacobwitz, and I don't remember the other name. In fact it is in escrow now, they sold out. They already sold out. It is in escrow as of a couple of days ago.

Q. Do you own that automatic laundry?

A. I did own it. I don't own it now. I have a mortgage on it. I did own it at one time but I had to give it up.

Q. We have been furnished a statement by the government attorneys entitled "Testimony of Jerry Fleishman," Mr. Fleishman. Do you have a copy of that with you?

A. No, no. Maybe I do. I didn't even look. I am so busy I didn't even look what's in there.

Whatever I say it's—I don't know. Do you want to look [fol. 571] at it? I don't remember what is in it.

Q. I want you to keep it in front of you and I want to ask you some questions about it.

A. If you find it I will keep it. I didn't even look at it.

Mr. Coyle: Here is a copy of it.

Mr. Alsup: Q. You read that statement before you signed it on February 5, 1963?

A. Yes, I did.

Q. Have you read it since?

A. No, I don't remember reading it again.

Q. So far as you know——

A. Whatever I said here, if I read it, I will tell you. There are a few things in here that I went through it. Let me read it slow and then I could tell you.

Q. Why don't you read it off the record.

A. Read it all slowly.

Q. Read it to yourself and then you can tell us what corrections, if any, you want to make in it.

A. Okay.

Well, I own the meat now.

Q. That is in your Beverly——

A. Normandie market. At that time I didn't. I was not employed as a clerk at Shoppers Market. I was a supervisor

for Shoppers Markets. I did not manage the Food Fair [fol. 572] Market, I was the manager of the delicatessen at the Food Fair Market. But I did not manage the whole market.

I did not subscribe to the Key Service, I subscribe to the Black & White Book, whatever you call it. I don't know what the Key Service is. Which is the same thing, probably, as the Key Service. I don't know.

Q. How about that Super Market Merchandising, is that Super Market News?

A. I read all that. In fact I should have brought one with me. The last one I think was the Progressive Grocer, was it, and it gives you the tables about all the stores that close up all during that time. I think it was the last one. But I was so busy I didn't have time to bring it. But there is in the last Progressive Grocer, if you read it, it gives you the whole picture about it. But that is national, isn't it? Progressive Grocer is national?

Q. I am referring to this Super Market Merchandising in your Paragraph 3 there. Do you really mean Super Market News?

A. Paragraph 3?

Q. At the bottom of Paragraph 3.

A. The bottom of Paragraph 3 it says Super Market Merchandising?

Q. Yes.

A. What is Super Market Merchandising? I don't know. [fol. 573] I read the Progressive Grocer, the Chain Store Age and the Commercial Bulletin. To me Commercial Bulletin—when I said Commercial Bulletin I meant about bad checks. That is Commercial Service on Hollywood Boulevard.

Now, can we stop here at No. 5—I mean up to No. 5 and I want to say something.

When I say, it is lessening and lessening, small stores and all that, I just happened to be Friday night, I was invited out for dinner Friday night——

Q. Mr. Fleishman, I think it would be much better if you would read this and tell us of any technical corrections——

A. I was going to stop there and comment on this.

Q. I would like to put the questions to you and have you respond to the questions.

A. Okay.

Mr. Coyle: I suggest it might be better if you start questioning him now.

The Witness: While it is fresh in my memory. And I would say something about lessening and lessening of the small stores.

Mr. Alsup: Q. Are you ready——

A. I want to say something, but if you want to ask me questions, go ahead.

Q. I want to ask questions. How long have you been in the grocery business, Mr. Fleishman?

[fol. 574] A. You mean altogether?

Q. Yes.

A. I have never been in any other business except the grocery business.

Q. How old are you?

A. I am 54 and I have never done anything else except groceries.

Q. When did you start in the grocery business?

A. Oh, I started probably when I was—food business. Let's say food. Grocery is food. I started in the food business when I was probably seven or eight years old, or nine years old.

Q. Where?

A. In the Soviet Union. I sold salami, bologna, raw pork, bread and all of that in the Soviet Union.

Q. When did you start in the grocery business in the United States?

A. 1929.

Q. In what area?

A. 4710 Church Avenue in Brooklyn.

Q. When did you come to California?

A. In 1941, December 1941.

Q. Did you go to work in the grocery business?

A. Yes. I went to work for Roberts Market on Crenshaw and Jefferson.

[fol. 575] Q. Did you work for them until you went into the Military Service?

A. I worked for them until I went into the Military Service, right. In fact I worked for Better Foods for about three

weeks while I have a leave. You know, you have three weeks leave, I went to work for Better Foods.

Q. Then after you were released from the Army—Was it the Army?

A. Yes, the Army, yes.

Q. Where did you go to work?

A. I went to work back for Roberts Market.

Q. How long did you stay with Roberts Market?

A. I stayed at Roberts Market after that about a year.

Q. And then where did you go to work?

A. Then I went to work for Shoppers.

Q. In what capacity?

A. I went to work for Shoppers as a manager of the delicatessen.

Q. What year was that?

A. On East 1st and Boyle. I think it was in 1947.

Q. That was the Shoppers Market out in Brooklyn Heights?

A. On East 1st and Boyle, 1819 East 1st.

Q. How many stores were there in the Shoppers Market at that time?

[fol. 576] A. No stores at all, just the one, only one.

Q. How long did you stay with Shoppers Market?

A. I stayed with Shoppers until 19—Let me see. I have to remember now. I had a '53 car, 1954. Around about March 1954.

Q. By the time that you left Shoppers in '54——

A. I did not leave Shoppers, they let me go. I said the truth. I got to tell the truth.

Q. When Shoppers let you go in 1954 you had risen to the position of supervisor; is that correct?

A. I was supervisor of the delicatessen.

Q. What was your annual compensation?

A. In fact I was supervisor of the delicatessen, but I was supervisor of every operation supervisors had, including sweeping the floor.

Q. What was your annual compensation?

A. At that time, I think with the bonus that I got, and everything else, it was probably around 14-15 thousand a year.

Q. Paragraph 1 of this statement says that you are the owner of the Beverly-Normandie Market.

A. Yes.

Q. And that you have owned it for one and a half years.

A. Yes.

Q. Do you own the property?

[fol. 577] A. No.

Q. You lease the store?

A. I lease the property, yes.

Q. When did you lease it?

A. I think it is exactly about two years ago yesterday or today. I don't remember. It was about this time of the year in April. I don't remember exactly but it is exactly two years.

Q. Who had operated this store before you leased it?

A. A fellow named Kaplan——

Mr. Smith: Kaplan and Polasky.

Mr. Alsup: I am sorry, Mr. Smith——

The Witness: I couldn't remember the names.

Mr. Smith: I happened to work there, that is why I knew who they were.

(Discussion off the record.)

Mr. Alsup: Q. When you leased this store at Beverly and Normandie in April of 1961, did you do any remodeling or painting?

A. I sure did.

Q. Why did you do that?

A. What is that?

Q. Why?

A. Well, I figured I could do more business that way.

Q. Do you have any knowledge of what the gross sales of [fol. 578] that prior operator was at that store?

A. According to what he told me it was 16,000.

Q. 16,000?

A. Yes. I have never seen any books.

Mr. Hughes: 16,000 what?

Mr. Alsup: Q. Per month?

A. Per month, yes.

Q. What happened to the gross sales after you started operating the store?

A. Well, I went up to 22 and I did as high as 23 a month.

But I got to put something in there. You didn't ask me. But I stayed open until 10:00 in the evening instead of them closing at 7:00.

Q. Do you recall talking to me on June——

A. I sure did.

Q. —June 21——

A. I don't remember it was you. I remember talking to someone.

Q. Do you remember talking to me June 21, 1961?

A. I don't remember if I would see you out in the street.

Q. Do you remember telling me that the prior operator was doing only $8,000 a month?

A. Oh, no, I never said that, no.

Q. Do you recall——

[fol. 579] A. I couldn't say that 8,000. I could not say that 8,000, because for 8,000 I wouldn't pay the man what I paid him for.

Q. I am going to show you a picture, Mr. Fleishman.

Mr. Coyle: You better have it marked if you are going to show it to him.

Mr. Alsup: I would like the picture to be marked Fleishman Exhibit 1.

(The picture referred to was marked by the notary public as Fleishman Exhibit 1 for identification, and is attached hereto.)

The Witness: That is the picture I had in my store.

Mr. Alsup: Q. This was the picture that you had in your store——

A. In Beverly on the window.

Q. —in June of 1961?

A. I suppose it was around then, April, May, June, yes, that's right.

Q. Would you read——

A. Anyway, let me say something else. Where did you get the idea of $8,000? I want to know that.

Q. That is from my notes, Mr. Fleishman.

A. I don't care about your notes, but I never told you 8,000. I would never have the nerve and guts to tell a man sold me an $8,000 store. I wouldn't even buy a $8,000 store.

[fol. 580] Q. Do you recall, Mr. Fleishman, that you told

me that your gross sales in that store in the month of April 1961 were $13,951.26?

A. I sure do. That is definitely so. That is the month I took over and they were operating most of the month of April.

You remember I said that day is just the anniversary. It had to be this month. I don't remember what day. And I told you that I did $14,000 while I was remodeling it. But I never told you that I did $8,000.

Q. I will accept your statement, Mr. Fleishman. Do you recall telling me that you did $17,933.82 in May of 1961?

A. Definitely so, I sure did.

Q. Do you recall telling me that you expected to do $20,000 by August, despite the fact that times were bad?

A. Definitely so. I did that. But I never told you about $8,000.

Q. We have agreed on that, then, Mr. Fleishman. Let us get on with the deposition and we will get through.

A. Okay, that's all right.

Q. Would you read to me what that sign says in the window?

A. Yes. In fact, if you remember: "Under New Management, New Price Policy. Our Shelf Prices Are As Low Or [fol. 581] Lower Than Any Chain Market Because We Are A Member of The Largest Co-op Buying Power In The World." Namely Certified Grocers, which I had on the back on the side here, but you didn't put it in. There is a little sign, somewheres around here. Maybe it wasn't there at that time, but I did have Certified Grocers in the window somewheres there. I don't remember whereabouts it was. This is the sign.

Q. Do you recall when I talked to you in June of 1961 that I came in and said I had seen the sign and asked you if the sign correctly stated your views?

A. At that time, yes. I tried. At that time it did, it sure did.

Q. Paragraph 1 of your statement, which has been furnished to us, states that your market had sales of about $125,000 for the six month period during which it was operated in 1961.

A. Yes.

Q. Actually that was a nine-month period, approximately eight and a half months?

A. Well, April—Let's see. Well, April was almost the end when I walked in. Nine months. Well, I don't remember offhand but I could say it was more than that.

Q. You had sales of $265,000 in the year 1962?

A. Oh, yes, that definitely.

Q. What other stores in the area of your Beverly-Nor-
[fol. 582] mandie Market do you compete with?

A. I gave out competing with any of them. I don't even know that any existed. I am not interested no more.

Q. You are not?

A. No.

Q. Is there a Better Foods Market?

A. There is a Better Foods Market, definitely, yes.

Q. How far away is that?

A. Better Foods is about probably two blocks away, same side of the street.

Q. And that is an eight-store chain?

A. Eight? Well, I wouldn't know. I know it's a chain store but I don't know how many they got.

Q. Is there a Ralphs farther on up the street at Western?

A. There is a Ralphs about ten blocks away, or maybe twelve, at Western—no, on Rosewood and Western, that's right.

Q. Is there a Von's at 3rd and Berendo?

A. Yes, sir, there is a Von's at 3rd and Berendo, which I was never in it.

Q. Pardon?

A. I was never in that store.

Q. Is there a Safeway at the corner of 3rd and Vermont?

A. There is.

[fol. 583] Q. Is there a Ralphs at the corner of 3rd and Vermont?

A. That's right.

Q. Is there a Cooperative Food Store a little bit east?

A. No, there isn't. It's a private owned, it is called Sklar's Market.

Q. What other stores are there in this general area?

A. I don't know. I never went looking for them.

Q. From what area do you draw the bulk of your customers that you serve at this Beverly-Normandie Market?

A. Hard to tell. Well, according to the checks that I take I could say they are in the immediate neighborhood. It is people that come in for fast—you know, to buy fast. Come in a hurry to get it and get out, immediate neighborhood. I don't think we have any customers from three or four blocks away.

Q. Why did you pick a location like this at Beverly and Normandie when it is surrounded by chain stores?

A. Well, I picked the location because I saw it was a lot of traffic on the corner, it was a good—and I looked around, a lot of apartment houses and no garages. And I figured a lot of people that live around the neighborhood don't have no cars, and when they have no cars they are lazy to walk a block or two, so I am in the right neighborhood.

Q. Do you recall——

[fol. 584] A. And then I start opening up until 10:00 o'clock in the evening.

Q. Do you recall on June 21, 1961 suggesting to me that I ask you why you picked this location, which is surrounded by chain stores?

A. Yes. I will tell you what I said. I don't know what you got there but I will tell you what I said.

At that time I thought—At that time I did think that I could sell the people—that I could sell the merchandise just as cheap as the chain stores, which I could, and I still agree on it, that I can sell if they would come in and fill up that basket as they fill up with Ralphs or Safeway or Von's, fill up that basket for $20 or $22. I would even give them a $2—I would give them $2 in cash plus the stamps. I would do it.

But there is no way I can convince them and there is no way I could ever convince them that I sell the same price as the chain stores. I tried and tried and tried and I think all my trying is just thrown out, except the ones that like to come in and get a fast service, or they like to come in because they like me or they like the butcher, otherwise I—There is no way I could compete because the advertising, I can't make it.

Q. Do you recall also saying, "My overhead is a great deal less than that of the chains"?

[fol. 585] A. Definitely so. It is today too.

Q. I think you mentioned in that connection that the

chains have to have supervisors and accounting assistance——

A. Exactly, right.

Q. —and chain store managers don't watch the light bills.

A. That's right. And they have conventions and all that. I know it.

Q. And there are many other reasons you said why their overhead is greater than yours.

A. Their overhead is greater than mine, right.

Q. Did you also——

A. The overhead is greater than mine in the operating of the store. But let's put the discounts—let's get the discounts. When Sunshine brought me in a check just now, I didn't even look at it, for $5, I wonder how big the check was to the chain stores, what percentage they got. I don't know. He just brought it in when I left, when I was walking out. But I don't know how big the discount is to the chain stores. I know that the chain stores are getting five per cent from bread discounts. We little guys used to get it but they took it away. We don't get it no more. They gave it to us for a while and then they took it away.

So my operating cost, what I mean my clerks are cheaper, my rent probably is cheaper—my rent is probably cheaper—[fol. 586] and I probably put the lights out ten times a day to save the lights, which the manager in Von's or Ralphs wouldn't do it. But the discounts I know I don't get them.

Q. You also recall telling me that you can take care of your customers better, you get to know them by name and they get to like you?

A. That is exactly what I mentioned before. You asked me how do I do business and I told you the reason why.

Q. I think you mentioned that the chain managers, being employees, are less interested in their customers and are frequently changed around and they don't have the opportunity to give the customer the personal touch.

A. I didn't say about change around. I never said the words that the managers are being changed around. I never said that. But I said they are less interested than I am. But I never said anything about managers being changed around because I don't know how you change them around in the chain stores. I never mentioned that.

Q. Did you also tell me that many people get tired of waiting in a long check-out line at the supermarkets?

A. That is why they come in to me.

Q. And prefer to shop in a small store like yours?

A. Exactly. A lot of them come in for small items. I will bet you that I don't have ten orders a week compared to any one of the chain stores. I don't have them. I get small [fol. 587] items, yes. When they come in 5:00 o'clock, 6:00 o'clock, come off from work, bottle milk, loaf of bread, a bottle of whiskey, a bottle of beer and all that. When it comes to the big basket of groceries—In fact, let me put that in too. That my business on Friday is worse than on Tuesday. I do more business on Tuesday than on Friday.

Q. Then we should have you in on Friday.

A. I am just saying my business is better on Tuesday than it is on Friday. My business was better in a week without a holiday than with a holiday, because before Easter they go to the big chains to fill up. Short items they come to me because they want to get out in a hurry.

Q. Do you recall telling me, Mr. Fleishman, when I talked to you on June 21, 1961, where you thought the ideal location for you would be if it were physically possible for you to be there?

A. Between five chain stores and I should be in the middle and have fast checking out. But how am I going to get in there, where am I going to get the land to get in down there?

Q. I think you mentioned that your ideal location would be right between Ralphs and Safeway on 3rd and Vermont.

A. Exactly. But how are you going to get in? It would be nice.

Q. How is it physically possible? There is a street there. [fol. 588] A. If Ralphs or Safeway would give me a corner of their property I will rent it. That's right. But it is physically impossible, you know that. I am just talking.

Q. Didn't you tell me that many people who would come to shop at either Ralphs or Safeway would get discouraged with a long check-out line and would become regular patrons of yours if you had a store right next door?

A. I didn't get you.

Mr. Alsup: Would you read it to him, please.

(The reporter read the pending question.)

The Witness: Oh, no. They still going to go there because they think they are getting a bargain. I did not say that. I tried it with that sign, I tried to see for myself at that time if it is going to work or not. But I don't care, I show them the book and I could show them it is the same price. You can't convince them. It is impossible.

Mr. Alsup: Q. Do you recall showing me on that occasion, Mr. Fleishman, an article from Super Market News that you had clipped out which was a survey of women shoppers which indicated they preferred to shop, that is a majority preferred to shop in small stores like yours?

A. I showed it to you and I believed in it at that time too. But I find out what they meant. They like to shop in the small store for the small items but not for big orders. [fol. 589] That's true.

Q. I think you said that you were discharged by Shoppers Market.

A. Definitely so.

Q. I believe you told me when I talked to you in June of 1961 that you could not get along with Mr.——

A. Getch.

Q. And Mr. Getch was Charley Futterman's partner then; isn't that right?

A. That's right. Mr. Getch is dead now.

Q. And Mr. Getch fired you——

A. That's right.

Q. And in this period from 19—When was it, '46 or '48?

A. No. You mean from the period when I was discharged?

Q. You were discharged, you said, in '54.

A. '54, yes. '47 to '54.

Q. Had Shoppers Market grown?

A. When I left they had four stores.

Q. Do you recall telling me that the growth of Shoppers Market from one little store out in Brooklyn Heights to——

A. It wasn't a little store, it was a big store.

Q. —to four stores was principally due to your hard work?

[fol. 590] A. Well, that is my opinion. You ask Futter-

man and he will probably tell you no. But I believe in it. Nobody wants to admit that.

Q. I think in Paragraph 2 you said that you didn't really manage the Food Fair Market in '54 to '56.

A. I did not.

Q. You managed the delicatessen only?

A. Delicatessen, yes.

Q. In this period from '54 to '56 did you also work for the Food Harvest Market?

A. They call it Food Fair. They had one market called Food Fair. Another one called Food Harvest. But it was the same people owned it.

Q. You also worked for the Thrift Town Liquor Stores?

A. No, I did not. I owned that. I owned that for a couple of months. Two months I think. A very short time.

Q. Did you work for Peter Pan Markets?

A. Six months.

Q. What was your compensation?

A. Where, Peter Pan?

Q. Yes.

A. I think it was about $100 a week. Whatever union wages were for five days at that time. I don't remember exactly.

Q. Did you make an effort to get a job as a supervisor [fol. 591] with some other chain after you had been discharged by Shoppers?

A. I sure did.

Q. Do you recall telling me in June of 1961 that no chain would employ you——

A. Would hire me.

Q. —because they couldn't afford to pay you the supervisor——

A. Not they couldn't afford it. They could afford it but they wouldn't want to start me over $15,000.

Q. Over someone who had been there longer?

A. That's right. People had been there longer.

Q. You indicated to me that you would have gone to work for less but they were afraid that you would be a dissatisfied employee having come down from $15,000 to $6,000?

A. That is exactly right, definitely so.

Q. Then Paragraph 2 states that in May '56 you bought a grocery market. That is the one at Pico and Wilton.

A. Yes.

Q. And it had sales in 1961 of $225,000?

A. Yes.

Q. At that time you just acquired the lease on that store, did you not?

A. May 19—did have 225.

[fol. 592] Q. In 1961.

A. When I sold it.

Q. Yes.

A. Yes.

Q. You didn't buy the store or the property at that time, you just got a lease?

A. No, I just bought the store.

Q. You got a lease on the store?

A. I had a lease that time, that's right.

Q. How much did you invest when you got this market?

A. Well, let me see if I can remember. I am not sure it was eleven or ten five, that was for the liquor license and the good will and the fixtures, whatever was there, and I probably had some merchandise there. Probably about—It probably was about 22-23 thousand, somewhere around there. It is very hard to remember but I think it was around that.

Q. What was the source of your funds?

A. Where did I get the money from?

Q. Yes.

A. I had a duplex which was almost free and clear and I got a mortgage on that and I had some money that I sold that liquor store, and I made $3,000, or about $2500 profit on that. And that's how I got it.

Q. Do you recall telling me in June——

A. Oh, yes, I went to the bank. I borrowed from the [fol. 593] Bank of America on Adams and La Brea. I borrowed some money there, but I can't remember offhand exactly.

Q. Do you recall telling me that you borrowed from friends also?

A. Never borrowed from friends money in my life. They wouldn't give me. Now, if you will take it off the record I will tell you a good one. Take it off the record while you have a little time off.

(A short recess was taken.)

Mr. Alsup: Q. What was your net worth in 1956 when you acquired this lease on the Pico and Wilton store?

A. I will tell you the truth, it is very hard to tell you offhand. If I knew you were going to ask me these questions I would have been prepared. But it is very hard to say.

Q. Can you give us a rough estimate?

A. What do you figure, furniture, cars and everything else?

Q. Yes.

A. Is that what you figure net worth?

Q. Yes.

A. I don't know. Probably would be, I don't know, bonds and everything else, I don't know, thirty-five or maybe forty. In fact Charley Futterman told me I was a rich man. He said, "What are you worrying about, you are [fols. 594-595] a rich man."

Q. That was in 1956 he told you that when you were worth about thirty-five or forty thousand?

A. I couldn't tell you. I don't know exactly.

Q. What do you figure your net worth is now?

A. By now it should be about 100—everything probably about 140, 150.

Q. Is the principal source of this increase your profits from your grocery business?

A. Well, no. I had some from—what do you call—real estate. I start mingling—Soon I had a little money I started buying some real estate.

Q. That was after 1956 when you started——

A. Oh, yes, it was after 1956.

Q. —you started making profit in your grocery business and used it for real estate?

A. That's right.

Q. Your markets have been profitable in each of the years since 1956, have they not?

A. Always.

(Discussion off the record.)

Mr. Alsup: Q. Mr. Fleishman, what gross business was this Pico Store doing when you took it over in May of 1956?

A. About $8,000, $8,500 a month.

Q. Do you recall telling me in June of 19——

[fol. 596] A. Excuse me for interrupting. But the man was closed on Sundays, the man closed every night at 6:00 o'clock. And the only reason why I did it, it took a little blood and sweat, seven days a week, seven nights a week, and I was there with my wife and one man. We took care of the whole deal.

Q. You worked like a lawyer.

A. I didn't work like a lawyer. Lawyers don't work.

Q. But you told me that within two months you doubled the gross; isn't that right?

A. Definitely so, I sure did.

Q. And it continued to increase; isn't that right?

A. That's right. You are right.

Q. As a matter of fact, Mr. Fleishman, do you recall telling me on this time when I talked to you in June of 1961 that you had made more money in the last five years than you had made in your whole life before that and——

A. Working for somebody else.

Q. —and it was the best thing that ever happened to you that you got fired by——

A. Definitely so.

Q. —by Shoppers Market?

A. I sure said that, yes. I wish I would have realized it that day I would have been better off.

Q. Sometime after you acquired this Pico and Wilton

[fol. 597] Store lease in 1956 a large shopping center was built two or three blocks away at Venice and Western, wasn't it?

A. Venice and Western, yes.

Q. We talked about that back in June of 1961, didn't we?

A. Yes.

Q. When was that shopping center built?

A. Well, I don't recall exactly when but I think it was about two or three years after I was already on Pico. I think it was about two or three years. I don't remember exactly.

Q. What stores are located in this large shopping center?

A. There is a lot of them there, but Safeway is the—the one I am interested in, Safeway is there. I don't know of any other store.

Q. Sav-On?

A. Sav-On is there too.

Q. And Newberry's?

A. I think so, yes. Sav-On, Newberry's, Safeway, yes.

Q. Is that a large volume Safeway store?

A. Well, the way I understand it was one of the largest volume stores they have.

Q. Do you recall telling me in June of 1961 that the construction of that Safeway store did not affect the volume [fol. 598] of the business of your Pico store at all?

A. Definitely did not affect, but I remodeled. I enlarged the store at that time.

Q. And it didn't affect your business?

A. After I enlarged the store. I bought the building. My landlord wouldn't do it for me because I wasn't a big man, so I bought the store from him and I enlarged it and it did not affect my business at all.

Q. Do you recall in this conversation we had in June of 1961 discussing that there was plenty of opportunity for the small operator in this area?

A. Which area?

Q. The Los Angeles area.

A. In the city at that time?

Q. In the Los Angeles area.

A. At that time I surely did, I surely did. But since then I am a little bit changed, and I will tell you why. If you will ask me, if you want me to tell you, I will tell you why.

Q. Mr. Fleishman, we had a telephone conversation in October 1962——

Mr. Hughes: I don't believe he finished the answer.

The Witness: No, no. I don't know. He said, "Just answer my questions."

Mr. Alsup: Q. That's right.

[fol. 599] A. You don't want me to say anything else.

I said since then I changed my mind. Since I talked to you I changed my mind about small store operations a lot, not that it affects me. I didn't lose any business yet as of now. I am still doing the business as I did, in fact I do more than 20,000. I remember I told you I would be happy if I do 20,000.

Q. That's right.

A. I did $23,000 last month. But I could see where my

days are counted. That is what I am trying to tell you. And I will tell—Do you want me to tell you? You say, cut it short. And I tell you why my days are counted.

When Better Foods put a shopping center in right next block from me, and across the street they knock down everything and they are building a shopping center across the street, and when Von's is coming in on 3rd Street and Western, or whatever it is, 1st or 3rd, or whatever it is on Western, right around there, and Ralphs ain't going to stay still there too with an old store, they going to remodel theirs, they are going to build a new market completely. Then I could see my days are counted. I will wind up with a 10, probably 12,000 store and then it won't pay me to stay there no more.

Q. Your views have just changed completely since June of 1961 in that respect?

[fol. 600] A. Yes. Well, at that time Food Giant didn't open up on every corner like gasoline stations. Food Giant has stores on every corner just like gas stations and banks.

Q. Do you recall, Mr. Fleishman, I talked to you on the telephone in October of 1962 because you had told me that you were going to be a witness for us in this case——

A. The first time, yes. I am not a witness for you or for anybody. I am just telling you what I know.

Q. That is all we want to find out.

A. I am not a witness for anybody. I don't want to be pinned down that I am a witness for anybody. In fact all this stuff, I don't even know what's all about. The only thing I will tell you what I know.

You asked me if I do any business, my business dropped, it did not. My business increased. I did last month $23,000, that is on record. You can put it down, $23,000. I said I would be happy if I did $20,000. I did 23. But I see my days are counted. Another six months.

And that is what I was trying to tell you. You didn't let me talk. When I was over Sunday night, that is the average opinion of the public, what I am trying to tell you. They say, "Where is your store? Oh, who wants a market. How could you exist, how could you exist?"

I said, "Did your wife ever try to shop in a small store?"

[fol. 601] "She wouldn't walk in even."

I mean how could you sell? I buy from Certified and I do

this. I could talk from today until doomsday, they don't believe it. It's impossible.

The chain stores got it doped in in their heads that everything is given away. You could show them Black Book, you could show them the prices, it doesn't mean anything. The only reason why I do it is by effort. I told you this too, that people could do business if you try. But if you don't have stores around you within a block away, so many. I was doing good. I will probably still do good until Better Foods remodels. I will probably do more. In fact when they demolish the building I will have it all for myself for about seven or eight months or nine months. But what is going to happen after that?

Q. Mr. Fleishman, you recall I talked to you on the telephone in October of 1962 and you said, "Maybe I have changed my mind. I am like a politician. A politician can change his mind, maybe I can too." Do you recall that?

A. Well, I think something similar to that. What I mean by "change my mind," I find out what we are heading for, what is going to happen. I told you again, when I see that Food Giant and Von's and Ralphs building without any customers, they don't even have the customers yet, but they are building for the future already. They are building 20 [fol. 602] years ahead. Where do I come shining in?

Do you know another thing I will tell you I tried two weeks ago, a fellow by the name of Portege called me, and he said, "I have a good spot for you for a market. Do you want it?"

I said, "Okay."

We went down there and it was in a shopping center. In fact he begged me not to say anything to nobody about it because he brought a lemon like me down there. The owner of the property was very, very upset because he brought a little guy from Beverly and Normandie to rent that place from him. So he was very upset. He was murder.

He says, "What kind are you bringing down people?"

He wants big names.

Sure, I will stay there, I am making a good living and everything else. But is there any future for my boy if he wanted to go in the grocery business? Is there any future for him to go in, like Futterman went in 15 or 12 years ago without money? Is there a future for him? Who is going to

lease him? The truth now. Who is going to give me a lease or my boy a lease on a big supermarket today when they could get you, Von's, Ralphs, Safeway, Shopping Bag, Shoppers and all that. How are they going to lease me a market? Let's be honest and sincere. How are they going to lease me a market? What do they need me for.

[fol. 603] Q. Mr. Fleishman, really, we will have to get back to answering the questions or we will never get through.

A. I am just telling you what you want to know.

Q. Do you recall in that telephone conversation you said you changed your mind because Food Giant was building right next door to your friend Larry Frederick's Hollywood Ranch Market?

A. No, I did not. I don't even know who Larry Frederick is. I did not tell you. Now, here is again, I don't know Larry whatever his name, Frederick, who he is.

Q. You don't know the Hollywood Ranch?

A. I know the Hollywood Ranch but I don't know who owns it. I have nothing to do with Larry Frederick or whoever owns it. I knew another fellow down there, he is on the Certified Board, Nate Gilbert that owns the Hollywood —I think Nate Gilbert, I know him. I know him just talking, hello.

Q. The owners of the Hollywood Ranch Market, didn't you see and didn't you read in the Super Market News, that they were glad——

A. I can't read everything. But I don't know who Frederick is.

Q. Listen to the question, please, Mr. Fleishman, and then we will get through.

A. Go ahead.

[fol. 604] Q. They were glad it was a chain that was moving in next to them and not an independent? Do you recall reading that?

A. No, no, I didn't read that. No.

Q. Do you recall, Mr. Fleishman, on June 21, 1961 telling me that you were sure there had not been any decrease in the number of small grocery stores in this area?

A. Do I remember at that time? Yes.

Q. Didn't you tell me that people have been predicting for

20 or 30 years that the small grocery store would soon be extinct but you didn't agree at all?

A. I never did agree on it. At that time, yes. That's right.

Q. Didn't I tell you that the government had given us some statistics, furnished to them by the Board of Equalization, which reported that in the last ten years some 1480 stores had gone out of business?

A. Where?

Q. In the Los Angeles metropolitan area.

A. I wouldn't know what the government has statistics. I am talking the ones I know.

Q. Didn't I mention that to you?

A. I don't remember.

Q. Do you recall telling me——

A. No, I don't recall that. But it could be.

[fol. 605] Q. —telling me that I should check to see if they were true grocery stores or just specialty shops, because you didn't believe the figures?

A. Well, I don't believe stores like mine, you know, in the $20,000 market bracket, if the guy did operate it right would go out of business. Except when Food Giant or anybody came across the street from him. As long as they have been away four or five blocks he could make a living. But as long as they come right across the street there is nobody could exist. It is impossible.

Q. I think you told me that time we ought to check because you would bet that if any stores——

A. I know, between them. But that was two big markets and I figured the overflow.

Q. Listen to my question.

A. I know what you are going to ask.

Q. If I would check and find that the freeway system might have knocked out a few mom and pop stores in the east and the south? Do you recall that?

A. Yes. I still say in a small working class poor neighborhood, a small store would exist because they got to buy daily. They don't buy no big orders. They used to go to the store three, four times a day. And that is what I meant at that time too.

But you come in, 90 per cent of the shopping centers [fol. 606] where people buy Saturday and Sunday and Fri-

day their big orders, that isn't so. But I said that on the east side, yes.

In fact I will tell you the truth, after I did talk to you I went down to the east side to look at it. I haven't been there for a long time. And I found out it isn't so either, the little store is suffering there now because they have too many chains around. I didn't realize that even Shoppers has one there too. I didn't know that Shoppers opened up another one down there on Atlantic Avenue, or somewhere around there. And then I saw so many big chain stores I didn't believe it.

Q. You are a member of Certified Grocers?

A. Yes.

Q. And as such you are a part owner of it?

A. Yes, sir. On paper.

Q. And Certified operates large warehouses, does it not?

A. Definitely so.

Q. And these warehouses are served directly by railroad shippers?

A. Yes, sir. And trucks.

Q. And Certified has a huge transportation fleet of about 340 tractors and trailers, doesn't it?

A. I wouldn't know.

[fol. 607] Q. Does Certified furnish any other advantages to you like insurance ?

A. Up until now. I am going to change that now. I found out that it isn't so. There is another thing you say what I told you last year. I believe that insurance with Certified through Walker-Farmers is the cheapest one you can buy, because I buy it co-op. I find that isn't so. I could change my mind, can't I? When I come back I am going to throw the insurance out and buy my own insurance. I believed in it.

Q. Does Certified have some arrangement for helping its members finance the purchase of new equipment and facilities?

A. I never bought any equipment from them.

Q. Do you know the answer to the question?

A. I don't.

Q. Do they make accounting, advertising or any other services available to their members?

A. Advertising. But I couldn't afford that advertising.

Q. Certified made this sign for you, did it not, that appears in your window?

A. Certified did not make it. That was a sign painter that rented a place from Certified. He works in the basement down there and he makes signs. Certified has nothing to do with these signs.

[fol. 608] Q. Do you recall telling me on June 21, 1961 that the butcher and produce men in your store would testify that by buying in small quantities they can get as good or better meat or produce at the same or better prices than the chains?

A. Did I say that? No.

Q. You did not say that?

A. No. And if I did say that that time I am wrong, because I am in the meat business today and I could tell the difference.

Q. Didn't you tell me there are plenty of bargains available at the packing houses in small quantities——

A. After the market closes.

Q. —that the chains can't handle?

A. After the market closes, definitely so.

Q. Didn't you tell me that a small volume produce operator can be more selective as to quality and doesn't suffer as much from spoilage as the chain buyer?

The Witness: Could you read that? I didn't get that.

(The reporter read the pending question.)

The Witness: Definitely, yes, sir, right.

Mr. Alsup: Q. Didn't you tell me that you were certain that if the bills of the butcher and of the produce men in your market were compared with the bills paid by any chain for produce and meat it would be clear the smaller purchaser was doing just as well, if not better, than the chain on [fol. 609] both price and quality?

A. No.

Q. You did not say that?

A. No. Don't remember. I don't remember at all that.

Q. You don't remember?

A. Don't remember that at all. Because I will tell you the reason why I couldn't say that. Because I happen to know potatoes. I know potatoes and I don't want to men-

tion them. I have a brother that is in the potato market and I know it that the big chains don't even buy potatoes in the market, they buy it direct from the grower. Potatoes going to the chains, very little comes through to the market. It goes direct from the grower right into the chains. So I can't say that. My brother-in-law happens to be in the wholesale potato and onion business at 7th Street.

Q. Maybe this will refresh your recollection, Mr. Fleishman. Do you recall telling me that as proof of the ability of the small meat buyer to compete many butcher shops deliberately try to locate near a large volume store of a chain?

A. I didn't say small ones. There is a lot of meat men employing six-seven men would rather be near a chain store. Not to handle the same quality meat as the chain store. They handle cows and I know one successful operation.

[fol. 610] Q. I think you mentioned the one——

A. The one next to Safeway.

Q. Didn't you mention a butcher shop near Von's in Santa Barbara?

A. No, I did not. I don't even know about it. I don't know where Von's Market—Let me get this one. You are not going to put words in my mouth. I don't even know where Von's Market in Santa Barbara is.

Q. Over on Santa Barbara——

A. In the Crenshaw Village?

Q. In the Crenshaw Village.

A. I don't even know there is a butcher there. I haven't been there for five or ten years. I think I was in that market when it first opened. But I did tell you there is a successful butcher shop right next to Safeway on Venice and Western.

Q. On Venice and Western?

A. I did say that. But not to Von's.

Q. And does a very substantial business.

A. At that time. This was a year and a half ago, two years ago. I haven't been there now. Maybe he is out of there now. But he was doing very, very good.

Q. Maybe he is doing better for all you know.

A. Maybe he is doing better, that's right. But I haven't been there.

[fol. 611] Q. Do you know what has happened to the market share of Safeway, Mr. Fleishman?

A. Market what?

Q. Share of the market, total grocery sales in this area that Safeway has now as compared to what it had ten or twelve years ago.

A. Didn't look at it.

Q. You don't know whether it has increased or decreased?

A. Couldn't tell you.

Q. Do you know what Ralphs share of the market is now as compared to what it was ten years ago?

A. Never paid any attention.

Q. If I ask you the same about Von's what would your answer be?

A. Well, according to the statistics that I see, reading it, I mean they all increased. But how much, what, I never paid any attention. They all increased but I don't know how much. I couldn't say it. Well, the population increased too.

Q. That is you say they increased in volume but you don't know if their market share increased or decreased?

A. I don't know. I didn't look at it. Why ask me that question? You have statistics, look at them. It is wide open, isn't it? It is all corporations, it is wide open.

[fol. 612] Q. You told me, Mr. Fleishman, sometimes you can't rely on statistics and we have to check out the Board of Equalization figures.

A. When they tell you that Von's—They issue stock, it is a stock company. When they tell you Von's did so much and they netted so much, that is the truth, isn't it, or Shoppers, or anyone?

Q. That's right.

A. So why ask me?

Q. You don't know.

A. I am not interested. If I want I will look it up.

Q. In the period that you have been in business in this area, Mr. Fleishman, you have seen a man like Charley Futterman start off with a one store operation in 1948—Was that it?

A. 1946.

Q. —and grow to what size chain now?

A. Don't ask me, I don't know. I never followed him.

Q. You don't follow any of these things?

A. No. Why should I follow them? I know they have quite a few. I wouldn't know. They probably have ten or twelve or fifteen. I never follow them.

Q. And in that same period have you seen Joe Hughes start out?

A. Yes. I mean the only reason—I don't know how many [fol. 613] stores they got. But I just happen to like the guy, so I always say hello to him.

Q. He is Chairman of the Board of Certified?

A. But he is a nice guy, I always says hello to him.

Q. Are you acquainted with Ted Wood of Pantry Markets?

A. Don't even know, never heard the name.

Q. Never heard the name Pantry Markets?

A. Never heard Ted Wood. I heard Pantry. That is little markets, isn't it, Pantry Markets?

Q. No. They are supermarkets.

A. Never heard of them.

Q. Are you acquainted at all with Joe Goodnight who was with Alpha Beta up until about '58 or '59?

A. No, no.

Q. You don't know anything about Michael's Markets?

A. No.

Q. The fact is a number of people whom you know, or have read about in this area, have been able to start out in this period and to grow and have very successful operations.

A. If I make a comment on it about Shoppers——

Mr. Hughes: What period is this?

Mr. Alsup: In the period 1948 to the present time.

The Witness: 1946. Can I make a comment on it?

Mr. Alsup: Q. Surely.

A. You ask me how did Shoppers do, huh? I am going [fol. 614] to tell you something. At East 1st and Boyle was a very good store because they are the only ones, there were no chain stores around here. Because at that time Mr. Von, Mr. Safeway, Mr. Ralphs did not believe to go to any minority neighborhoods. Shoppers was the only one, a decent store in a minority neighborhood.

So, and if you recall, Ralphs was selling the stores out in minority neighborhoods, which they see they made a mistake. Now they want to go back to them, just like Safeway did.

So Mr. Shoppers, who just by sheer luck, the next store was Inglewood, and Inglewood nobody wanted it, nobody

wanted that spot. At that time they threw it at him, he had no money and he figured, "Nobody wants it, I will take a chance on it." It happened to be good. I mean that was the third one. The second one is in Santa Monica. They were in and out, people, until somebody bought the building and said, "Charley, I will remodel it for you, try it." He tried it and it worked out right.

But actually every one of the locations that Mr. Futterman got was turned away by every major chain in the city. Every one of the locations, they were no good. That is how he got it. But he could never got the location that the big boys got. He just lucky he got the location and it was good. [fol. 615] Q. If Ted Wood of Pantry Markets was able to start out in 1954 and build up a ten-store chain, he was just lucky too?

A. I don't know, I don't know. But I said that Shoppers was lucky with the locations because they were turned down by everyone.

Q. You have seen a number of people enter the business like Joe Hughes in the last ten, fifteen years and do well, haven't you?

A. Oh, sure.

Q. Just like yourself.

A. Well, I mean you don't compare me to Joe Hughes. You don't compare me to Hughes Markets.

Q. You have not been as successful as Hughes Markets.

A. You don't compare me with that.

Q. Do you have any idea, Mr. Fleishman, how many chains there are doing business in the Los Angeles metropolitan area?

A. You mean the ones I know? I could call them out and see if I got them all.

Q. Just the number.

A. I don't know. What do you call a chain, three stores?

Q. Two stores or more.

A. Well, I wouldn't know. There is a lot of them got [fol. 616] two stores now. I don't even know where they are.

Q. Do you have any idea how many single store operators there are in Los Angeles and Orange County?

A. No.

Q. Would you say several thousand?

A. I couldn't say anything. I don't know.

Q. You haven't made any study of the industry in that respect?

A. Well, I mean I don't—It don't interest me how many there are. I know how many in the Black Book, the one I follow. I mean the one I follow the prices on I could tell you every one of them.

Q. That is three or four?

A. There is four. In fact there are five now. Food Giant is a main factor too now.

Q. Some of the chains which are in the top eight, nine or ten weren't even in existence back in 1950, were they, like Hughes?

A. I don't know—1950, I think that is when Hughes started, isn't it?

Q. 1952, I think.

A. Well, I don't remember. There is ten chains that were not in 1950? I wouldn't know which one it is. I know most that I know were there in 1950. Were they in 1946? You probably know more than I do. I don't remember. Hughes [fol. 617] I know wasn't there.

Q. And you don't know anything about the Pantry Markets?

A. I never heard of Pantry.

Q. Or Michael's Markets?

A. Never heard of Pantry, never heard of Michael's.

Q. You have seen discount houses enter into this business in the last three years, haven't you?

A. I heard about it. In fact I will tell you the truth, I only saw one, and that was out in North Hollywood, out in the Valley, and I think it was Ben Schwartz' place. I don't know the name.

Q. Is that the big "A"?

A. The Bit "A", that is the only one I saw. I have never seen another one yet.

Q. You have heard that there are quite a few around the area, haven't you?

A. That is the only one I have seen.

Q. In the last three years there has been quite an influx of these bantam stores, like the Speedee Marts, hasn't there?

A. The only one I know is the ones that went broke. You

ask me their names, I don't know their names. They went broke, I know that. And I will tell you I know the people that owned them but I don't remember the name of the [fol. 618] outfit. There is a fellow named Lazarus, Sid Lazarus, and I forget the other guy's name. They went broke.

Q. They were people without prior experience in the grocery business, weren't they?

A. Oh, no. Lazarus was born and raised in the grocery business. He was a manager for Shoppers.

Q. Was this a Speedee Mart?

A. I don't know what he called it. I think it was Speedee Marts. There is one on Hoover and 8th Street, whatever it is, and there is one—I will tell you, there is another one on Sunset and Western, near Western, not far away from Western, on Harvard on the corner. But I don't remember their name.

Q. Your observation of the grocery business, I gather, is pretty well confined to the area where you operate; isn't that so?

A. What do you mean?

Q. Well, you are more concerned with what is happening in your immediate area and not what is happening down in Orange County?

A. I am not even concerned what is happening around me now either. There is nothing I can do about it.

Q. Do you recall telling me on June 21, 1961, that you have a number of friends in the grocery business who operate small stores who are constantly complaining to you [fol. 619] they couldn't compete with the chains successfully?

A. That's right.

Q. Didn't you tell me they are all wealthy men who have made it from operating small grocery stores and still operating profitably?

A. That's right. And own real estate. But you never asked me and I never told you. Did you ever ask me how many days they work a week—seven days a week—how many hours they put in in a day, what time they open, what time they close? Nobody ever gets to their register. They are the only ones that operate it from early in the morning until late at night. And if you figure their hours, $3 an hour, it is the same as the union clerk gets. They could

accumulate a lot of money because they haven't got time to spend it.

Q. Yet you said that is the luckiest thing that ever happened to you.

A. To me, yes.

Q. That you got fired from Shoppers Market.

A. To me, yes.

Q. And you made more money in the prior five years than you had made in your whole life before that?

A. That's right. But I am the same guy. I work day and night for seven days a week. I have never taken a day off. I wanted to show myself that I could do it. I have done it.

[fol. 620] Q. And you have done it?

A. I have done it, right.

Q. You are putting your son through law school, you told me back in June.

A. That's right. I am putting my daughter through college, putting my son, everything. That's right.

Q. Didn't you also tell me that these various friends of yours would be mad at you for testifying as to the ability of the small store operator to compete——

A. No. They would laugh at me what I say.

Q. But nevertheless you believed strongly there was a great opportunity in the grocery business for the conscientious and able operator.

A. And putting in hours.

Well, let me tell you something. Here is the whole deal in a nutshell. I sold a store doing over $20,000, the people were there for a year and a half, they went in October 1st, 1961, that is a year and a half, they had to get out already, they couldn't make it.

Q. They couldn't run it as well as you?

A. They couldn't make it. It is in escrow right now. And I know these two guys wouldn't last for another year. Maybe they will last a year. If they have enough money they will last another year.

Q. In the same period, Mr. Fleishman, you have seen [fol. 621] people start off like Eddie Fox in 1954 and try to build a big chain of stores overnight and go bankrupt, haven't you?

A. That's right.

Q. And you have seen McDaniel's expand very rapidly

and get into financial trouble and go bankrupt, haven't you?

A. Thank God for that.

Q. And the same with Yor-Way?

A. I don't know these people. I knew McDaniel's, that is why I said, "Thank God."

Q. There are failures among the big chains and there are failures among the small chains and single store operators.

A. No comparison, no comparison. You know, let's not fool ourselves. If Food Giant would come in across the street from me I have no chance. I could talk to the customers from today until doomsday, it wouldn't help me no more. I mean let's not fool ourselves.

Q. Yet you felt that the ideal location for you, if it were physically possible——

A. We were just talking.

Q. Wait a minute, Mr. Fleishman. I am asking the questions.

A. I will wait.

Q. You told me the ideal location for you if you could physically get there would be right between the Safeway [fol. 622] and Ralphs at 3rd and Vermont, did you not?

A. We will take the overflow. That is just talking, that is just talking. You know, just talking. You know what I mean. That is not sincerely talking, that is just talking. That is just talking. Anybody would come——

Q. You like to talk, don't you, Mr. Fleishman?

A. Anybody with common sense would know if I get in between Ralphs and Safeway and I will do business. And if you believed it that, as an attorney I don't think you did believe me even that. But I could be three blocks away from them and operate the way I am operating, I could make a living, a nice living too.

Q. You say in Paragraph 16 that you face very vigorous competition from Von's.

A. From Von's? I didn't specify just Von's.

Q. Look at Paragraph 16 of your statement.

A. I didn't say Von's. The only reason I figure Von's, they are coming in on 3rd and Western now. I figure that is just a walk. They don't need a car any more. They don't need a car any more, they can just walk over.

Q. That must be since the President's physical fitness

program, Mr. Fleishman. That would be quite a walk for me.

A. To Western Avenue? This man walks to the bank every day. He walks to the bank every day. And I got a lot of customers that walk to Ralphs. What would it bother [fol. 623] them walking to Von's? It is not any different.

Q. Have you seen any lessening in the vigor of competition?

A. You told me about No. 5; is that right?

Q. No, Paragraph 16.

A. 16? Okay, let me read it.

Well, I will tell you the truth, Paragraph 16, I don't know what he means, there is no intense price wars. I would only say that I anticipate when Von's opens up the market over there then Ralphs will be forced to build a new one too, then I will get it.

Q. Have you seen any lessening of competition in the grocery business generally in this area since March of 1960? Is it any less than it was before?

A. Same thing, no difference

Q. No difference?

A. No difference.

Q. Highly competitive?

A. You mean loss leaders? A lot of loss leaders, the same as there was.

Q. Vigorous competition?

A. Same thing, no different.

Q. In Paragraph 17, Mr. Fleishman, you refer to a number of acquisitions and consolidations in the retail grocery field since 1948. What acquisitions and consolidations did [fol. 624] you have in mind?

A. We know that Better Foods split up, sold to the Boy's Markets; right? Better Food.

Q. When was that?

A. Not Better Food. Better Foods split up with, I forget what the other one was called, whatever it is, they sold out to Von's—to Boy's Markets. That was about a year ago, isn't it?

I don't remember exactly. Well, all—Let's see, there was a lot of—Let me see. I can't remember offhand. Well, Von's and Shopping Bag merged, that was the largest merger. Let's see. I can't remember offhand. But we know there is

a lot of them sold out, one or two or three stores, to get out and got in. Oh, I mean I happen to know one guy over in Bellflower, Mayfair took it over from him. What's his name? We just mentioned. What's his name, the one who went to work for Food Fair—for Food Giant—we just mentioned his name—took over McDaniel's.

Let's see who else. I can't remember. There is quite a few that they didn't merge but they sold out. Actually it is merging. They took them in to work for them, McDaniel's. Al Wallin went in to work for Food Giant, didn't he? He went to work as their real estate man, or whatever it is. I don't know whether he is still there or not, but he did go in there.

[fol. 625] What is the difference if it is selling or merging?

Q. McDaniel's went into bankruptcy, did it not?

A. I don't know; I don't know.

Q. Didn't you know that before they went into bankruptcy they sold off a large number of their stores to single store operators and other chains?

A. Oh, no. Food Giant got the bulk of it.

Q. Food Giant got nine of them out of the bankruptcy court, didn't they?

A. I didn't know where they got it. If Food Giant got it out of bankruptcy court, why did they have to take Al Wallin to work for them? I don't even think he is there any more. Maybe he is still there.

Q. You don't know?

A. I don't know. And now I happen to think about Food Giant, didn't they take over all the stores from Panorama City—Panorama Markets? Wasn't that a merger or was it a straight out sale? They sold to Food Giant.

Q. I don't know.

A. I don't know either. But I know that Titlebaum or Titleman, whatever his name, went to work for Food Giant too in the beginning. What happened later I don't know. He is not with them no more.

Q. How long ago was that?

A. That was about four years ago, three years ago.

[fol. 626] Who else? You want to get all the stores?

Q. Yes.

A. I am trying to think, you know. Didn't what's his

name, Phil Raisin—What happened to Raisin's Markets?

Q. They sold to Alpha Beta?

A. I don't know who they sold to. But I remember, didn't Raisin go to work for them, too, in the beginning?

Q. Didn't Raisin retain the liquor concessions in all the stores?

A. Yes. But Phil Raisin went to work for them too.

Q. You mentioned Mayfair. Do you know whether Mayfair has sold more stores in this area than——

A. I don't know. But I know in Bellflower they—I don't know if you want it on the record or not, either they were going to open up a store next door to a single operator or he was going to sell it to them and he sold it to them. He went to work for them. I think his name is Blau. If he is still with them I don't know. He is probably not with them any more but they've got the store.

Q. Do you have any knowledge whatsoever, Mr. Fleishman, that Ralphs intends to engage in any mergers?

A. Engage in what?

Q. A merger.

A. No, no.

Q. Or Safeway?

[fol. 627] A. No.

Q. Or Food Giant?

A. Well, I do, but I don't want to tell you now. I do, definitely so. And it's going to happen.

Q. Why don't you want to tell us now?

A. I just don't want to say it.

Q. Do you have any knowledge that Thriftimart intends to engage in future merger?

A. Well, that is what I am talking about, it is either Food Giant or Thriftimart is going. Someone is going to sell out to them. Someone is going to sell out to Food Giant or Thriftimart, and it's quite a nice chain.

Q. What is the basis of your knowledge?

A. Inside knowledge.

Q. What is that?

A. Well, somebody on the inside.

Q. What is it, Mr. Fleishman?

A. I don't have to say.

Q. Do you refuse to say?

A. I refuse to say, that's right. They are just waiting for it.

Q. You refuse to identify the person?

A. I would.

Q. Is it possible that in your reading of the various trade papers you refer to in your statement that you have seen [fol. 628] predictions that the discount houses are going to put the supermarkets out of business?

A. I didn't say that.

Q. I say, have you seen that in any of the trade papers which you read?

A. I don't think they ever will.

Q. That isn't my question. Have you seen those predictions in the trade papers?

A. You don't see it no more. You did see it in the beginning.

Q. My question is, have you seen articles to that effect in any of the trade papers which you have read?

A. I used to see but I haven't seen it lately.

Q. Do you recall telling me, when I talked to you on June 21, 1961, that you simply could not understand why the merger of Von's and Shopping Bag was being attacked by the government?

A. I did.

Q. In our conversation on the telephone in October of 1962, Mr. Fleishman, you told me that you had returned from a trip to Russia; is that right?

A. That's right.

Q. You said something about the Russians being a thousand years behind us in America in Food distribution. What did you mean by that?

[fol. 629] A. Well, they are.

Q. In what respect?

A. They haven't seen a paper bag yet. As long as I was there I hadn't seen a paper bag.

Q. How long were you over there?

A. Three weeks.

Mr. Hughes: I can't see the relevancy, Mr. Alsup.

Mr. Alsup: I was just curious.

Q. Mr. Fleishman, I want to make sure that you get on

that flight to Hawaii, and I hope you have a pleasant time in Hawaii and that you can rest your voice.

A. I will be talking there too.

Mr. Alsup: I have no further questions.

(A short recess was taken.)

Mr. Hughes: Mr. Reporter, I would like to have this statement entitled "Testimony of Jerry Fleishman" identified for the record as Fleishman No. 2.

(The document referred to was marked by the notary public as Fleishman Exhibit No. 2 for identification, a carbon copy of which is attached hereto.)

Cross-examination.

By Mr. Hughes:

Q. Mr. Fleishman, do you recall a conversation that you had with me in August 1961?

[fol. 630] A. That was after—Your name is Hughes?

Q. That's right.

A. Because I asked you if you were a cousin to Mr. Hughes.

Q. That is correct. Do you recall that conversation?

A. You mention one I will tell you.

Mr. Hughes: Would you mark this for identification as Fleishman No. 3, which is described as a sign——

Mr. Alsup: It is the sign which is in the picture.

Mr. Hughes: It is the sign which is in the picture marked Fleishman Exhibit No. 1, being the original.

(The document referred to was marked by the notary public as Fleishman Exhibit No. 3 for identification, and is attached hereto.)

Mr. Hughes: Q. Mr. Fleishman, do you recall the sign?

A. I do.

Q. Is this the same sign that is in the picture, Fleishman No. 1?

A. Same one.

Q. Do you recall when you gave this to me?

A. I don't remember but I must have given it to you if

you got it. You didn't take it off the window. I don't think I had it on the window when you come in. I had it in the back room. I don't remember.

Q. You do not recall handing it to me?

[fol. 631] A. I don't recall if I took it off the window or I had it in the back room. I don't remember. When was that, in August?

Q. August 2, 1961.

A. No, I didn't have it on the window already. I had it off the window.

Q. When did you take the sign down?

A. That is what I say, I took it off in July. So I must have had it in the back room.

Q. Why did you take it off in July?

A. It didn't do any good. I just told the attorney before it didn't do any good. I see I am just wasting my time explaining to these people. They didn't believe it anyway. I could tell them I am cheaper and cheaper, it don't mean nothing.

Q. Were you cheaper?

A. A lot of items. I tried to stay according to the book, according to the Black Book whatever the chains are I tried to follow them penny by penny and I had quite a few items cheaper yet.

Q. Can you recall——

A. I had boiled ham for 89 cents sliced. None of the chain stores ever put out boiled ham. They get $1.75 for it or $1.59. That is robbing the public.

Q. When was this picture taken, Fleishman No. 1?

[fol. 632] A. Probably when I first came there.

Q. Did you take this picture or Mr. Alsup?

A. I never took the picture.

Mr. Alsup: It was taken in either June or July of 1961.

Mr. Hughes: Q. Do you recall any changes in the price structure in the grocery industry in this area in about July 1961?

A. Oh, yes, I think there was. Let me try and remember what happened that time. I remember there was a price change. They took off—The chains took off a lot of their loss leaders at that time. Anything they were selling under —I think a law went into effect that you could not limit

specials. I mean if anybody walks in and if you got coffee for 39 cents they could take all the coffee off the shelf and you can't do nothing, no limit. I think at that time the chains went ahead and they raised their prices so they did not sell below cost. I mean their specials did not go below cost.

Q. I would like to show you an exhibit identified as Palmer No. 1. Can you identify that exhibit? Do you recall that?

A. I mean that was done every week. Every week the same thing. The regular prices, regular shelf prices?

Q. Is there anything unusual about the prices advertised in that particular ad, Palmer Exhibit No. 1?

[fol. 633] A. You mean the price slashes? I don't know exactly what you mean. Well, what I was trying to say, I didn't remember exactly when it was, but that is the time when they went ahead with our regular daily price—our regular daily prices because they could not sell at that time.

As I say, if anybody walked in and they had sugar for 39 cents they could have taken all the sugar off the shelf. So what they went ahead and did, they put on daily, let's say, daily prices on everything, all the staples went at almost cost.

Q. What is the date of that newspaper, Palmer No. 1?

A. Let's see. July 13, 1961.

Q. And you state that those prices—Are they unusual?

A. Sure they are unusual. They are just at cost. These are just cost. These prices are at cost. That is when it started.

Q. Did that have anything to do with your taking the sign down?

A. I couldn't. There was no use telling my prices. I wasn't going to put sugar and flour and all these prices, that is all cost price. Campbell soup, sugar, milk, all that is regular price.

Q. Did you follow those prices?

A. No, I couldn't.

[fol. 634] Q. Then you weren't——

A. I took the sign off at that time. When they went in I took the sign off. They still got milk two for 29 cents. I still get two for 33 right now. I never changed it. But they still get two for 29, or maybe they get it two for 31 now.

But I know they don't get two for 33, and it is only six per cent profit on two for 33 buying from Certified.

Q. When this sign says, "Our Shelf Prices Are As Low Or Lower Than Any Chain Market," was that true?

A. No more. I took it off.

Q. And it isn't true today?

A. I couldn't. And let me tell you—Can I add on some thing?

Q. Yes.

A. Even if I wanted to do that, if I leave that sign and go ahead according to their prices I still cannot sell more than a case of milk a week. I can't advertise it. Even if I sell it two for 29 I still can't sell more than a case a week.

Q. In your response to questions from Mr. Alsup you stated that you had made money for the last five years in the grocery business, that is prior to June 1961.

A. I sure did. I am making money now too. I am making money now too.

Q. You started to say you would have been better off——

[fol. 635] A. What?

Q. —if you realized something. Would you have been better off if you——

A. If I would what?

Q. Let me strike that question.

Mr. Fleishman, there is one thing I would like you to clarify. You stated that Shoppers went into minority neighborhoods. Do you mean Negro and Mexican neighborhoods?

A. Mexican neighborhoods.

Q. You stated you did not advertise through Certified.

A. I did not.

Q. Why not?

A. Because I couldn't afford to advertise through Certified.

Q. What do they advertise through?

A. Who, Certified? They use their own hand bills, And the reason why I couldn't use it, which is not expensive, but you see in order to pay for that hand bill, let's say Nestle wants to advertise their cocoa, just for example. If I don't have Nestle's I have to take it in. So then I have to take in every item that is advertised. Because if the people come in and I have an ad out that says "Nestle's Cocoa," where

is the Nestle's Cocoa. Well, I don't have it. So what is the use advertising? So I can't advertise what they want me to so I am better off not to use it.

[fol. 636] Q. Do you ever buy any produce after the market closes?

A. I used to when I was on Pico, not here. I don't handle produce in this store. But I used to buy when I was in Pico.

Q. In your direct testimony, when Mr. Alsup referred to McDaniel's going out of business, you said, "Thank God for it."

A. Why?

Q. Why?

A. I once bought a delicatessen from him on Whittier Boulevard and after I bought the delicatessen he stole the knives.

Mr. Hughes: No more questions, Mr. Alsup.

Redirect examination.

By Mr. Alsup:

Q. I have just one more question, Mr. Fleishman. You are leaving for Hawaii tomorrow?

A. Yes.

Q. Are you sailing or flying?

A. Flying.

Q. Have a pleasant trip.

A. Thank you.

Mr. Hughes: For the record, Mr. Fleishman, is it permissible, that is would you waive signing this deposition [fol. 637] which the reporter is taking, if it is agreeable to counsel?

The Witness: If I want to sign?

Mr. Hughes: Would you waive signing it?

The Witness: You mean not signing it?

Mr. Hughes: Not signing.

The Witness: I don't have to sign. That is my privilege, to sign or not to sign. So it doesn't make any difference.

Mr. Vaughan: That is agreeable to me.

[fol. 637b] IN THE UNITED STATES DISTRICT COURT

Honorable CHARLES H. CARR, Judge Presiding

No. 336-60-CC Civil

[Title omitted]

Place: Los Angeles, California

Transcript of Proceedings—June 11, 1963

* * * * * * *

[fol. 638] TESTIMONY OF MANUEL GERTMENIAN

If subpoenaed to testify, Manuel Gertmenian would testify as follows:

1. He is the owner of Gertmenian's Market, 301 South Atlantic Boulevard, Alhambra, Los Angeles County, California and also a Gertmenian's market in Pasadena. He acquired his Alhambra store in May of 1960, and its 1961 sales were approximately $1,000,000. The 1961 sales of his Pasadena store were about $780,000. He has been in the retail grocery business for approximately 35 years, except for a period from 1942 until 1946 when he was a produce merchant in the area.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, Mr. Gertmenian closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the Key Services and follows the prices of all of the major chains appearing in these booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Commercial Bulletin", "Super Market Merchandising", "Chain Store Age" and the "Progressive Grocer."

[fol. 639] 3. On the basis of his continued study of retail

grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that single store operators cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many [fol. 640] more people than they did in the past. As a result fewer grocery stores are needed in the area to serve a comparable number of people.

6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at these warehouses, and operate large trucking facilities. As a result they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, and advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from a cooperative group known as Orange Empire and this enables

him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major products as dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution systems. Thus they have combined the [fol. 641] advantages of the cooperative with direct purchasing and a highly developed distribution system. In addition some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. [fol. 642] He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha

Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the lines and the stores are known as "Von's & Shopping Bag."

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces [fol. 643] very vigorous competition from Von's.

13. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 644] Deposition of MANUEL A. GERTMENIAN, taken on behalf of the Defendants, at 433 South Spring Street, Los Angeles, California, at 1:45 P.M., Thursday, April 18, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.

MANUEL A. GERTMENIAN, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Alsup:

Q. Mr. Gertmenian, would you state your name and address, please.

A. Manuel A. Gertmenian. I live at 1386 Boston Street in Altadena.

Q. What is your business address?

A. 1720 East Colorado, Pasadena.

Q. You have another grocery store in Alhambra?

A. That's right, sir. 1301 South Atlantic.

Q. Is that 1301 or 301?

A. 301. I am sorry. In Alhambra.

Q. You have in front of you a copy of a statement entitled "Testimony of Manuel Gertmenian" which the Government has furnished to us, have you not?

[fol. 645] A. Yes.

Q. That statement says, Mr. Gertmenian, in Paragraph 1, that you have been in the retail grocery business for approximately 35 years, except for a period from 1942 to 1946 when you were a produce merchant in the area.

A. I would like to make a little correction over there. Perhaps you know—I don't know if you know my history in the business or not—but in this particular period there were times where I had markets but I only operated the produce department until 1940. Then in 1946 I took the grocery departments in my stores. At that time Fitzsimmons, which is Thriftimart now, had the grocery department in three of my markets. I have been actually in the grocery business as a whole since '46.

Q. You were in the grocery business when you were simply running the produce department, too, weren't you?

A. I would consider it so.

Q. When did you start running the produce department in a grocery store?

A. Well, in 1927—January of 1927.

Q. Where was that store located?

A. On Washington Street there, 1778—in that area, between Washington and Allen.

Q. That was in Pasadena or Altadena?

A. Altadena.

[fol. 646] Q. Thereafter did you open a produce department in some other grocery store?

A. Well, I moved on Colorado Street in the vicinity that I am now and built a market on the corner of Meredith and Colorado.

Q. Do you remember the address of that?

A. It was 1728 East Colorado, next door to the store that I am now.

Q. This market that you built, was that a produce market?

A. No, it was a complete market, operated as Gertmenian's Market but I had other tenants in there.

Q. You ran the produce department and had other tenants running the grocery department——

A. And meat and bakery.

Q. When was it that you built this market on Colorado?

A. 1932.

Q. Did you operate the produce departments in any other grocery stores in that period?

A. In '36 I built on Washington and Allen Gertmenian's Market. And also in '38, in Monrovia, 1305—I mean 608, I believe it was, South Syrtle.

Q. These are stores which you built?

A. That's right.

Q. And you leased out——

[fol. 647] A. Two of them I built myself and one was built for me and leased to me, yes.

Q. Which one was built and leased to you?

A. The one in Monrovia.

Q. And this one in Monrovia, did you run the produce department and lease out the grocery and other departments?

A. Same thing, that's right. I had Fitzsimmons in all the three grocery departments.

Q. After that did you have any other grocery stores?

A. Yes. I had one on Washington—I mean Lake near Washington in Pasadena.

Q. Was that a grocery store?

A. Yes.

Q. When did you open that one?

A. That was in '47.

Q. I think you said in 1946 you took over the grocery departments in all of the stores; is that correct?

A. Not all of it, because I didn't have them all. During the period that I was out of the grocery business I sold two of the markets. The only one that I had was the one on Colorado Street, 1728, at the time.

Q. Which ones did you sell?

A. Sold the store on Washington and Allen and also in Monrovia.

Q. Whom did you sell the one at Washington and Allen [fol. 648] to?

A. To William Pampeyan.

Q. Who did you sell the one in Monrovia to?

A. Actually my lease ran out of there and Mr. Hughes of the Thriftimart at that time took the lease over, or Fitzsimmons Stores, really.

Q. Fitzsimmons had been in this and then later Thriftimart running the grocery department and after your lease ran out——

A. They overbid me and threw me out of there. That is what it amounted to.

Q. How about this one at Lake and Washington?

A. I sold it out.

Q. To whom?

A. To a fellow named Long. I don't remember his first name now.

Q. Do you know if that is still being operated as a grocery store?

A. No. It went out of business. He went broke in it.

Q. How about the one at Washington and Allen, is that still being operated?

A. It is not in the same building but they built adjacent to the property and it is still being run there.

Q. How large was this market you had at 1728 East Colorado?

[fol. 649] A. It was 80 front and 70 deep. That would be about 5600 square feet.

Q. How large was this store at Washington and Allen?

A. That is 72 by 90.

Q. How large was this one in Monrovia?

A. The one in Monrovia was the largest one of them all, it was 72 by 110, if I am not mistaken. That is as close as I can remember.

Q. How about this one at Lake near Washington?

A. It was a store about 70 by 50 I would say.

Q. When you built your store at 1728 East Colorado, that was in 1932; right?

A. Yes.

Q. Was it before or after that that this store which you now have at 1720 East Colorado was built?

A. They occupied their building in February and I occupied mine in May of the same year. I may be mistaken in one year. It could be '33. I can't remember exactly. I think Market Basket started just about that time, around '33 I think it was.

Q. And you and Market Basket occupied stores almost immediately adjoining each other; isn't that right?

A. Yes. Except they weren't a big chain at that time.

Q. They started as a single store operation; isn't that right?

[fol. 650] A. Yes. That was their—They actually were on the corner and they built this one and later on called it store No. 1, and the one that they had on the corner they called it an annex. In fact within one block they had two stores and I was in the middle of them.

Q. Market Basket got started in 1932 or 1933 with this one store operation; that's correct?

A. That's right.

Q. And that was their headquarter store?

A. That's right. They had their offices up there.

Q. And then Market Basket over the years has grown to what size chain now?

A. In the neighborhood of 45 stores or more, in that area. I am not exactly sure.

Q. So far as you know Market Basket is not engaged in any mergers or consolidations?

A. Well, the last merger they were going to go to was the Lucky in the Bay Area, but somehow or other it didn't go through. I don't know what happened.

Q. There were talks about that back in 1959?

A. That's right.

Q. And they fell through; isn't that right?

A. There were several articles in the papers about it, the magazines.

Q. You don't know why they fell through?

[fol. 651] A. No, I don't.

Q. But Market Basket has grown to its present size without engaging in any mergers; isn't that correct?

A. As much as I know, yes.

Q. You took over that Market Basket headquarters store in 1947, was it?

A. I would say that was almost ten years ago. It would be '53 I took it over.

Q. When you took that over did you close your store at——

A. Yes.

Q. —immediately next door?

A. That's right.

Q. What is the size of that former Market Basket store which you occupy?

A. It is 80 by a little over a hundred feet deep.

Q. About 8000 square feet?

A. I would say so.

Q. Have you enlarged it since you took it over from Market Basket?

A. We enlarged it to the point that we tore out some walls and set back the office. I mean other than that we didn't add to the building itself. But we created more room on the floor space, let's say, than it had before.

Q. How much of this 8000 square feet would you say [fol. 652] represents selling space?

A. Oh, I would say about six, seven. It could be a little less, though.

Q. You say you took it over in 1953 from Market Basket?

A. That's right. Not from Market Basket, no.

Q. Market Basket had been the lessee of the property.

A. Yes. But I mean I dealt directly with the landlord.

Q. What was your investment in that store?

A. Well, I moved most of my—originally I spent some $27,000 remodeling before we got in there. We put a front on it, which it did not have before, closed in the market, and then we relaid all the electrical cables in the market, which were too old and had been there too long, and the water lines, and did a certain amount of remodeling like renewing some walls and moving some of the office part, made a little shorter, and set it up that way. Then we moved most of our equipment from the other store over and bought some other equipment, put some new ones in there.

Q. This represented about $27,000?

A. No. That was only what we spent for remodeling. And then we put approximately that much in equipment, new equipment, plus our merchandise and what we had on hand which didn't have too much book value actually, but you might say that it might have been worth something, like [fol. 653] registers and check stands and a few other things.

Q. It is common, as a matter of fact, and only good business in the grocery business to depreciate your fixtures and equipment so that they might not have any book value but they might have considerable actual value?

A. That's right. We were there for some 23 years next door so some of that stuff was definitely not represented as investment there.

Q. Do you have any recollection, Mr. Gertmenian, what your personal net worth might have been then in '53 when you took over this former Market Basket store?

A. I would say in the neighborhood of perhaps $50,000 in that particular business.

Q. You mean your total personal net worth at that time in '53?

A. Without the business, you mean?

Q. Counting the business and everything else what was your net worth?

A. Oh, I would say in the neighborhood of one hundred thousand or so.

Q. Had most of this net worth been made from your prior work in the grocery business?

A. Yes; all of it.

Q. Can you tell us what your net worth is at the present time?

[fol. 654] A. Well, it might be a little bit more. The fact is I suppose if I did close up today and sold my fixtures and so forth it won't be worth very much. But it has certain values while it is there. Let's put it that way, that I would say that maybe it is about one hundred fifty.

Q. $150,000?

A. Including my personal home and other things.

Q. And all of this you attribute to your work in the grocery business?

A. That's right.

Q. Can you tell us what the sales were in this store the first year you took it over?

A. Which one?

Q. The former Market Basket store.

A. In the neighborhood—One thing I would like to make at this point, I have a meat man there, Mr. Meyers, and he has been with me ever since for the last some 32 years, I think he has been with me. And in that particular store we did not operate the meat department. I would say mine was in the neighborhood of $750,000 the first year.

Q. What were they last year in 1962?

A. Last year in the neighborhood of not quite a million dollars. And I would say about $900,000 or so.

Q. And that doesn't include the meat?

A. No.

[fol. 655] Q. Over this period of time I am sure this is true, you continued to repaint and do whatever remodeling in keeping the store attractive that was necessary to do, haven't you?

A. That's right.

Q. And over this period of time your business has grown to some extent and you have made profits from it; isn't that right?

A. That's right.

Q. This statement which was given to us by the Government, which you have in front of you, says that the '61 sales of the Pasadena store were about $780,000. You said here that the '62 sales were about a million.

A. No, this is one store and then the other.

Q. This statement says the Alhambra store had '61 sales of about a million.

A. This is a mistake that I called to the attention of the attorney. It is vice versa, sir. The Pasadena store is the one that does approximately a million dollars and the Alhambra store was $780,000, I believe.

Q. What were the sales of the Alhambra store in 1962, Mr. Gertmenian?

A. It is not quite $800,000. Pretty close to it. Our quarter is around $200,000, a little less off and on.

Q. It has gone up somewhat?

[fol. 656] A. No. As a matter of fact it is a little slower now than it was.

Q. In '62 it had gone up a little bit over the $780,000 in 1961?

A. Yes, that's right.

Q. As a matter of fact, Mr. Gertmenian, it had gone up very substantially more than the sales of the prior tenant of that Alhambra store had.

A. That's correct.

Q. Do you know what the sales of the prior tenant in that Alhambra store were?

A. I don't exactly know, except that he claimed he was doing a certain amount but I doubt very much if he was doing it at the time I bought it. And at that time he claimed that he was doing between forty and forty-five thousand a week in there, which would mean—Well, you can figure it yourself. It would be about half a million dollars or so, roughly.

Q. Do you mean a week or a month?

A. A month.

Q. And you were able to increase the business that he was able to do very substantially because of your own hard work and the experience that you had had in the grocery business; isn't that right?

A. To a certain extent, yes.

[fol. 657] Q. And your sales at this Alhambra store have produced a satisfactory profit for you, have they not?

A. They have not, no.

Q. Despite the fact the sales have gone up substantially over those of the prior operator you have not had a satisfactory profit?

A. No.

Q. Have you had any profit?

A. Up to now, no. We are getting very close.

Q. Do you expect to make a profit on it?

A. I hope to sometime, yes.

Q. Do you expect to?

A. That's right.

Q. How many employees do you have in your Pasadena store?

A. I think we have—all in all I think there are 16, including some box boys, in that group.

Q. How many employees do you have in your Alhambra store?

A. We have 12 there.

Q. What is the size of that Alhambra store?

A. It is a building 75 by 90.

Q. How much of that space would you say is selling space?

A. Oh, I would say about 70 per cent of that, approxi-
[fol. 658] mately.

Q. Somewhere in the neighborhood of 4000 to 4500 feet?

A. I would say something in that neighborhood.

Q. What did you consider the draw area of your Pasadena store, Mr. Gertmenian?

A. Well, in our drawing area right there would be at the present—we were the only ones in that area. Naturally we went up to Orange Grove on the north and I would say that we would go as far as Sierra Madre on the east and up to Hill Avenue on the west and California on the south. That would have been most likely where I would draw from.

Q. That was in 1953?

A. Yes.

Q. Is that true at the present time?

A. It is, except that we are going to have some competition with Safeway coming in a little further on and also Von's I understand out there have a permit to build on Sierra Madre, on Del Mar, I think. So that's going to——

Q. How far away from your Pasadena store will this Safeway Store be?

A. About a mile.

Q. How far away from your Pasadena store will this proposed new Von's Store be?

A. About the same distance, perhaps adding a couple [fol. 659] of more blocks to it.

Q. And in a different direction?

A. No, same direction. They are building within two blocks of Colorado Street where Safeway is on Colorado Street. They bought the Fox Market, if you know. And, of course, Von's have gone into this other area there.

Q. Is there a Market Basket on Sierra Madre——

A. No.

Q. —just north of Colorado?

A. Yes. In Lamanda Park. That would be a couple—three blocks the other way.

Q. What other stores, if any, have come into this area which you have described, Orange Grove on the north, Sierra Madre on the East, Hill on the west and California on the south, which you described as your draw area, since 1953?

A. There isn't any.

Q. What stores have gone out of business in that area since then?

A. Well, there was several little ones. There was a Safeway Store originally on Allen and—it is Del Mar now. At that time it was Blanche when they went out. They had one of their small stores, which they were discontinuing. And I don't exactly know the time but they were there one time, they built that building there. I don't know how far [fol. 660] back. There was another one the other side of Hill, which wasn't considered my territory. Actually there hasn't been any more markets in that close area.

Q. There has been little change one way or the other in that area?

A. That's right.

Q. Has that neighborhood changed much since 1953, Mr. Gertmenian?

A. I had one disadvantage there. Where the school took on several blocks of the property on, between Del Mar and Bonnie, for parking where they removed about 150 of my families out of there.

Q. That is families that traded at your store?

A. That traded at our store. It had quite an effect on our volume at the time. That happened last year.

Q. So basically you have seen little change in the com-

petition except this Safeway Store closed up, up to the present time, and there has been little change in the neighborhood other than the fact that you lost about 150 families through this school; is that correct?

A. Well, there is one fact that remains. One of the larger markets farther down in Lamanda Park, which was one time Jax Market, and later on I think Ted Cummings took it over for a while, and I think later on it was taken by Mayfair, if I am not mistaken, and then Shopping Bag had it for a [fol. 661] while. And those were the changes.

Q. And then Alpha Beta had it for a while?

A. No. Shopping Bag, I think, was the last before Crawford. There was a Cal Fair after Shopping Bag. That is what I mean. And then Crawford's are there now. I mean those were the changes that happened over there.

Q. That change occurred at the market on San Gabriel Boulevard and Colorado?

A. That's right. Which is quite a ways.

Q. And which is quite a ways east from where you consider your draw area.

A. It is about a mile and a half, although we do draw from that area some.

Q. That market changed hands from chain to independent to chain to independent and back to small chain.

A. That's right.

Q. With respect to your Alhambra market, Mr. Gertmenian, did you buy the lease there?

A. I bought the property as well as——

Q. You own the land and the building?

A. That's right.

Q. What was your investment?

A. $115,000 is what I paid including fixtures in the store at the time. I added on quite a bit, like we had a house in the back and we moved it out. We spent another $35,000 [fol. 662] for cleaning up and new equipment and such. $150,000 overall.

Q. This $150,000 which you spent represented your entire net worth then at the time; is that right?

A. Approximately, yes.

Q. And it was borrowed money?

A. Borrowed money some of it, yes.

Q. Whom did you buy the market from?

A. A fellow named Sercombe, Herbert Sercombe.

Q. Had he operated the market prior to the time you bought it?

A. Yes.

Q. How old a store is that? Do you have any idea?

A. I have the feeling that it has been in there for the last 25-30 years. I am not too sure though. I seem to think of seeing it. I think Crawford had it one time years back. I don't know how long but it has been many, many years ago.

Q. How old a man is Mr. Sercombe?

A. About my age. In the neighborhood of 53 or 54 or so.

Q. Do you know what he is doing now?

A. He has another little place in the Arcadia area, I understand.

Q. Did he have it at the time or did he open it up?

[fol. 663] A. No, just very recently, about six or eight months ago I understand.

Q. Directly across the street from that market—By the way, you bought it in May of 1960?

A. '61.

Q. '61?

A. Yes. It is three years in May. It would be '61, right?

Q. No. Three years in May would be 1960?

A. Okay. Let it be '60 then.

Q. When you bought that store you looked over the area pretty carefully to see whether or not in your opinion you could make it a profitable operation, I gather, did you not?

A. That's right.

Q. You studied the area from which potentially you could expect to get customers; is that correct?

A. That's right.

Q. You observed that directly across the street was a very new and very large Safeway Store, did you not?

A. Yes.

Q. And you had no doubt of your ability to compete successfully with that Safeway Store, did you?

A. Yes, I didn't have any doubt.

Q. You had no doubt of it?

[fol. 664] A. That's it. I could operate against them, yes.

Q. What other stores did you observe in the vicinity of this market?

A. The closest one was Ralphs after Safeway, and then

Crawford's quite a ways down on Valley there. And that's about all. There were a couple of other small ones like Carpenter's and Fisher's, they were within a mile area there.

Q. Where was this Ralphs located?

A. On Main Street there, about a block from Atlantic I mean. It would make it approximately four blocks in the front and three blocks in the back from our store.

Q. Roughly a mile away?

A. Not quite, no. Less than half a mile I would say.

Q. Wasn't there a Von's Store?

A. Not in that area at that time. They came in this last year.

Q. In the last year?

A. Yes.

Q. And this Carpenter's Store that you said was there in Alhambra, is that Artie L. Carpenter?

A. I don't know. All I know is Carpenter's.

Q. It is located on West Main Street there in Alhambra?

A. Yes.

Q. Did you notice a little further down on Main Street the Star Market?

[fol. 665] A. Yes.

Q. Did you regard that as within your draw area?

A. I thought they were too far away.

Q. You felt Carpenter's was closer?

A. Closer, yes.

Q. And Ralphs was even closer?

A. That's right.

Q. And Crawford's was about the same distance?

A. Well, I think they are a little further.

Q. About a mile and a half?

A. No. I would say less than a mile. Ralphs is really within three blocks of our place. It is not too far away.

Q. Yet you felt when you decided to make this investment of substantially all of your net worth that you could compete with the Safeway right across the street, this Ralphs three blocks away, the Crawford's less than a mile away, Carpenter's and Fisher's and do well; is that correct?

A. Yes. Conditions have changed in three years. It started changing then, in fact.

Q. Yet you said earlier you expect to do well at this store.

A. That's right.

Q. Since you opened your store Von's has come in on Main Street in Alhambra?

[fol. 666] A. That's right.

Q. Has a discount house opened up in your trading area?

A. That's right.

Q. What discount house is that?

A. Unimart and Food Giant.

Q. It has a large supermarket in it?

A. That's right.

Q. What other changes?

A. Those are the two main ones. Of course, Ralphs has come on Huntington and Atlantic up north. They finally pushed that through against the wishes of the people.

Q. They got a zoning permit. They haven't started to build yet, have they?

A. That's right.

Q. You are talking about my area now, Mr. Gertmenian. How far is that from your Alhambra store?

A. I would say a mile and a half, but it's on the same direct road which the traffic goes.

Q. That would be right on the corner of Huntington and Atlantic?

A. That's right.

Q. Any other changes?

A. Not that I know, sir.

Q. When was it that Von's came in? Last year, you say, in '62?

[fol. 667] A. Yes.

Q. And this Unimart just opened, hasn't it?

A. That's right. About five or six weeks ago.

Q. Mr. Carpenter testified the other day that Unimart might actually help his business. You don't expect that, so far as your business is concerned, I gather.

A. No, I don't think so.

Q. Do you emphasize the produce department in your grocery store?

A. Yes, I do.

Q. You try to have the best quality produce?

A. Not specially the best quality, perhaps, but the best accepted in the particular area. We use a little better quality in the Pasadena store than we do in Alhambra. We

feel what the public wants and I always give them what they want.

Q. As you said, your produce in your Pasadena store is a little higher price than in your Alhambra store?

A. At times, yes. If it's a different quality. If it is not it is the same. As a whole we hold our prices very close together.

Q. Who buys your produce for you?

A. I have a brother that goes in and I go in once a week into the commission houses, yes.

Q. Since you entered in the business in this area in [fol. 668] Alhambra, the old Commonwealth Market, you have changed the name to Gertmenian's, haven't you?

A. That's right.

Q. What stores, if any, in what you regard as your trading area have you seen go out of business?

A. In that area you are talking about?

Q. Yes.

A. Well, the only one that went out was the Gateway Store on Valley. They were closer to Crawford's than they were to me, about two blocks or so.

Q. Did they close that store?

A. They closed it up, yes.

Q. Did anyone else open it up?

A. No.

Q. Gateway is a chain of about eight or ten stores, isn't it?

A. That's right.

Q. That is the only change that you have seen in this period?

A. That has gone out?

Q. Yes.

A. Well, of course, you know about McDaniel's and Yor-Way. Of course they are not in my territory but they have gone out.

Q. Let us talk about McDaniel's and Yor-Way. I suppose [fol. 669] you read the trade papers pretty carefully, do you not?

A. Yes, very much. I keep up with them.

Q. And you are aware, are you not, that over the period of the last ten or twelve years McDaniel's expanded very rapidly up to about a 24-store chain, didn't they?

A. Yes.

Q. And from your reading in the trade papers did you see reports that it expanded much too rapidly with a lack of capital and got into trouble?

A. That's right.

Q. Before it went into bankruptcy McDaniel's sold off a number of its stores, did it not?

A. That's right.

Q. To single store operators?

A. Well, not necessarily. I think Mr. Hughes bought two or three of them, I believe, and then the others, yes. And some were closed, I think.

Q. Did you ever drive out the San Bernardino Freeway and see that McDaniel's Market advertised for lease out there?

A. Now, you mean?

Q. Yes.

A. No, I haven't.

Q. Then after it went into bankruptcy the remaining stores of the McDaniel's chain, I think there were nine of [fol. 670] them, were there not, that went to Food Giant?

A. I don't remember the exact number, but some did.

Q. You mentioned Yor-Way. That is another instance, isn't it, Mr. Gertmenian, of a chain that started, I think, in '53 and '54 and expanded very rapidly?

A. That's right.

Q. Then they got in financial difficulties, did they not, after the death of Mr. Kennedy?

A. I believe so, yes.

Q. It also went into bankruptcy?

A. Yes.

Q. And its stores were sold off to various individuals and small chains, were they not?

A. That's right.

Q. And all this has been since 1960; isn't that true?

A. Right.

Q. In this same period you have read about since 1960, you have read about the Fox problem, have you not?

A. Yes.

Q. Do you recall from your reading that Mr. Fox left Mayfair in 1954 and started out to build a chain of his own?

A. I know about the setup pretty well, yes.

Q. And he bought up a number of old stores of other con-

cerns, including Ralphs and others, did he not, and Mayfair?

A. I don't know about Ralphs, but I know he did buy.

[fol. 671] Q. Some from Mayfair?

A. Mayfair and some from others.

Q. And he bought the Iowa Pork Chop chain?

A. That's right.

Q. That was a chain of about five or six stores, was it not?

A. Yes. Lamar's and others.

Q. And this is another case where a man expanded much too rapidly on inadequate capital and got into financial trouble; isn't that it?

A. That's right.

Q. And he went into bankruptcy?

A. Correct.

Q. And various of the Fox Stores were sold off, were they not, to individuals and small chains and then what remained of them I think 18 were sold in bankruptcy to Food Fair, weren't they?

A. That's right. I don't know if the number 18 is right or not, but I thought they bought whatever was left.

Q. And this is the way that Food Fair entered this market.

A. In this area, yes.

Q. It is a large national chain and it had not been doing business in this area prior to that time; is that right?

A. That's right.

[fol. 672] Q. This is something that has occurred within the last year?

A. That's right.

Q. Also since 1960, Mr. Gertmenian, based on your continuing study of the changes in the marketing conditions, have you seen discount houses spring up all over the area?

A. Not as much as they were before.

Q. They have slowed down somewhat now?

A. They have slowed down, that's right.

Q. But there were hardly any, if any, in 1960 or 1959, rather, were there?

A. No, not too many. But they were all going into it, Thriftimart and Food Giant and others. Although they didn't come in our area very much. In other words, this one here that is now is the only one that has moved into, you

might say, the San Gabriel Valley, providing you consider Pasadena and Alhambra and San Marino.

Q. You wouldn't consider West Covina in the San Gabriel Valley, would you?

A. That is what I mean. In our area they didn't come.

Q. There are about six discount houses in West Covina alone, aren't there?

A. That's right.

Q. Some of those discount houses have supermarkets which are run by Food Giant?

[fol. 673] A. That's right.

Q. And some have supermarkets which are run by Thriftimart?

A. Thriftimart, right.

Q. And some have supermarkets which are run by Ben Schwartz, you have heard of the Big "A"?

A. Yes. I am not too sure of him, no.

Q. And the White Front Discount House has supermarkets?

A. Right.

Q. They are run by the Fredericks, aren't they?

A. More or less. I am not too sure, sir.

Q. In the same period have you seen bantam stores come into the metropolitan area? That is like Speedee Mart and Pronto Markets and Tiny Tim's?

A. Well, mostly in San Diego County. They started not too many around here that I know of.

Q. Basically your study of the area has been confined to the Pasadena area where you do business and the Alhambra area where you do business; isn't that correct?

A. Not necessarily. I would say most of the Los Angeles area. I am fairly well acquainted with quite a few of the operations like Thriftimart and Hughes. I know those people personally. And Von's I know and Shopping Bag, which wasn't only in our area but other areas. I knew when they began and so forth.

[fol. 674] Q. Have you made any particular study of Orange County?

A. Not a special study. But I would say I know fairly well what goes on there.

Q. That is a case just like Los Angeles, where the population is increasing tremendously and more and more stores

are being built all the time to serve the increasing population; isn't that right?

A. More than they can stand, yes, in my estimation. I mean they are building faster than the population is growing.

Q. You have seen studies reported in the various trade bulletins which indicate the population explosion, I think it is called, will continue for years to come; isn't that right?

A. That's right. Although some areas it hasn't proven so, like in our Pasadena area. We haven't had no explosion of population. Actually it has just about one per cent a year.

Q. Yes.

A. And we haven't had too many increases in supermarkets and Pantry and Von's and Shopping Bag, and we are having a Cracker Barrel and a few others come in. I mean where there really isn't enough for them now to divide up what there is, but they are coming in. I don't know when they expect to have the population in that area increase.

[fol. 675] Q. You are right, Pasadena is pretty well built up.

A. That's right.

Q. And you can't expect any great increase in population in that area in the future; isn't that right?

A. That's right. And also San Marino is the same way, you are limited unless you go into apartments, which the city will not go into. And those areas are limited. Yet Von's is coming right into that area regardless.

Q. Von's is coming into——

A. They are coming on Del Mar and Sierra Madre Boulevard, which the people in the area do not want them. The merchants on Colorado Street do not want them. We have all this Colorado Boulevard wide open for business property and half of it is empty and they are going to a private area. The little guy can't get in there and do that. They couldn't go and ask our supervisors to put us through there, and yet they can go. I don't know with what promise, or what. This is off the record maybe. But they can get this thing through, getting it through a residential area which is, I presume if you live in San Marino, you talk to your neighbors and see how they feel about it.

Q. That is not in San Marino.

A. It is County but it is right between Pasadena, in that area.

Q. This area that you are talking about, wasn't there [fol. 676] a grocery store there before?

A. A little tiny store. Do you realize how many beautiful homes they are going to tear up before they get into that?

Q. That is not an area of which you call beautiful homes on Sierra Madre Boulevard?

A. Most of them are. The fellow next door, Adams, has a very beautiful home.

Q. And Ralphs is going in on Huntington and Atlantic?

A. That's right.

Q. And you said Pantry has been coming into the area?

A. Yes.

Q. Are you acquainted with Ted Wood of the Pantry Markets?

A. Yes.

Q. Do you know he used to work for Alpha Beta?

A. Very much so, yes.

Q. When did he leave Alpha Beta?

A. Just before he started his operation. I think it's about ten years or eleven at the most.

Q. Or maybe nine?

A. Or nine. It is between—I think it is about ten years.

Q. And he started with one store up there in Altadena, didn't he?

[fol. 677] A. No.

Q. Or was it Pasadena?

A. South Marengo in Pasadena.

Q. And Ted Wood has been able to grow and expand, has he not?

A. That's right.

Q. How many stores are in his chain now?

A. I think there is ten or eleven. They have a new one coming in Long Beach. I am not too sure, but it is in that area.

Q. You mentioned Cracker Barrel as coming into the Pasadena area.

A. That's right.

Q. Is that a large chain?

A. No, it's a small chain.

Q. Two or three stores?

A. That's right.

Q. Where are they going to build in Pasadena?

A. On North Lake—on Mountain and North Lake.

Q. Farther west on Colorado we have just had opened a large new El Rancho, have we not, in Pasadena?

A. That's right.

Q. Are you acquainted with Bud Godfrey?

A. I know who he is. I don't know him personally but I know of him.

[fol. 678] Q. That El Rancho is now a three-store chain, is it?

A. That's right.

Q. Yet they see some opportunity there and are building a store?

A. That's right.

Q. And the same with Cracker Barrel?

A. Yes.

Q. You say you are acquainted with the Von's and how they got started. You know that they started out in the depression just as you did with a one-store operation, don't you, Mr. Gertmenian?

A. That's right.

Q. And that by March of 1960 they had built themselves into a 28-store chain; isn't that right?

A. That's about right, yes.

Q. They have been a successful family operation largely, haven't they?

A. Well, yes, until a couple of three years ago when they put their stock on the market, or a certain percentage of it. I don't know what.

Q. You are acquainted with Rube Hayden who started Shopping Bag, aren't you?

A. That's right.

Q. You know he started out in the depression just as you did and got one store and through his hard work was able [fol. 679] to build it up into a 38 store chain, don't you?

A. Yes.

Q. And that was largely a family operation, too, wasn't it?

A. More or less. Not exactly, not as much as Von's was.

Q. And in this same period Market Basket started out

with one store in the depression and was able to build itself into what is now a 40 store chain, wasn't it?

A. That's right.

Q. You don't begrudge these people their success, I take it.

A. No, I don't, not especially, no.

Q. You are acquainted with Joe Hughes, aren't you?

A. Yes.

Q. And he was with Thriftimart, wasn't he?

A. Yes. He was a vice president.

Q. He left them in 1952, I think, didn't he, to start his own grocery store?

A. I thought it was '51. In that area, yes.

Q. And he has been able to build a successful chain?

A. Small chain, yes.

Q. How large would you say it is?

A. I think they have ten or twelve now. I don't know for sure.

[fol. 680] Q. Have you read reports in any of these trade papers you read about them having total sales of about $48,000,000?

A. Hughes?

Q. Yes.

A. That particular one I haven't read, no.

Q. He has been a very successful operator?

A. Yes. He has good sized stores.

Q. Have you been acquainted at all with Joe Goodnight, who left Alpha Beta just three or four years ago?

A. No, I am not.

Q. You are not familiar with the Michael's Markets in Orange County?

A. No.

Q. Are you acquainted with Charley Futterman of Shoppers Markets?

A. Yes. You know, from an around about way, I mean.

Q. You know they have been able to grow and expand and be successful?

A. Yes.

Q. You have seen others like the Boy's?

A. That's right.

Q. When you started in business in 1933—Am I right?

A. No. I started in '27.

Q. Around 1930-'33 Safeway was put together. Do you recall that?

[fol. 681] A. Yes. It used to be the Sam Shilling Store, or something or other, and they bought them out.

Q. Sam Selig, S-e-l-i-g?

A. That's right.

Q. And Safeway had a large share of the grocery market in this area, did it not?

A. I would say so, yes. I don't think they operated under the Safeway name, though. It was something else. I don't know what it was.

Q. Some of it was Safeway and some Pay And Take It?

A. Something in that order. It's 30 years back. I don't recall, but it was something else.

Q. In your experience in this area have you seen the market share of Safeway steadily decline?

A. Well, they were still the tops until I presume when you people, Von's and Shopping Bag, came in. I think they still held the lion's share of the food business in this area.

Q. As far as you know, of your own knowledge they have the lion's share today, do they not?

A. Not in this particular area. I think maybe Von's are doing maybe more. I don't know.

Q. You don't know?

A. But they should be, I mean.

Q. Do you have any idea of what the market share of Safeway is now compared to what it was ten years ago?

[fol. 682] A. I wouldn't know offhand, but it could be eight-ten per cent more, fifteen per cent more.

Q. Market share or gross sales?

A. Well, gross sales I am talking about. It could be much more. I don't know. I mean I don't know the percentage.

Q. You don't know whether Safeway's market share, as distinguished from gross sales, has increased or decreased in the last ten years?

A. I would say they have increased.

Q. You would?

A. Yes.

Q. That is based on your study of the industry?

A. More or less, yes.

Q. What would you say about the market share of Ralphs compared to what it was ten years ago?

A. They have increased.

Q. They have increased their market share?

A. Definitely.

Q. What would you say about the market share of Thriftimart now as compared to what it was ten years ago?

A. They increased an awful lot because they opened many more large stores and closed all their smaller ones in most cases.

Q. Mr. Gertmenian, I am going to ask you to look at a [fol. 683] document which has been marked Fairbank No. 1 for identification. I will ask you to tell me what that chart shows as to what happened to the market share of the top three. Look at the bottom of the chart for that, between the line which is marked 1952 and the end of that line where the words "top three" appear.

A. 1961—'53 to '61; is that what you mean?

Q. The line ends prior to the number 1961.

A. Yes.

Q. What has happened to the market share of the top three in that period of time from 1952 to the end of that period?

A. They all had increases, if that is what you meant. Maybe I am not understanding what you are driving at, to be frank with you.

Q. Would you agree with me, Mr. Gertmenian, that——

A. When you say "Top twenty," you mean the largest markets, or top 15?

Q. Yes. The top 20 concerns, the top 15 concerns, the top nine concerns, the top eight concerns, the top five concerns, the top four concerns and the top three concerns.

A. Yes.

Q. What does this chart indicate was the market share of the top three in the year which is marked under the line 1952? It was roughly about 24 per cent, wasn't it?

[fol. 684] A. It looks that way there, yes.

Q. What does it appear to be at the end of that line?

A. That is the end of the line. They are way down.

Q. What about the market share of the top four in the same period?

A. They were up there. This includes '60; right?

Q. Actually this chart goes up to the middle of 1960 and

I will agree with you that it is a confusing chart, Mr. Gertmenian. Let us assume this is the market share of the top four in 1952. That would be roughly twenty-seven and a half per cent, wouldn't it?

A. Yes, according to this.

Q. And at the end of the time, which we will assume is the middle of 1960, what is the market share of the top four?

A. About 25, according to that, if that is the line.

Q. Yes.

A. Yes.

Q. Let us assume that the chart shows the market share of the top five in 1952 was roughly 31 or 32 per cent. What has happened to their market share?

A. They are down there too, 28 per cent. But the only thing that in 1960 we had that strike there. I don't know if that had some effect on that or not. Do you think?

Q. The strike was in 1959, wasn't it, Mr. Gertmenian?

[fol. 685] A. No, it was the end of '59——

Q. Wasn't it January of 1959?

A. January of 1960.

Q. Wasn't it January of '59? I think you are wrong.

A. Let's see. We have a five year contract with the union.

Q. That strike occurred, did it not, Mr. Gertmenian, a little bit more than a year before you bought your store in Alhambra?

A. That's right. That was '59, that's right. I mean that is when they hit the lower and then they start picking up. Actually this doesn't show much of '60 or '61 on the chart here.

Q. No.

A. But actually between that point and '62 and '63 I think the chains have gone much further than that.

Q. What statistics have you seen or what studies have you made which would lead to that conclusion?

A. I would read every year the volumes different stores are doing. And it usually comes out in the newspapers or some of the trade magazines or something. It shows how much more each one of these companies have done.

And I know this much, that the Von's average better in each store than some of the other chains do, in fact most of the other ones do. In fact each one. I know Thriftimart

[fol. 686] has gone way up as far as percentage goes. In most cases the profits are less, but in some cases like in Von's case they have made more money, more percentage-wise than others.

If those are the things you want me to tell you, I know those. I mean I do watch them.

Q. The gross sales of your Pasadena store have gone up, have they not?

A. Yes.

Q. But it is possible that your so-called share of total sales of grocery and related products could have gone down; isn't that right?

A. Yes. Now, let em—Explain that to me.

Q. When we are talking about market share we are talking about the percentage that a particular company has of total sales of groceries and related products in the Los Angeles metropolitan area, which includes Los Angeles and Orange County. So it is possible if there were greater sales in all, the fact that a company's own sales may have gone up——

A. That's right.

Q. —doesn't mean its market share has increased, does it?

A. No. But in my business it could be an exception. In general the majority of the independents are not doing as well and more of them going out of business.

[fol. 687] Q. You have mentioned in the Pasadena area, which you are most familiar with, a Safeway Store has gone out of business.

A. But they opened up larger ones, though. In other words, they would close in our particular area—in our particular area there was one on Allen and one on Foothill and they closed them up but they opened up on Villa and Lake there a store that perhaps was larger than all three of them put together. They had one on North Allen and they closed that but they built 'arger stores. That is what is happening today.

Your larger stores take so much more business, they can do so much more, and they do. These big stores, when they do come in, they create a panic. I don't know what Safeway and Von's are going to do when they come in not too far away from me. I will be frank with you, they are going to

hit Crawford's, they are going to hit Market Basket. What I am driving at is that these people are not doing a tremendous business there now, they are barely getting by and when they come in—I don't know what bearing it has on this hearing.

Q. Yet Cracker Barrel is going in and it is a very small chain, two or three stores, isn't it?

A. That's right.

Q. And El Rancho has built a new store in the Pasadena [fol. 688] area. That was only a two-store chain before that, wasn't it?

A. That's right.

(A short recess was taken.)

Mr. Alsup: Q. Mr. Gertmenian, this merger of Von's and Shopping Bag occurred in March of 1960. Have you seen any lessening in the vigor of competition generally in the Los Angeles area since that merger?

A. Well, if I tell you otherwise, the fact is there is more competition now than ever, as far as that goes. But the thing that I have to a certain extent, if you follow The Key Book, or any others, you would see that the chains are frankly—I don't know if I can say 90 per cent or 95 per cent or 99 per cent of the prices are the same. Except when it comes to butchering each other on their ads.

Q. But you say competition is more vigorous now than it was back in 1960?

A. Yes. There are too many markets and there isn't enough business to be divided and they are all trying to take more and more of it.

Q. Can you think of any area in the Los Angeles metropolitan area, that is Los Angeles County and Orange County, where a housewife doesn't have a pretty wide choice of a lot of different competing grocery stores to shop at?

A. I will let you take Covina, for instance, West Covina, around that area. It is practically all chains. And their [fol. 689] prices are all practically the same, except like I said in the case of advertising. I mean somehow or other if you are selling sugar, Von's-Shopping Bag is selling sugar for fifty-five cents, you can go to nine of the other stores in that area and that sugar will be fifty-five cents, or butter

will be seventy-three or seventy-five, whatever it might be. And I would consider that more or less some sort of monopoly on prices. And it never used to be that way. I mean in the past when you had a lot of independents——

Q. Do you feel that is an unreasonably high price?

A. It is not a matter of reasonable or unreasonable. But we are talking about setting prices up. Right now that is what I had in mind especially. If I am answering your question right. I mean they do have all these stores and yet they have to pay the same price in each of them, practically the same price.

Q. If Von's announces a price at that market, or Safeway does, or Ralphs does, and they are in your area, you try and meet it, don't you?

A. Well, yes. But suppose those prices may be too high or they may be too low at the same time. But in most cases they are marked at a price where there is usually a good margin. In other words, above the margin that you ordinarily make, let's say, if you were selling just that and no advertised merchandise. You will have maybe a 28, 29 [fol. 690] or 30 per cent mark-up, which is too high. Yet they turn around and especially started with the chain stores, they sell pot roast for sixty-nine cents, and then advertise it for thirty-three. And that is what I am driving at. But everybody else gets sixty-six when they are selling at, let's say, standard price, or maybe the same way on coffee, sugar and a dozen things. And yet when it comes to cutting prices they really cut. I don't know if you would call it if a customer has a better chance to buy one place or another, or to shop. That is the only time they have it.

Q. You referred to the West Covina area. I think earlier you said there are about six or seven discount houses operating in that area, aren't there?

A. That's right.

Q. That has all occurred since 1960, hasn't it?

A. That's right. And those people are, like I say—I mean you take any newer area you are not going to find any small stores because they don't have a chance to get into these places. They haven't got a chance to bid on a lease.

Q. You mean in a shopping center?

A. Any shopping center or any new area. West Covina is more or less a virgin area, you might say. They haven't

been there too long. Or their increase in population has been the last ten years. But if you come into Pasadena we still have a few independents that are struggling along. [fol. 691] But you go into these new areas and you don't find them in the first place.

And really, as far as the housewife goes, she has no way of trading with anybody but a chain store. You go into the San Fernando Valley and Canoga Park and different places, and that is what you find.

Q. Let us take the area you are more familiar with, Mr. Gertmenian. Didn't Bud Godfrey open up his El Rancho Market up there in Arcadia in a shopping center after you had got your Pasadena store that had been a former Market Basket Store?

A. Yes. But they are just going in to a larger area. Those markets were too small for them.

Q. That El Rancho was Bud Godfrey's only store, wasn't it?

A. That's right.

Q. And then Bud Godfrey built a second store, didn't he, down on Huntington Drive near Fair Oaks?

A. That's right. He didn't build one, he bought. There was a market there. It was a Big "B", B & B Market there.

Q. And he enlarged it and he has a very attractive and very prosperous store there, hasn't he?

A. Yes.

Q. And the same Bud Godfrey just this last year has [fol. 692] built a new and beautiful market down on West Colorado Street in Pasadena, hasn't he?

A. Correct.

Q. And the same thing is true of this Cracker Barrel outfit that you mentioned, isn't it?

A. That's right.

Q. In your experience in the grocery business, Mr. Gertmenian, you have seen other people start out like Hughes that you mentioned, and Ted Wood of Pantry Markets and many others, haven't you?

A. Well, some of them, like you take Pantry Market. You may say that some of these people were forced into business, from like Meadow Gold Dairies and others when they lost their dairy product business with Shopping Bag or Market Basket and so forth. They had the milk in produc-

tion and the money. They had to back up somebody to go into it. And I don't think I have to explain it to you. I think that is a fact that the reason Pantry is in business today is the fact that they are backed by the Beatrice Creamery Company and also Mr. Lewis of the Orange Empire. Because they want that business and they lost the creamery business to all the chains. That was one of the reasons that these stores are really opened up in town.

Q. And you are a member of Orange Empire, aren't you?

A. That's right.

[fol. 693] Q. Have they offered you any financial assistance?

A. No. I haven't asked for it. But I know that they have done that with others. I think you know what I mean, especially in the San Fernando area—I mean the San Bernardino area, Stater Bros. in some way or another have received help from the Lewis Company. He is a private person as well as being the association we belong to.

Q. In the same period have you seen liquor stores opening up and carrying more and more groceries?

A. Not that I know of, because most of the liquor licenses are bought by the chains there. A person has an awful hard time to get one.

Q. You know there are a lot of liquor stores even in the Pasadena area, don't you?

A. Yes. But they are old-timers that have been there. You don't see very many new ones open. I know one that in the last ten years has opened there.

Q. Have you seen in liquor stores that they have larger and larger grocery departments, bread and milk and delicatessen items?

A. I don't think—I have seen them but I don't think that they amount to very much. There is a couple—What there is in our area doesn't amount to anything.

Q. You have seen drugstores taking on various items sold by grocers and grocers are taking on various things [fol. 694] sold mostly by druggists; isn't that right?

A. Sure enough.

Q. It is a constantly changing business.

A. That's right.

Q. Where do you buy your milk, Mr. Gertmenian?

A. We get ours from Challenge Creamery.

Q. And you haven't received any financial assistance from them?

A. I have.

Q. You have?

A. Yes. They have a mortgage on my property in Alhambra.

Q. The price at which you sell that Challenge milk is fixed by State law, isn't it, Mr. Gertmenian?

A. That's right.

Q. And the price at which Von's must sell its Jerseymaid milk is fixed by State law, is it not?

A. Yes. The only difference is that whatever profit Jerseymaid makes they have an interest in there. Von's has an interest in it and the other markets, half a dozen others.

Q. But if Von's had taken that same amount of money and invested it in the stock of Challenge or in real estate, or in something else, it might have made just as much profit; isn't that right?

[fol. 695] A. Except that I pay interest for my money, that is borrowed money. Like I would from a bank or otherwise, and they don't have to pay interest in that deal.

Q. But if Von's borrowed money to make its investment in Jerseymaid it would have to pay interest on it just like you, wouldn't it?

A. It just depends the way you look at it.

Q. You state in Paragraph 12 that you face vigorous competition from Von's. What Von's Store do you have reference to there?

A. We have the one right closest right now.

Q. The one on West Main Street in Alhambra?

A. That's right.

Q. I think you testified that competition in that area has increased since 1960.

A. That's right.

Q. You refer in Paragraph 13 to the fact that there has been other acquisitions and consolidations since 1948. Which ones did you have in mind?

A. Well, there was Thriftimart. For instance, originally when Mr. Laverty came in this part of the country he was an ex-vice president of A & P Stores. He bought Fitzsimmons Stores, or bought most of the stock and later on Robert's Markets were added on, then Young's Market and

mpany. And then, of course, the name was changed to [fol. 696] Thriftimart from Fitzsimmons. And they also, I don't have to tell you, I guess it's a known fact, that they have gone into Smart & Final-Iris Company. I don't know what per cent of it they own or how it is tied up. But I know that they are involved in it.

And then you take Alpha Beta, for instance, Hiram's Ranch Markets and others they bought gradually.

Q. Are you referring to Alpha Beta buying Hiram's?

A. Yes.

Q. Are you thinking of Raisin's?

A. Raisin's Markets. I am sorry.

What paragraph was it? I don't even recall. There may be others, naturally.

Q. Paragraph 13. Were you thinking of Mayfair?

A. Well, of course, Mayfair, again, is one of the Arden babies. When all these chains got into the other dairy deal they all more or less got into the grocery business and became competition.

Q. When you said when Mr. Laverty came out from the East he bought the Fitzsimmons Stores——

A. That's right.

Q. And Mr. Fitzsimmons had been a prior vice president of A & P, had he not?

A. That's right. He passed away.

Q. He came out here for reasons of his health and got a [fol. 697] little better and built up a chain of about 18 small stores, didn't he?

A. I don't think there were that many at the time that he passed away.

Q. And then he died.

A. That's right.

Q. And then Mr. Laverty purchased these stores; right?

A. Right.

Q. He left A & P to come out and go into business here.

A. That's right.

Q. You say he acquired the Robert's Markets. Isn't it a fact, from your study of the industry, Mr. Gertmenian, that most of the Robert's Markets were very tiny, little stores?

A. They might have been, but Young's Markets and Company weren't small.

Q. I want to ask you about Robert's and then we will get to Young's. They were a small market?

A. Yes, they were small but they did a pretty good volume of business. They were not up to date markets. They, you might say, catered to cheaper grades of merchandise and they didn't have fancy buildings or check stands or gondolas or anything else. But they did a tremendous volume of business. Like the one they had in Eagle Rock and other places on the highways and so forth.

[fol. 698] Q. Did you know Mr. Laverty, Sr.?

A. Yes.

Q. Do you know whether or not it has been his policy when an employee wants to go into business for himself and when he gets older, to let him take over one of the Thriftimart Stores, whether it be a former Robert's Store or some other store, and operate it on his own?

A. Ordinarily they don't give one of their good stores. If there were times that they were either ready to get out of one then they might turn it over to some of the boys.

Q. You know that has happened on quite a few occasions; isn't that right?

A. Yes.

Q. You mentioned Young's Market Company. Is that a retail grocery company?

A. They were retail. They were the Thriftimart originally. And then it opened as Thriftimart and then they had the store in Pasadena. And, if you recall, they were where Hines is now.

Q. This Hines Store in Pasadena, do you compete with that?

A. No. They are not especially competition because their business is all credit and it's a little different than my operation.

Q. They run a very successful operation, don't they?

[fol. 699] A. That's right.

Q. And that was a former Thriftimart Store that they took over and have run very successfully?

A. Yes. Thriftimart pulled out of that area and they took it back. They used to be within a block of that one time themselves and they were out of business for a while and they came back again.

Q. Do you know from your study of the industry, Mr.

Gertmenian, how many separate grocery concerns do business in Los Angeles and Orange Counties?

A. I don't know the exact number.

Q. Would you say several thousand?

A. Well, it all depends when you say "several thousand." How many thousand? One, two, three?

Q. Would you say four thousand?

A. In Los Angeles and Orange Counties?

Q. Yes.

A. I have to make a wild guess if I do. I would say maybe 1500 or something.

Q. Separate grocery concerns?

A. Possible. I am not sure.

Q. That is based on your continued study of the industry?

A. I am just guessing at this.

Q. You list the companies that you consider the major [fol. 700] companies in Paragraph 10 of your statement. Did you want to look at that?

A. Yes.

Q. You list Von's and Shopping Bag, Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant as being among the leading firms in the area.

A. Yes.

Q. Are those the same firms that you refer to as the major firms in Paragraph 14?

A. Yes, I would say so.

Q. Do you have any knowledge whatsoever that Von's intends to merge in the future with any other company?

A. Do I have any knowledge that they are going to?

Q. That they have any intention of doing so.

A. Well, all I can say is what is going to stop them? If they merge with Shopping Bag what is going to stop them merging with somebody else? I mean from what I have seen in the past.

Q. I ask you, do you have any knowledge whatsover that Von's has any intention of merging with one of these other companies?

A. No, I do not. But I would like to give an opinion.

In the case of Fox Market, for instance, many of these chains are built up and when they get big enough they have [fol. 701] the hope, this is always a rumor in the business, that they are building up so that some big outfit from the

East, Chicago or New York, or one of those big areas, will come and buy the chain. And they do not want to buy small chains. When they do come they want to buy a big one, 80, a hundred or more.

I mean that was one of the things that Mr. Fox had. I mean that was the general rumor among the business that he is building these up, he is going to dump it on somebody from back East.

Q. Did Fox build it very rapidly and over expand it?

A. That's right.

Q. And he went into bankruptcy. When conditions changed a little bit he couldn't hold on. And the sixth largest chain in the nation, Food Fair, came in and picked up what was left of the Fox chain in bankruptcy, some 18 stores; isn't that right?

A. That's right.

Q. I ask you, Mr. Gertmenian, if you have any knowledge whatsoever which would lead you to conclude that Ralphs intends to engage in any merger in the future?

A. I do not.

Q. How about Safeway?

A. Safeway, who are they going to merge with? They don't merge, in fact. Not anything that I know of. Not in [fol. 702] this area. They haven't bought or sold any of their stores. If they close up they don't sell their stores. They leave it stay empty. The first of last year there were several of them they closed. They will not sell it to anybody.

Q. This statement in Paragraph 14, Mr. Gertmenian, if this merger is permitted there will probably be subsequent mergers between and involving the other major chains, which are the chains you have identified in Paragraph 10. That is just speculation on your part, isn't it?

A. That's right. All of these things could be speculation and yet they turn to be facts in time, though. If you had asked me the same question ten years ago if Shopping Bag and Von's are going to incorporate at any time, or merge, what answer could I have given to you? If I said, yes, they are going to, you would laugh at me and yet ten years later they have merged. Or in the case of a few others, like Thriftimart, like I mentioned the fact about the Fitzsimmons Stores getting to be Thriftimart and some of the

others. In other words, you can't tell me that they are not and I can't tell you that they are. But they have.

Q. We would both be speculating, wouldn't we?

A. That's right. But they have done it. And what is going to stop them to be even bigger than Safeway? They [fol. 703] already are maybe, or even be bigger than Ralphs and a few others put together.

Q. You know that Von's and Shopping Bag, now Von's, operates only in Southern California, don't you?

A. That's right.

Q. You know that there are some large national chains now doing business in this area, don't you, such as A & P?

A. That's right.

Q. Safeway?

A. That's right.

Q. Acme?

A. American Stores, yes.

Q. Food Fair?

A. That's right.

Q. And there are some large chains in this area which do business in other states than California, aren't there?

A. That's right.

Q. And there are a lot of smaller chains like Shoppers and Hughes and Pantry, aren't there?

A. There are.

Q. And there are a lot of two and three store chains, aren't there?

A. There are.

Q. And there are thousands of single store operators, aren't there?

[fol. 704] A. Getting less every day.

Q. Prior to the merger of Von's and Shopping Bag, Mr. Gertmenian, you state in the statement that you had studied their operations. Wasn't it true that Shopping Bag operated stores primarily in the East area——

A. That's right.

Q. —and in the North?

A. That's right.

Q. And Von's operated primarily in the West and South?

A. West Los Angeles, that's right.

Q. They had very few, if any stores, which served the same trading areas; isn't that right?

A. Until toward the end there, and then they were getting closer and closer.

Q. Can you think of any of the chains which you have listed in Paragraph 10 which do not have a great number of stores close to one another? Aren't there a lot of Thriftimart Stores by Ralphs, They are pretty well spread out throughout the area, aren't they?

A. That's right.

Q. And so is Ralphs?

A. That's right.

Q. That is true of Market Basket, isn't it?

A. Well, you take Thriftimart. Now, they are not in this area hardly at all. They are not in the Pasadena area, they [fol. 705] are not in the Sierra Madre or Alhambra or Eagle Rock area, or in this area at all. And you take your Food Giants are not in this area.

I mean it makes it logical for them to naturally, if they are going to get together, to get together with someone that is not as close.

Q. But there are other areas where they are close, isn't there?

A. That's right. What is going to stop them? I mean like them to come into the Pasadena area and, say, Food Giant, they take over Pantry which hasn't got a store around their area, or any one of them, Thriftimart or anyone.

Q. And here you are just speculating again, aren't you?

A. Well, sure, it's all in speculation.

Q. As far as you know they have no intention of doing it.

A. Well, I don't know, no. But there is always, as long as there is markets and people, they can get together on those things.

Q. You would regard this as a mere possibility; isn't that right?

A. That's right.

Q. Based on your speculation.

A. You can call it a possibility or you can call it a fact from the past as to what has happened to some of the [fol. 706] others. With the exception of, perhaps Ralphs and a few, one or two others. They ordinarily don't go into buying anybody else or combining. Practically all of them, one way or another, you take Food Giant and Weinstein

Brothers and so forth, they sometimes or other, Panorama Markets and so forth, they have gotten together and sold and resold to each other. I mean those always have happened.

Very few of the chains have stayed quiet. In fact Von's and Shopping Bag were one of the ones that have stayed a long time, and then they saw it advantageous to get together. Combining their warehouses and this and that, and finding a location. What chance has a little guy like myself if I want to go into an area, like this particular area in Pasadena that is in the County but between Pasadena and San Marino there where they come in with all the opposition and verything else. I don't know how much they spent before they got that thing to go through. But I mean those are some of the things that when they get big that is what happens. It leaves us out.

Q. Yet you opened up after the merger of Von's and Shopping Bag, you acquired the store in Alhambra directly across the street from a large Safeway Store and not far from a new and large Ralphs Store and with Crawford not far away, and other competitors in the area and you expect to do well.

[fol. 707] A. I spect to do a little business, yes. We don't have to do so much business as the big stores are doing, in our particular case. Where Safeway has a million dollars involved I have only $150,000 invested in mine. And I don't have to do the kind of business they do to get by. And we don't expect to do big business in our areas. If we do a million or seven or eight hundred thousand we get by fine. But we don't expect to build markets like Von's and Shopping Bag does and expect to do that type of business with our operation.

Q. You had the same opportunity back in 1930 that Ted Von Der Ahe did, didn't you?

A. Well, I don't know if—as far as that goes, so has a million others. You could have been United States District Attorney. I mean that has no bearing at all.

Q. It has no bearing at all to you?

A. No, I don't think so.

Mr. Alsup: I have no further questions.

Mr. Hughes: I would like to have identified for the record

as Gertmenian No. 1 the statement entitled "Testimony of Manuel Gertmenian."

(The document referred to was marked by the notary public as Gertmenian Exhibit No. 1 for identification, a carbon copy of which is attached in lieu of the original.)

[fol. 708] Cross-examination.

By Mr. Hughes:

Q. Mr. Gertmenian, Mr. Alsup was referring to Mr. Laverty giving away certain stores to his ex-employees.

A. He doesn't give them away, no.

Mr. Alsup: Did I say "give"?

The witness: He turns it over to them. They still carry the accounts and carry the books and everything else in their office and they charge a service for them. They figure they make more money by doing it. It is usually stores that are losing money. This is off the record.

Mr. Alsup: If that is going to be on the record we are going to have a lot of questions.

I would like to know the basis of your knowledge for that?

The witness: You brought the question for that. I know several of them. Like I say, I was with Fitzsimmons very closely working from 1933 to 1942, some nine or ten years we were in business together. You might say they were my tenants. But that is the way it used to be.

Usually whenever they had a small store a couple of their fellow men took it over and Mr. Laverty's office kept—the Fitzsimmons Stores kept all the records and charged them for the services, the accounting and this and that and the other.

[fol. 709] Mr. Hughes: Q. Would you care to elaborate further on that?

A. I don't see—Would this have any effect on this particular hearing in one way or another?

Q. Yes, sir.

A. I mean he brought the question, I didn't.

Q. Would you continue elaborating on that, the operation of ex-Fitzsimmons Stores?

A. Well if it would do any damage to Mr. Laverty in any

way I would not. He is a personal friend of mine. I think I would like to leave it alone.

Q. You referred to your Pasadena store back in 1947 and you stated that you had to get out of there because you were overbid by Fitzsimmons.

A. That was our store not in Pasadena but in Monrovia. I had a ten year lease on the property on South Myrtle there and when our time came for renewal of the lease there, at that time Fitzsimmons stores were going into the produce and meat end of the business as well as the grocery. That was the first time. In the past I used to lease their produce departments out and meat departments out. They only operated the grocery department. And that was about the time they had started.

And they overbid my particular lease at that time and we had to leave. That was one of the things which Mr. [fol. 710] Hughes was the gentleman that did it, and we had a gentleman's agreement, mouth to mouth, that we would stay as a produce man when they did take the lease. But after they took the lease they gave us a notice to get out.

Q. Was that a profitable operation at that time?

A. Very much so.

Q. You didn't want to lose that lease?

A. That's right. The building was built for me over there.

Q. Do you know of any other instances where——

A. I have an instance for this particular Von's.

For instance we advertise in a little, small paper in Alhambra there where I always had the first page ever since that paper started. And since Von's came I have never been able to stay on the first page any more. When you turn to the first page Von's ad is always there. And I fought with the deal and everything else. I haven't been able to get to first base with it. I mean if that means anything, again you can put it any way you want.

Q. What is the name of that newspaper?

A. Alhambra Free Press.

Q. Is that a large newspaper?

A. It is a small newspaper.

Q. Do you know its circulation?

A. Well, it is supposed to be 30,000 in the area and about

[fol. 711] another 20,000 on the outside area. Around 50,000. It's a weekly, it is not a daily paper.

Q. Do you know if you were overbid for that advertising page?

A. I don't think so. I think they have a standard price for that advertisement.

Q. How often did you run your ad on this page?

A. Every week.

Q. How often do they run one?

A. They run the same now.

Another instance I would like to mention what makes it awful hard for a small merchant to express himself to the public, is that nearly two months ago I think it was where Von's started listing items that they were selling them for and the other stores were selling for. One particular item was corn beef at fifty-nine cents and everybody else was supposed to get sixty-three. We were selling it for fifty-nine all the time. Now, how can I fight a deal like that. They are big enough, they are in two or three of the metropolitan area papers and practically every small paper in the area and they come out and you haven't got a chance to fight those things back. I mean that is your big operation again. It makes it pretty rough and all that.

Another thing, as long as we are on this particular object, when they have their grand opening there, where they had [fol. 712] items advertised in the metropolitan area papers and everything else, and yet when you went into Von's on Main Street there, their new store they had many, many items way low, especially in the produce. That has been my, you might say, pet subject in the business. They had advertised onions and radishes three for a dime and they had it for two cents apiece over there. They had artichokes cheaper over there. They had right up and down the line everything that was cheaper than in any of the other stores that you could buy.

And just like this right now, they are doing on South Pasadena where they are new there, they are giving away fifty cents worth of merchandise, or "this coupon good for fifty cents." They don't do it in any other store but they do it in that one. I know it is not legal, they are not supposed to do it. The little guy is too small to fight and the

big guys are just as guilty themselves. Most of the time they don't like to be bothered to be involved in those things.

We had Safeway across the street there advertise eggs at thirty-five cents with a little circle there when this new store opened, cut rate store opened in Alhambra for thirty-five cents, when they had it in the newspapers for forty-nine cents.

Q. What little cut rate store is that that you just re-
[fol. 713] ferred to?

A. Not a little cut rate store. The one we were talking about in Alhambra, that large cut rate store.

Mr. Alsup: You mean the Unimart Discount Store?

The witness: The Unimart Store, yes.

Mr. Hughes: Q. Mr. Gertmenian, on your examination by Mr. Alsup you were speaking of the draw area of your Pasadena store and you mentioned it extended to Orange Grove on one side and Sierra Madre on another?

A. Yes.

Q. How wide a radius is that draw area?

A. I would say it's about a mile, a little bit closer. Not as much on the south. California is not a mile away from there.

Q. In your examination by Mr. Alsup you also made reference to expanding areas in Orange County. You were stating that the stores were being built faster than the population was growing. Do you recall that?

A. Yes, I do. I didn't say—Did I say Orange County?

Q. I believe he was questioning you on Orange County at the time.

A. That's right.

Q. Are these stores that are going in usually chains or independents?

Mr. Alsup: I object to that on the ground that no founda-
[fol. 714] tion has been laid.

Mr. Hughes: Q. You can answer the question.

A. Answer the question?

Q. Yes.

A. What am I supposed to do when he objects?

Q. Just answer the question here.

A. Well, it's a known fact that these chains will go into

an area with the idea that they are in time going to develop. An independent can't afford to go into an area and expect to wait two, three, four of five years.

We see that right on the foothills. If you start from Pasadena, Arcadia, Monrvia, and keep going there, chain after chain, chain after chain. There is Market Baskets that don't do very much business, there is Shopping Bags that don't do as much business as they would like to because of the fact that continuously somebody else keeps coming in those area. But the idea that in eight or ten years the population is going to double up in those areas. And we have those problems all over the country. In the Phoenix area, this is out of the area again, but it is the same thing. They have enough markets there to supply a million people.

Mr. Alsup: You are talking about Phoenix, Arizona?

The witness: Yes. You can take it out if you want.

Mr. Coyle: We will take it out eventually.

The witness: But I mean these markets are being built [fol. 715] in many of these areas where they have to wait a long time before they develop.

Mr. Hughes: Q. Do they make money in the meantime?

Mr. Alsup: I will object on the ground that no foundation has been laid.

Mr. Hughes: Q. Would you answer the question?

A. In some cases they do and in most cases they don't. That is a known fact in the trade.

Q. Would you open in an undeveloped area?

A. I couldn't afford to open in an undeveloped area.

Q. On your examination by Mr. Alsup, in referring to Paragraph 12 of the testimony of Manuel Gertmenian, you stated that you faced very vigorous competition from Von's. Specifically you said the Von's in your neighborhood. Do you believe you face vigorous competition from Von's as a chain?

A. At that particular store we do, yes, because they cut into our business quite a bit. And the fact that if it becomes necessary, like I say, I know that they are supposed to have the same prices in the chain stores, but in that particular store they do have a lot of prices that are much lower than other stores. Particularly right today, you can check a

couple of their stores and you will find that they have cheaper produce prices there than any of the others.

Q. Can you meet their produce prices and make a profit?

[fol. 716] A. You can, yes. But that isn't the question.

Q. Mr. Gertmenian, I would like to have you take a look at these exhibits, which have previously been identified as Fairbank Exhibits 1 and 2 and Dick No. 2 through No. 7, and ask you if you have seen these exhibits before.

A. I think I have. I think you had a list of these that you showed me what was in the report or some things.

Q. Take a quick glance at them, Mr. Gertmenian.

A. Yes, I have.

Q. I just want to know if you recognize each of them. Not to study them carefully. But would you take a quick glance at the others, too?

A. All right.

Q. Just look through all of them. I ask you if you didn't see these when you talked with me last December.

A. Yes, you showed me some of these.

Q. Do you recognize Fairbank No. 1 as being referred to in Paragraph 8 of your statement?

A. Yes.

Q. And Dick Exhibit No. 2 referred to in Paragraph 3 of your statement?

A. Yes.

Mr. Hughes: I have no further questions.

[fol. 717] Redirect examination.

By Mr. Alsup:

Q. Mr. Gertmenian, do you have any personal knowledge of your own as to whether these exhibits that you have just examined are reliable and accurate?

A. They usually are. They are taken from figures or reports that people have to turn in from their corporation reports, and so on and so forth, and that is where these are taken from.

Q. That is the Board of Equalization figures?

A. Board of Equalization figures and also financial reports that the companies themselves put out as to their increase in volume and how much they did this year and the

year before. I mean they show them several times a year, or three or four times a year you will see them in the newspapers as to how their quarters were, how much they did last year and the year before.

Q. Do you have any knowledge what the Board of Equalization considers a grocery store to be?

A. What it considers to be a grocery store?

Q. Yes. In these statistics. Have you made any study? Do you have any knowledge at all what the Board of Equalization classifies as a grocery store?

A. I do not know. What else besides a grocery store?

Q. Do you know whether or not they consider a trailer which might have a beer and wine license and sell bread in [fol. 718] it as a grocery store?

A. I don't know.

Q. You have no knowledge?

A. No knowledge.

Q. You have no knowledge whether these figures are accurate, have you?

A. Well, we are talking about the grocery business. I presume that they are grocery businesses like mine, or in that area. In other words, I won't be thinking of restaurants or peddlers or something else. I am thinking of grocery stores as I operate, as most of my competitors operate.

Q. This Board of Equalization chart showing the decline in the number of single store operators that you have referred to, will you look at it?

A. I am looking at it.

Q. Do you know whether or not the Board of Equalization considers a produce stand as a grocery store?

A. I wouldn't know, sir.

Q. Or a drive-in milk depot?

A. I wouldn't know.

Q. Are there any drive-in milk depots that come into the Pasadena area?

A. Yes.

Q. Are they allowed to sell milk cheaper than you?

[fol. 719] A. I think one cent a gallon, or something or other, or two cents on the gallon, I think.

Q. That is a new development since 1960, isn't it?

A. Yes.

Q. And they also sell potato chips and weiners?

A. And eggs.

Q. And ice cream?

A. That's right.

Q. And these are pretty important draw items for a grocery store, aren't they?

A. They are.

Q. This chart which shows a decline in the number of single store operators, Mr. Gertmenian, you were a single store operator until May of 1960, were you not?

A. For a period there, yes. But I did have more than one before.

Q. But as of April 1960 you were a single store operator; right?

A. That's right.

Q. And then you acquired a second store, did you not?

A. That's right.

Q. So that represented a decline in one of the single store operators, did it not, because you are now a chain?

A. It would seem so.

Q. That is a conclusion you would draw, wouldn't you? [fol. 720] That is a decline in the number of single store operators?

A. Providing I am considered a chain. I don't know. It all depends how you interpret it.

Q. You are no longer a single store operator, you are a two-store operator, aren't you?

A. Two-store operator.

Q. You referred to Fitzsimmons. Are you acquainted with the Dobson Markets out in Leimert Park?

A. No, I am not.

Q. You don't know if that was a former Fitzsimmons Store?

A. I am not sure, sir.

Q. Your knowledge of the Fitzsimmons-Thriftimart operations, I think you said it dated from 1933 to 1942; is that right?

A. That's right.

Q. What other grocery concerns advertise in this Alhambra Free Press? Does Safeway?

A. No. Safeway does off and on. But the Boy's Market

do. And they have the center page and you can't get that away from them.

Q. How about Ralphs?

A. Ralphs is not in that particular one.

Q. How about Crawford's?

A. Crawford's does not.

[fol. 721] Q. What others do?

A. There is Safeway comes in, Boy's Market, myself, Carpenter comes in, and there is a couple of others in the Valley. I don't recall their names there.

Q. With respect to your Pasadena store what newspapers do you advertise in?

A. Star News.

Q. I have read it. Any others?

A. That's it. Star News and The Independent if they are running, which is one paper.

Q. You mentioned Shopping Bag going in the Foothill area.

A. That's right.

Q. How many Shopping Bag Stores are there out in that area?

A. I think there are four, if I am not mistaken.

Q. How old are they?

A. Oh, they started way back in, it could be '35—'34, '35, '36, in that area the original one. I couldn't tell you.

Q. How about the second one?

A. I don't know. They had the control of that area for several years. There was nobody else but themselves there, with the exception of a few other independents there.

Q. And then others moved in on them; isn't that right?

[fol. 722] A. Yes.

Q. Country Cousins?

A. Country Cousins, others. There is Ralphs moved in, Safeway moved in, Market Basket and Alexander's moved in.

Q. You say that most of the new openings in Orange County have been by chains. Do you include in that this Joe Goodnight of Michael's Markets?

A. I don't know if they consider them big enough or not.

Q. I think you said you weren't even familiar with Michael's Markets before.

A. The answer I give you was that I do not know if they are big enough or not.

Q. You really haven't made much of a study at all of Orange County, have you?

A. Well, you know what you hear through the trade there, what is going on and what is happening. And you take in Covina and other places where Crawford's tries and doesn't go over, McDaniel's tries and doesn't go over, somebody takes them and doesn't go over. The fact is that there are just too many of them around there. There isn't enough business to go around.

And that is the same thing, it's a growing area. Practically every one of those areas are down that way. They are overcrowded and naturally in time they figure there is [fol. 723] going to be enough business to take care of them.

Mr. Alsup: I have no further questions.

Mr. Hughes: I have no further questions.

Mr. Gertmenian, would you waive the signing of this deposition when it is typed up by the reporter?

The witness: Would I sign it?

Mr. Hughes: Would you waive signing it if it is agreeable to counsel for Von's and counsel for the government?

The witness: Yes.

Mr. Hughes: We are just asking if you will forego signing it, if we can get together and agree that it's correct.

The witness: Yes:

Mr. Hughes: Is it agreeable, Mr. Alsup?

Mr. Alsup: Yes. With the understanding that it will be filed as if it had been signed.

[fol. 724] TESTIMONY OF EDWARD HASSON

If subpoenaed to testify, Edward Hasson would testify as follows:

1. He is the owner of A-1-Market, 900 South Figueroa Street, Los Angeles, Los Angeles County, California. He has been in the grocery business in Los Angeles for the past 17 years. In 1959 the A-1-Market had gross sales of approximately $240,000.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, Mr. Hasson closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the "Black Book", a booklet similar to the Key Services, and follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Commercial Bulletin", "Super Market Merchandising", and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the num- [fol. 725] ber of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that a single store operator cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result, fewer

grocery stores are needed in the area to serve a comparable number of people.

[fol. 726] 6. The witness would testify that single store operators and small chains do not have their own highly developed distribution systems. However, many of the single store operators and small chains belong to a cooperative and have a good distribution system through the cooperatives. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from Certified Cooperative and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major perishable products as fresh dairy, meat and produce items. He would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution system. Thus, they have combined the advantages of the cooperative with direct purchasing and a highly developed distribution system. In addition, some of the chains, in-

[fol. 727] cluding Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid. Other large chains in the area have their own dairies.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the picture presented in defendants' exhibits which show that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the

15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed the operation of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised ex-
[fol. 728] tensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for new locations is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same line and the stores are known as "Von's-Shopping Bag."

12. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

[fol. 729] 13. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag or of any two grocery chains of such substantial size, would have the effect of

substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 730] TESTIMONY OF THOMAS P. HUBBARD

If subpoenaed to testify, Thomas P. Hubbard would testify as follows:

1. He was the owner of Hubbard's Market, 5321 South Vermont Avenue, Los Angeles County, Los Angeles, California. The meat department in his store was owned and operated by another party. He has been in the grocery business for most of his adult life and had operated Hubbard's Market for the past five years. The gross sales of Hubbard's Market in 1959 were about $130,000, exclusive of the meat department.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, Mr. Hubbard closely inspected all grocery advertising by the major chains as it appeared in the newspapers. He subscribed to the "Black Book," a booklet similar to the Key Services, and followed the prices of all the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly read, among other publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age" and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the [fol. 731] witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that a single store operato. cannot get into the more desirable shopping centers. It is a well-

known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result, fewer grocery stores are needed in the area to serve a comparable number of people.

[fol. 732] 6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at their warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from Certified Cooperative and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major products as dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution system. Thus, they have combined the advantages of Certified with direct purchasing and a highly developed distribution system. In addition, some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid,"

[fol. 733] which gives them advantages over grocery stores which do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.5 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a [fol. 734] history of successful growth and expansion. He would state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new loca n is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's & Shopping Bag."

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

13. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's [fol. 735] and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocery. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 736] TESTIMONY OF RODERICK A. IRVINE

If subpoenaed to testify, Roderick A. Irvine would testify as follows:

1. He is the owner of two grocery supermarkets, both known as "Star Markets." One is located at 350 E. Garvey Avenue, Monterey Park, Los Angeles County, California, and the other at 2289 W. Main Street, Alhambra, Los Angeles County, California. Each of these stores gross approximately $1 million a year. Mr. Irvine will testify that he recently had a third store, also known as a "Star Market," which was located in Temple City, Los Angeles County, California. However, the Temple City store did not show a profit and he closed it in May 1961. The sales of the Alhambra and Monterey Park stores are down from last year.

2. Mr. Irvine has worked in grocery stores for most of his life, and has had more than 30 years actual experience in the retail grocery business. While he was still in high school, he began working for McDaniel's Market and worked there for six years. At the time he left he was manager of the market. He spent the next fourteen years working for Crawford's Market and he eventually became general manager of Crawford's. He left Crawford's Market and went into business for himself and has remained in business for himself until the present time. Mr. Irvine is currently a [fol. 737] member of the City Council of Monterey Park and has been on that Council for many years.

3. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, he closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the Key Services and follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age" and the "Progressive Grocer."

4. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

5. He would testify that single store operators cannot get [fol. 738] into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction

to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

6. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result fewer grocery stores are needed in the area to serve a comparable number of people.

7. The witness would testify that single store operators and small chains, such as his, do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result they are able to buy in heavy volume directly from the [fol. 739] producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

8. He would also testify that he purchases from the Spartan Cooperative (which is owned by Certified) and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major products as dairy, meat and produce items, although delicatessen items are available from Spartan. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution systems. Thus they have combined the advantages of Certified with direct purchasing and a highly developed distribution system. In addition some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid.

9. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 [fol. 740] the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.3 per cent to 41.7 per cent; the market share of 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

10. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

11. He would state that Von's and Shoppig Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

[fol. 741] 12. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined ;their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's & Shopping Bag."

13. He would testify that he is aware of the recent statement by Mr. Theodore A. Van der Ahe, the president of Von's, that the competition which Von's faces has not been

"cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

14. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

15. He would state that if this merger of Von's and Shopping Bag is permitted there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout [fol. 742] the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag may have the effect of substantially lessening competion and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 743] Deposition of RODERICK A. IRVINE, taken on behalf of defendants, at 433 South Spring Street, Los Angeles, California, commencing at 2:00 P.M., Monday, April 22, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.

RODERICK A. IRVINE, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Alsup:

Q. Would you state your name and address, please.

A. Roderick A. Irvine, 612 Kingsford Street, Monterey Park.

Q. You are the mayor of Monterey Park, aren't you?

A. Not right now. Three or four times previously. I am just on the council now. We vacate it every year. We have had some dealings with O'Melveny & Myers on bond issues previously, always very good.

Q. Then I can't irritate a good client of the office. What is the address of your store, Mr. Irvine?

A. No. 1 store, 350 East Garvey, Monterey Park; No. 2 store, 2289 West Main Street, Alhambra.

Q. And they are known as Star Markets?

A. Yes, sir.

Q. We have been furnished with a document entitled [fol. 744] "Testimony of Roderick A. Irvine." Do you have a copy of that in front of you?

A. Yes, I do.

Q. You have read it over?

A. Yes, I have.

Q. Did you sign it?

A. Yes, I did.

Q. Paragraph 1 of that statement says that you recently had a third store known as Star Market which is located in Temple City, Los Angeles County, California. "However, the Temple City store did not show a profit and he closed it in May 1961." You actually sold that lease, did you not?

A. That is correct.

Q. To whom did you sell it?

A. A fellow named Page and two partners.

Q. A fellow named Wachman?

A. Something like that. They are partners.

Q. These were men who had previously worked for a chain store and were entering business for themselves?

A. I think they worked for a single store operator. I don't know whether they had chain experience previous to that or not.

Q. This represented a new entry of a single store retailer into the business; isn't that correct?

[fol. 745] A. Represented a take-over, yes.

Q. Turning to your 350 East Garvey, No. 1 store, that is in Monterey Park?

A. Yes, sir.

Q. What do you consider the draw area of that Garvey store?

A. Well, as you are probably well aware, the draw of any

market depends upon its size, the competitive factors involved and geographical location. And it decreases in an inverse ratio to the increase in distance, naturally. In other words, most of our draw area is immediately surrounding the store. We do draw some, strangely enough, we have a couple of customers in Montebello, a half a dozen from El Monte and so forth. But this, of course, is the minor part of the business.

Q. Where would you consider the great bulk of customers?

A. Within a mile radius, approximately a mile and a half.

Q. Within that mile radius of your No. 1 store on Garvey Boulevard what competitors do you have?

A. Let me clarify my previous statement. When I say "a mile," I am assuming that Valley Boulevard represents a mile. It may be a little more, it may be a little less. I am not sure. But within that rough competitive radius, call it what you will, we have Crawford's, Von's, in Monterey Park [fol. 746] we have Von's-Shopping Bag, call it what you will, Gateway, Alpha Beta on Atlantic. We also get some competition from Atlantic Square, which is another Von's and A & P location, which I am sure is further than the mile.

Q. That is the——

A. In Monterey in the Atlantic Square Shopping Center.

Q. That is quite a ways away, isn't it?

A. Yes. But we feel something.

Q. And there is a Von's Store in that shopping center?

A. Yes.

Q. And across the street there is an A & P?

A. Yes.

Q. And about a half a block there is a Safeway and Food Giant and some other stores; isn't that right?

A. Right.

Q. On Garvey Boulevard, where your store is located, there is a Gateway Market which is just two blocks west; isn't that correct?

A. Two of three, yes. There is also a Shoppers, another mile and a half east on Garvey that I had forgotten about.

Q. That Gateway, is that a newer store than yours.

A. It's a remodeled store. I used to be general manager

of Crawford's and we had that store. Just after I left Craw-
[fol. 747] ford's was unable to complete a lease satisfactory to them so they moved out of the place and Gateway moved in with a complete remodeling of the building.

Q. Gateway is a relatively small chain, is it?

A. They are smaller than they were a couple of years ago, yes.

Q. Eight or ten stores?

A. I don't know how many they have now. I doubt they have that many any more.

Q. Going still further west beyond Gateway there is a Shopping Bag Store on—Is it Garvey Boulevard?

A. Garfield.

Q. Garfield Boulevard just off Garvey?

A. Yes.

Q. You mentioned the Shoppers about a mile and a half east on Garvey. Is there another little market called Grilli's Italian-American Market, quite close to yours, about two blocks east of yours?

A. There may be next to a little lunch counter. It is possible. There was, I am not sure that it is still there. They changed hands so many times. I think it is. Three blocks, I think it is.

Q. You mentioned the Crawford's Market over on Valley Boulevard. That is at Valley and New Street, isn't it?

A. That's right.

[fol. 748] Q. Someone going from the general vicinity of your store would have to go east to New and over New Street to reach that Crawford's?

A. Either that way or go straight up North Alhambra Avenue over the freeway and turn right into the shopping center there and reach Von's, and across the street is Crawford's.

Q. Along New Avenue between Garvey, where your store is located, and Valley Boulevard there are several small markets, are there not, June's Market?

A. There is one little one on the right going north, there is a place that sells bread and milk in a service station. I think that's all on there.

Q. Is this Crawford's Market there at New and Valley about a mile and a half to two miles away?

A. Something like that. I am not exactly sure.

Q. Has that been there quite a while?

A. Since 1937, I believe.

Q. Is that the Crawford's at which you worked?

A. Yes.

Q. There are another two Crawford Stores, aren't there?

A. Yes. There are two Crawford concerns. Mr. and Mrs. had a divorce and split up the company.

Q. Which Crawford's is this one?

[fol. 749] A. This is Crawford's Store, Inc. owned by Mrs. L. B. Crawford and Bill Crawford.

Q. You say that has been there since '37?

A. It opened in June of '37, I went to work for them October of '37, I think.

Q. Have you heard that they are planning to remodel and build a new store there?

A. I certainly have.

Q. What have you heard in that connection?

A. That they are going to open a rather large operation there with other shops, you know, in conjunction with them.

Q. That is a very large store right now but quite old?

A. Very old, yes. Pretty much chopped up. It is patched up and added onto.

Q. How large a chain is this Mrs. Crawford's chain, do you know?

A. Anaheim, Montebello, Glendale, No. 8 and No. 9, Pasaden—six. I think that that's all.

Q. Six stores?

A. Yes.

Q. And the other Crawford organization, that is W. H. Crawford, is it not?

A. That's right.

Q. And he has the Five Point Store in El Monte?

[fol. 750] A. Modern building, so-called, yes.

Q. And he has this Crawford's Modern Village down at Atlantic Boulevard?

A. I have forgotten the name now.

Q. Crawford's Modern Village, isn't it?

A. I don't think that is exactly it, but something like that anyway. It is basically a department store, it is not a food operation.

Q. It is on Atlantic Boulevard just off of Garvey?

A. Just south of Alpha Beta. It is not a food operation, however.

Q. He does have food in there?

A. Not retail food, no. Strictly ice cream or something like that.

Q. And then there is this Alpha Beta that you mentioned?

A. Acme, whatever you want to call it.

Q. Isn't there a Shaub's Market east of there, about three-quarters of a mile on Garvey?

A. Shaub's? No. Shaub used to be a partner with W. H. Crawford in what is now the Gateway location.

Q. There is no new Shaub's there just east of you?

A. No.

Q. Your store, Mr. Irvin, I might say that I have been in it several times and it appears to be——

[fol. 751] A. It started out as a roadside produce stand and it shot.

Q. It appears to be two old buildings. To get into the produce and meat and delicatessen departments you go through an archway.

A. That's right.

Q. Has that always been a grocery store?

A. The west portion of it, the two portions you are talking about, started out as a roadside produce stand with an open front and so forth. A fellow named Mueller, the landlord, built the grocery side, east portion of it for him to operate a grocery department in there. Over the years since we took over in 1951 we started as a partnership and we bought out the meat department, we worked out arrangements with the landlord to close the front in. We have done various things to it. We are getting ready to remodel it and we did Temple City and that set us back and so forth that we haven't been able to touch it since.

Q. You have a service meat department?

A. Yes, we do.

Q. Your equipment and facilities, are they fairly old?

A. Yes, they are.

Q. You say you acquired this in 1951?

A. 1951.

[fol. 752] Q. How old would you say the building is?

A. The west portion of it is probably 30 years old, al-

though it has been rebuilt, a new front put in and all that sort of thing. The east portion is only about, I am guessing now, 16 or 17 years old. I am really guessing.

Q. When you went in there in 1951 and took over this market that was your first store?

A. Yes.

Q. Prior to that you had worked for McDaniel's and Crawford's; is that correct?

A. That's right. Six or seven years with McDaniel's and 14 with Crawford's.

Q. Have you seen other people enter the business, such as you have done, since 1950 after having had prior service with the chains and build their own business?

A. I don't know when Paul Kooimer started, and it must have been sometime since around that time.

Q. He has the ABC Stores?

A. Yes, that's correct.

Q. What chain did he work with?

A. I don't know that.

Q. How about Joe Hughes, are you acquainted with him?

A. Yes, I know Hoe.

Q. He started about 1952, didn't he, after he had been with Thriftimart; isn't that right?

[fol. 753] A. Somewhere in there, yes.

Q. He has built himself a successful chain?

A. A real fine operation, yes.

Q. Are you acquainted with Ted Wood of Pantry Markets?

A. I know the name but I don't know him personally.

Q. Do you know that he was with Alpha Beta until sometime around '54 or so and then started his own single store operation?

A. Yes. He got the Pasadena lease two days ahead of when I bid on it.

Q. I missed that.

A. His first store that he opened on Marengo Street, we both put a bid in for the lease and he beat me in getting it signed by two or three days. Real interesting.

Q. And he has built a very successful chain of about ten stores?

A. As far as I know it seems that way.

Q. Do you know Joe Goodnight of Michael's Markets in Orange County?

A. I know the name, that's all. I do not know him.

Q. Have you made any particular study of grocery conditions in Orange County?

A. I am not as familiar with Orange County as I certainly am with Los Angeles. I can't say that I have, no. Naturally you learn something about the situation in all of [fol. 754] Southern California, and you hear some comments and so forth by people in the trade, particularly salesmen, but I am not really familiar with Orange County.

Q. Have you made any particular study of the Santa Monica or Long Beach area?

A. When you ask me if I have made a study, I run a grocery business, I am also in politics. Obviously I don't have a lot of time for study.

As far as keeping up with conditions, I try to do that. If you ask me if I am an expert on Santa Monica, I certainly am not.

Q. How much time during the week do you devote to your political matters, Mr. Irvine?

A. It varies. We have one meeting every week at least and I put in no less than probably ten hours a week. With budget time coming up it will be much more than that.

Q. I missed that.

A. Budget time coming up it will be much more than that involved.

Q. What stores were in this competitive area of your Garvey Store which you described when you came there in 1951?

A. I believe Crawford's was in operation where Gateway is now. Shopping Bag was not there as I recall it. Von's on Valley Boulevard was not there, Von's Atlantic Square was not there, Alpha Beta was there under another name, Fairway, as I recall it. There is also another market—I [fol. 755] know where Shopping Bag was now. Hillman and Garfield, called Denny's now. It was formerly a small Shopping Bag. Crawford's was there, of course. Shoppers Market down the street was not there. Safeway on the opposite side was there, the opposite corner in a small store. Boy's and Market Basket were over on Valley Boulevard further from Von's and Crawford's.

I think that's about it.

Q. Those were the only stores that were in the area when you started in '51?

A. As I recall it, sir, yes.

Q. I gather now there are quite a few more stores in the area.

A. There are more, yes.

Q. What stores in that area have been out of business other than the Shopping Bag that you mentioned, which became Hillman and Denny's, did you say?

A. By an individual who is named Valdes who used to work at Crawford's Five Point. It is called Denny's Market now, I believe.

What stores have gone out of business in that time?

Q. Yes.

A. There is also another little store down the street, incidentally, that opened here about, I guess, a year ago and [fol. 756] lasted about six months. I don't recall the name. They are on the north side of Garvey and a block off New Avenue. There is another store in there some place. Safeway is closed out at Del Mar, as I say, and for whatever reason I wouldn't know. Safeway is in Monterey Park, I have forgotten that, too.

In the first block west of Garfield on Garvey they have closed that store up. There have been other little mom and pop stores that have changed hands and probably have been some that closed up but offhand I can't recall them.

Q. Let us talk about your store at 2289 West Main Street in Alhambra, Mr. Irvine. When did you acquire that store?

A. '56, I believe.

Q. And from whom did you buy it? You bought the lease, I gather?

A. Yes. From a private individual named Charles Odell, the master lease. He didn't buy the meat department. I bought the meat operation out and the fixtures, I think, from another individual.

Q. In 1960, you say?

A. 1956.

Q. From whom did you buy the Garvey Store? That, again, I guess, was an acquisition of the lease.

A. Let me think about this for a minute. I believe it was [fol. 757] closed up at the time, as far as the grocery was

concerned. The landlord owns the property still has the master lease on it, a fellow named Lipson.

Q. So would you agree with me that when you got your Garvey store in 1951, which was closed, this represented an entry of a new single store operator in the area?

A. Let's put it this way. The meat and produce was in operation and I can't recall whether grocery was in operation or not, but I don't think so. I think it had been closed a week or a month, something like that. I believe the fellow that was in there went bankrupt, Mueller. So when we took it over all we took over was the grocery and then we took over the produce and then later on bought the meat out.

Q. When you took over this No. 2 store on Main Street in Alhambra from Mr. Odell that represented the decline of one of the stores being operated by a single store operator and an increase in one of stores being operated by chains; isn't that right?

A. If you want to call me a chain with two stores like that, you go right ahead.

Q. If the Board of Equalization——

A. I understand the semantics involved.

Q. —on the figures that you referred to in your statement referred to a chain as two or more stores, you caused a decline in the number of single store operators as soon as [fol. 758] you got your second store.

A. I understand. If you put it that way I presume you are right.

Q. I would just have to put it the way the Board of Equalization does, Mr. Irvine.

A. No comment.

Q. What do you consider to be the draw area of your Main Street store in Alhambra?

A. One or two miles. That was an odd situation before we had some new competition move in. It was the only store that probably drew from two and a half miles in some directions. The only competition it had at one time was another small store east on Main, which has since closed up Ralphs way back in Alhambra and a small Safeway at the corner of, I guess, Marengo and Main. And then going west you had to get clear down into El Sereno before you had any competition. North it was an M & M Store run by the

original McDaniel's family on a concession basis. Not very tough in those days.

Q. Is that it?

A. That's it, I think.

Q. This M & M Store you say to the north, which was an M & M Store run by the original McDaniel's family?

A. Yes.

Q. This was taken over by Bud Godfrey's El Rancho [fol. 759] Market, wasn't it?

A. A year or two ago, yes.

Q. And at that time Bud Godfrey's El Rancho Markets consisted of one store up in Arcadia; isn't that right?

A. I think he sold the store he opened in Pomona first and then he opened this one, yes.

Q. And then he took over this old M & M Store and remodeled it and has made a beautiful and attractive store out of it.

A. Yes. He had everything to work with, let's face it, a big building and a real good location.

Q. And he's got a first class operation there?

A. That's correct.

Q. Just east of your main Street Store in Alhambra isn't there a Carpenter's Store?

A. That is the old Safeway I referred to previously.

Q. And that was Safeway in '56 when you came in there? I think Mr. Carpenter testified here——

A. I think so. I am not positive.

Q. I think Mr. Carpenter testified he took the store over in 1959.

A. Yes, I believe he took it over after we opened. It was closed for a while, how long I don't recall.

Q. Mr. Carpenter has a nice little store there, hasn't he? [fol. 760] A. Mr. Carpenter is having a rough time, yes.

Q. You regard that as competition for you?

A. Certainly. Everything is competition.

Q. And just west of you on Main Street there is a small store called the Trade Rite, is there not, or By Rite?

A. Something Rite. I don't recall what it is.

Q. Trade Rite, I think it is. Have you been in that?

A. Not for upteen years, four or five or six.

Q. Do you regard that as competition for you?

A. They are a little competition yes. They have changed hands several times. How many I don't know.

Q. That is a very small store?

A. Yes.

Q. I notice that a new Unimart Discount Department Store is moving in just about a block from you.

A. Has moved.

Q. And they have opened up?

A. Yes, they have.

Q. They have a large supermarket grocery department in this discount house?

A. Grocery as well as meat and produce too.

Q. Has that affected your business?

A. Yes, it has.

Q. How about Gertmenian's Store over there on Com- [fol. 761] monwealth and Atlantic, do you regard that as competition?

A. In some small degree. It has changed hands, as you know, twice and it is up for sale today because he is not making anything.

Q. Pardon?

A. Go ahead. I shouldn't tell tales out of school. Forget it.

Q. Mr. Gertmenian moved into that store sometime in 1960 despite the fact that there was a brand new big and large Safeway Store directly across the street; isn't that right?

A. Yes. I think you could buy the place today from Mr. Gertmenian. For one reason, the competition is too rough to make a living out of it.

Q. I might tell you, Mr. Irvine, we took the deposition of Mr. Gertmenian the other day.

A. That's all right.

Q. In this Star Market which you have there in Alhambra you say the fixtures and equipment are quite old?

A. Well, let me amplify that a bit. Some are and some aren't. Naturally we bought a lot of old equipment and old fixtures. We have in some cases built new ones ourselves and in some cases bought new ones, and in some cases merely patched up and painted and so forth. When you speak of equipment, motors, these are in good shape and

new. We have replaced everything in both stores over the [fol. 762] years, more than once sometimes.

So our operating equipment in that sense is in good shape.

We have both rented and bought frozen food cases and this sort of thing. So it's a conglommerate, actually.

Q. I notice you have your produce displayed in huge boxes. Is that done in that fashion to give the idea of a ranch type market?

A. We have dual motives. One is labor economy and the other is ranch connotation.

Q. How old is this store?

A. You are speaking of the Alhambra store?

Q. Yes, on Main Street.

A. Originally it was opened by Billy Berg, I believe.

If you can tell me how far back that was. I would say it is 25 years old and maybe 30. I recall it when I was first in the grocery business, which would make it somewhere around 30 years.

Q. It gives the impression of being the old drive-in ranch type market.

A. Not ranch, no. This was a certain cycle in the market business. It was just a drive-in, not a ranch concept.

Q. You have very good parking area at this location, do you not?

[fol. 763] A. Limited but it is good what there is of it.

Q. How does that compare with the parking at the Garvey Store?

A. Not anywhere near the same.

Q. Worse or better?

A. Much worse. The adjacency factor is fine, but the total number of stalls is very limited.

Q. In the time since 1956, when you acquired the lease on this Alhambra store on West Main Street, what markets have come into the area and which ones have gone out, if you know?

A. That is a tall order, 1956. You are speaking of changes now or just complete new and complete closures?

Q. There is bound to be some turnover in the grocery business.

A. For instance the M & M is not a new operation, it is a different operation.

Q. That's right. It has become El Rancho. I am really talking about stores that have gone out of business and are not grocery stores now and stores that have come into the business and are grocery stores now.

A. There was a grocery down the street from the Trade Rite that you mentioned that has finally gone out of business. They went through several changes of ownership and no one could make it. They closed up.

[fol. 764] Q. How far west of Trade Rite would that be? Because you get awfully close to Huntington Drive.

A. It is on Huntington but it is in between. I don't know, I would guess that it's six or eight blocks down from Trade Rite. I would be guessing too.

Q. Would that be the Brock's Market over there on Huntington?

A. Which side of the street is Brock's on?

Q. On the north side.

A. No. This would be on the south side of the street. I am sure it is closed up.

A new store went in on Huntington Drive, of course, back in El Sereno further, back two years ago. Von's, of course, have opened up in this last year—time goes by so fast—in Alhambra. Safeway went in at Atlantic and Commonwealth, of course.

Q. That was in 1958, wasn't it?

A. I don't recall, sir. That sounds logical. I think that's all the new stores.

Q. How about Ralphs?

A. Ralphs has been there for umpteen years, merely keeps remodeling every so often.

Q. They were there when you acquired your lease there in 1956?

A. Yes, they were.

[fol. 765] Q. You mentioned three new ones, Von's, which is further east from you, and the Ralphs Store; isn't that right?

A. Two blocks, yes.

Q. And the Safeway which is——

A. One block actually. The Safeway, which is about as far away as Ralphs. You just go another direction. Maybe about as far as Von's. And I think that's about all. There probably are some more. I don't know when Fisher's went

in. I can't recall that one. Huntington Drive—Alhambra Road.

Q. How about that Oneonta Market; is that in your trading area?

A. I don't know anything about it. And that's about all I know about it.

Q. Would you consider that to be in your general trading area?

A. It's on the fringe. It so happens that the streetcar tracks seem to act as a barrier for some peculiar reason, plus the fact that it's in South Pasadena and you get into advertising problems. They have very rigid advertising restrictions. You have these artificial restrictions sometimes.

Q. What stores have gone out in that time in this area?

A. Well, as I say, that one that was further east of the [fol. 766] Trade Rite has gone out.

Q. Do you know the reason why, or anything about it?

A. I just know that nobody can make a living at it, because they tried to sell it to us at one time and I am sure it has changed hands at least three times. Beyond that I don't know.

Safeway, of course, pulled out where Carpenter's is, for good and sufficient reasons of their own I presume. Sercombe went out where Gertmenian's is. He sold out to Gertmenian. Because he got tired of beating his brains out. That I happen to know.

I think that's about all. There may be smaller ones.

Q. One of the new entries which we had earlier mentioned in this connection is this Unimart which is just about a half a block way; isn't that right?

A. It is a little further than that, about two blocks away.

Q. We have referred to your Temple City store. What was the address of that store?

A. It could be 4892 Lower Azusa Road. That address sticks in my memory but I won't bet a nickel on it, frankly.

Q. That is in Temple City?

A. Yes, it is. It is Lower Azusa Road and Temple City Boulevard I believe.

Q. It is right on the corner?

[fol. 767] A. It is right on the corner, yes.

Q. When did you acquire the lease on that store?

A. I honestly don't recall.

Q. Can you fix the year?

A. I am trying to. '57 I would believe, or '8. One of the two. I wouldn't want to be held to that date because I honestly don't recall.

Q. I would hate to have someone ask me what I did last week. My memory is so short.

Who did you acquire that lease from?

A. McDaniel's.

Q. Is that when McDaniel's was getting into financial troubles and starting to unload their stores?

A. Who knows when these things start? I think this is when they were trying to get out of some of their financial troubles, because one of the reasons we didn't make it there was immediately after they sold us the store, they closed it up first and sold the store to us, and added 10,000 feet to their shopping center down the street further and, of course, Fox opened up a new market down on Valley Boulevard. Between the two, why, we saw it pretty well.

Q. McDaniel's, I think you indicated that you worked for them.

A. I worked for the old man McDaniel, before he sold it to Cant·r and so forth. I quit just before he effectuated [fol. 768] that sale.

Q. What years were those that you worked for McDaniel's?

A. 1930, I guess, through 1937.

Q. What income were you earning when you left McDaniel's? I think you became manager there, didn't you?

A. Yes. That is a tough one. I think I was making $35 or $32.50. I went to work for Crawford's for less money I know. I am pretty sure I was the highest paid man in the chain, which didn't say much. Either $32.50 or $35 a week.

Q. Then you went to work for Crawford's first at this store at New Street and Valley Boulevard?

A. Yes, as a clerk, in October. In November they made me manager of the store they had on El Sereno. Next year they made me supervisor. And I stayed supervisor and general manager the rest of the time at Crawford's.

Q. You were general manager until 1951 when you acquired your first store, the No. 1 store?

A. Yes.

Q. What was your income when you left Crawford's?

A. I had a bonus arrangement. It was either $300 a week or $333 a week salary plus bonus. I have forgotten which.

Q. Can you give us an idea of what it amounted to annually?

[fol. 769] A. Somewhere around eighteen thousand, I think, as I recall. Yes.

Q. Can you tell us what your investment was in this Temple City store? How much did you pay for the lease?

A. I will tell you how much I lost if that will help you any. That is another tough one. I didn't pay anything for the lease. I paid $25,000 to McDaniel's for fixtures and equipment, et cetera. Then we had to put some more stuff into it and do a lot of remodeling and add some more fixtures. What that comes to I don't recall. I think it was about another twenty-five thousand we put in there. I would say not counting inventory, roughly around $50,000.

Q. And in the time you had it I gather you took some depreciation on the fixtures and so forth?

A. Yes, naturally.

Q. Then you sold out that lease and the fixtures and inventory in May of 1961 to Mr. Page and Mr. Wachman.

A. If that is his last name, yes.

Q. Do you recall what you sold it to them for?

A. $50,000 less—We had to take something off and I forget what it is now. Somewhere around $48,000, as I recall it.

Q. Have you been in the store since you sold it to them?

A. Not for the past year, no.

[fol. 770] Q. It is now known as Grower's Market?

A. Crower's, C-r-o-w-e-r-'-s, for some particular reason. Everybody think it is "Grower's" but it is "Crower's."

Q. They do have a picture of a rooster up there.

A. That's right, that's where they got it.

Q. Since they took it over from you they have put in new fixtures and equipment, have they not?

A. I don't know to what extent, sir. I haven't been in for the last year. I think they still have the same meat cases but I could be wrong. I know they haven't replaced the deli case because I bought it. The motors were in top shape. So how much they have replaced I can't say.

Q. You haven't talked to them so you don't know whether they are looking for a second store now?

A. I haven't seen Page for at least a year.

Q. You don't know whether their gross is better in that store than yours was, I take it?

A. I understand that their gross sales—You are speaking of sales?

Q. Yes.

A. I understand that their sales have now reached the point of our highest point at one time. We found then that the price to get them up there was too high for us to pay. I also know that Page has talked to our produce buyer in the market several times, and not again so much recently, [fol. 771] that they were having a very, very rough go. I think they are finally getting on their feet.

Q. I talked to him too, Mr. Irvine, and he tells me he is doing very well.

A. Yes, I think he is now, and I am very glad for him because they are both nice guys. They have earned it, believe me. When we took it—I don't think I am the best in the business; obviously I don't think I am the worst either.

But when they first—When we first took it over, as I say McDaniel's added 10,000 feet to the shopping center and hired a full-time advertising man and really promoted it and Fox opened the store at the same time. Of course, we had hired management, this sort of thing, which is sometimes that you can't get exactly the thing you want out of it, and a combination of things it was just too tough for us. Whether we would have made it if we had been able to hang on longer I can't say.

Q. You say you had hired management. Do you find that when you are in the store and running it yourself and checking the clerks and greeting the customers you can do a lot better job than a hired manager?

A. I will put it this way. Anyone who can run a small store can run a large store about three times more easily. I have had experience, again I don't know it all by any [fol. 772] means, with Crawford's, a large store operation. You can hire a man and set up the whole organization and delegate supervised operation. As a small operation it is exceedingly difficult to do. You run a small store doing less than 25,000 a week, or even less than 5-, and you have to do everything yourself, and it is very difficult to find somebody who can do it, believe me.

Q. You found that when you got your second store your problems just increased?

A. At that time I had a partner, it made some sense. It so happened that my partner suffered a nervous breakdown and had to get out of the grocery business.

Q. When you got the second store your headaches really increased.

A. We had anticipations then of this being a good store and we thought we would probably close out the Alhambra store if it turned out that way. Unfortunately we did everything at the wrong time and probably missed the boat some place.

Q. Your statement says that you are a member of Spartan Grocers. You also use Smart & Final, do you not?

A. Yes, we do.

Q. Right up the street from your Alhambra store there is a Smart & Final depot?

A. Cash & Carry.

[fol. 773] Q. In which of your stores do you spend most of your time?

A. Monterey Park, because the office is located there, naturally.

Q. Do you have a manager who runs your Alhambra market?

A. Manager for each store.

Q. Can you tell me when you took over this McDaniel's Market, sometimes in '56 or '58?

A. I would have to check that date.

Q. Actually it was in 1960 that McDaniel's——

A. I was going to say I didn't think it was McDaniel's. We didn't have it when the strike was on. The strike was in '58.

Q. The strike was in '59.

A. I am getting mixed up with tax problems. I think that's right, we only had it——

Q. It was in 1960 when McDaniel's started to sell off, late '60 when they started to sell off their stores.

A. That fits. I believe that makes more sense.

Q. And then in 1961 they got into real trouble and went into bankruptcy; isn't that right?

A. They did more than that. They sold us some fixtures they didn't own. It cost us 16 or 1700 a year ago. When I

think of Al Woolen, which I wouldn't want you to repeat, [fol. 774] I wouldn't mind too much.

Q. McDaniel's was a case of a small chain that was doing all right and tried to expand much too rapidly and got into financial difficulties because of overexpansion with inadequate capital; isn't that right?

A. Again I am not familiar with the capital setup. I understand that Cantor had plenty of capital at one time. I think there would be a contributing factor. I think there would be some other reasons.

Q. That is what you read in the trade papers?

A. That is what I heard and knew.

Q. That was true with the Fox Markets. Eddie Fox started Fox Markets after leaving Mayfair and built up a big chain almost overnight.

A. Almost overnight.

Q. Almost overnight, you are right. He acquired the Iowa Park Shops and a number of other single operations and built a very large chain and then he got into financial difficulties in 1961 and '62 and went into bankruptcy; isn't that right?

A. As far as I know, yes.

Q. And those Fox Stores were sold off to a number of individuals and small chains except the nucleus of the bankruptcy were sold to Food Fair; isn't that right?

A. Are you speaking of Fox?

[fol. 775] Q. Yes.

A. Yes. Are you sure that it has been sold to Food Fair? What status they are, I don't think anyone knows except the principals.

Q. I understand the planned re-organization has been approved by the referee in bankruptcy.

A. That seems rather obvious.

Q. They are down to 18 stores at this time. Have you read the same thing about Yor-Way?

A. I am not as familiar with Yor-Way, no. I assume that that was part of their problem, again not all of it.

Let me reiterate, as far as I am concerned, both Fox and McDaniel's were not only those of overexpansion. Fox particularly was—Well, I will put it another way. Maybe you are right, maybe it was expansion, but foolish overexpan-

sion. He was just acquiring stores to acquire them, very bad stores.

Q. Very bad?

A. Very bad. Some were good and some were very bad.

Q. Ralphs and a lot of single store operators unloaded some real dogs on the Fox Markets; isn't that right?

A. It seems so. They would buy anything, it looks like.

Q. When you acquired this McDaniel's Market, which was in 1960 sometimes, what did you consider to be the trading [fol. 776] area, or the primary draw area of that store?

A. We had a little larger area, around two miles.

Q. Assuming that it is a two-mile draw area, there would be two old Shopping Bag Stores in that area, would there not, one about a mile and three-quarters southeast at San Bernardino Boulevard and Valley Boulevard?

A. South and east. Oh, yes.

Q. And that was quite an old Shopping Bag Store, small?

A. As I recall, yes.

Q. And then about two miles or two and a quarter miles east at Lower Azusa Road and Peck there was another old Shopping Bag Store; isn't that right?

A. Yes.

Q. Quite old?

A. I don't know how old it was. It was obviously not a new one.

Q. And those were the only Shopping Bag Stores then in that draw area at that time; isn't that right?

A. Yes. Except up in West Arcadia, which was beyond our trading area.

Q. That is about three miles?

A. Yes.

Q. And that was another old Shopping Bag Store; isn't that right?

A. Wasn't there a Shopping Bag—Yes, there was, Las [fol. 777] Tunas Drive in Temple City, immediately north of us. Pardon me, I don't think it was there when we took over, now that I think about it. I think it had been bought by an independent operator. I am sure that is correct. Yes, it wasn't there.

Q. A Shopping Bag Store?

A. It used to be a long time ago. I remember now, it was closed out before I took it.

Q. That is a Shopping Bag Store that was sold to a single store operator?

A. Harlos Gross, that's correct.

Q. And right across from Harlos Gross was a Market Basket Store which closed; isn't that right?

A. That's right; that's right.

Q. It is up for lease right now?

A. It has been up for lease for a long time.

Q. You mentioned the two Shopping Bag Stores and a third Shopping Bag Store which was sold to Harlos Gross. Wasn't there an Alpha Beta Store about a mile and a quarter north?

A. Yes. Right up Temple City Boulevard.

Q. And that was there when you came into the area?

A. Yes. They have since remodeled it.

Q. Was there a Gateway Store in there?

A. There is a Gateway back on Rosemead and Live Oak, [fol. 778] I believe, which is still there.

Q. Would you consider that within your two-mile radius?

A. To a certain extent. How much, again it is one of those up and out sort of things.

Q. And there was a new A & P Market, wasn't there, at Las Tunas and Baldwin?

A. No. That came in afterwards.

Q. How about that Lucky Store at Las Tunas just east of San Gabriel?

A. That is recent too. So is the Safeway on San Gabriel. But that is far.

Q. There was a Safeway, was there not, when you came into that market, your Temple City Market? This Safeway at Temple and San Bernardino Road.

A. Where is Valley and San Bernardino Road?

Q. It is about a mile and a half to two miles.

A. East?

Q. East.

A. Beyond the shopping center?

Q. Yes.

A. I don't think so, but I don't honestly know.

Q. Wasn't there an independent single store operator, Key Fair, in that area?

A. Key Fair? In El Monte it is, you mean?

Q. Yes.

[fol. 779] A. Just off—Yes, I think that is the name of it. This was a fellow who owned Commonwealth who sold to Gertmenian back in Alhambra owned this store. He sold it, I think, to the present operator. I think that is the one you are referring to.

Q. And then they remodeled it in 1961?

A. It sounds logical.

Q. Was there a Ralphs at Live Oak and Santa Anita? Would that be outside what you consider your trading area?

A. Yes, that is pretty far out for us.

Q. Are you familiar with the Circle Market at 4376 North Tyler Avenue in El Monte?

A. North Tyler?

Again I have heard the name. I am sure I have been by it. You ask me where it is right now and what it is like I couldn't tell you.

Q. In the time that you were familiar with that area what single store operators went out of business?

A. Well, I am not sure of the name of this market now, but the one I am talking about which Sercombe bought in El Monte, he has gone out of business, which is not a single operation. Market Basket closed their store in Temple City, Shaub's has sold out to Mayfair in Temple City. However, this is after I sold my store. Safeway in Rosemead sold their store on Valley Boulevard.

[fol. 780] Q. Do you know to whom?

A. Bob's, I think it is called, but I wouldn't bet on it. He had a small store there and closed it. Typical part of their operation. I am not familiar with closings out there other than to say that they are no more. That's all.

Q. How about new store openings in that area?

A. Fox, of course, A & P, of course, Alpha Beta remodeled and enlarged, McDaniel's enlarged, Market Basket moved up on Rosemead further, but that is out of our area.

Q. They closed the store in your area?

A. Yes. Went further north. I think that's about it.

Q. Didn't a discount store open up in that general area, Golden Rule?

A. Just after we sold the store, yes.

Q. That has a large——

A. Down on Valley Boulevard in Rosemead.

Q. That has a large supermarket operation?

A. It has a supermarket operation. How extensive it is I don't know.

Q. You haven't been in it?

A. Not since they first opened it. It wasn't too extensive to start with but I understand they have amplified it.

[fol. 781] Q. Can you give us some idea of what your personal net worth was in 1951 when you left Crawford's to go into business for yourself?

A. Well, a partner and I went in together. I had 7,000 capital. Aside from that, you mean?

Q. Yes.

A. It is a difficult question. I went through a divorce about this time. I don't know what the net worth was after that. I imagine another $10,000 after divorce.

Q. What would you say your net worth is at the present time?

A. That is a good question. It depends on what I can sell my assets for. It doesn't amount to much, frankly.

Q. These assets, your stores and your fixtures and so forth, you have depreciated those over the years, have you not?

A. Yes.

Q. So they might not have a net worth on your books but they have an actual resale value.

A. That is the whole story, as you know. It depends on the desirability of your location, how much business you are doing and what your profit picture shows as to what your fixtures are worth when you go to sell them.

Q. You have no idea what your net worth might be?

A. I really don't, no, sir.

[fol. 782] Q. You have only had the one divorce, I take it.

A. No. I have had two from the same woman, believe it or not. I am a glutton for punishment.

(A short recess was taken.)

Mr. Alsup: Q. What milk do you use in your stores, Mr. Irvine?

A. Knudsen and Whittier.

Q. Is Knudsen a well-advertised brand?

A. Yes, it is.

Q. Do you believe it is as well advertised as Jerseymaid?

A. I don't know what their advertising budget is but it is as well known as Jerseymaid, yes.

Q. Speaking of competition, do you believe that Von's has any competitive advantage in milk over you because of its Jerseymaid connection?

A. Yes, I do.

Q. Will you describe what that is.

A. Well, Jerseymaid, as you know better than I, is set up by a few of the largest chains on a cooperative basis. They have certain standards that you have to meet to join their club, so to speak, and that means distribution per unit, gallonage and so forth. And because of the size of their membership and volume per unit and the relatively simple distributing processes involved therefor they are able to [fol. 783] pass on savings to their members that any ordinary retailer cannot achieve from the ordinary dairy. It is no mistake about that, this is a demonstrable fact.

Q. When Jerseymaid was organized Von's Market Basket, Alexander's and Thriftimart were all quite small chains, were they not?

A. That delves in on the process of relativity. I wouldn't say they were small chains but they were not as large as they are now certainly.

Q. Do you know how many stores Von's had at that time?

A. No, I don't.

Q. Or Market Basket?

A. Not precisely, no.

Q. Or Alexander's?

A. Alexander's probably only had six or seven or eight, something like that.

Q. And there are other cooperative dairies that have been organized since then like Golden Creme, aren't there?

A. That is the only other one that I know of.

Q. Have you sought membership in Golden Creme?

A. When I was at Crawford's Golden Creme approached us. At that time the make-up of it, and so forth, was such that it didn't seem desirable to me. I have not sought membership as an individual, no, because I was forced to go some place else at the time I went in business and I just con- [fol. 784] sidered Jerseymaid—pardon me, Golden Creme beyond our realm, as it were.

Q. The price at which you sell your Knudsen milk is fixed by state law, is it not?

A. Yes. By the dairy industry, but go ahead.

Q. And the price at which Von's sells its milk is fixed by state law?

A. That is correct.

Q. The only ones who can sell milk cheaper are these drive-in milk depots; isn't that right?

A. That's right.

Q. Have they moved into your area at all?

A. Yes. We have one down in South San Gabriel, there is one on South Garfield, the extreme southern portion of the city.

Q. They can sell milk cheaper than any grocery store?

A. Slightly.

Q. This is a development of very recent years?

A. Yes, sir.

Q. And these drive-in milk depots not only sell milk but ice cream and weiners and bread and potato chips and delicatessen items; isn't that right?

A. Everybody is selling everything nowadays, yes.

Q. So far as you know, if Von's had taken the money which is invested in Jerseymaid and put it into Arden Farms or in Knudsen common stock, or into real estate [fol. 785] they might have got just as good a return on their investment as they get out of Jerseymaid; isn't that right?

Mr. Hughes: I object on the grounds of irrelevancy.

The Witness: How could I possibly know? All I know is that they have Jerseymaid and it is the soundest, most efficient possible milk setup from one point of view, but it is certainly the most advantageous to its members. No individual could hope to buy milk as they can. Let's put it that way.

Mr. Alsup: Q. But you don't know whether or not they might have made as much money investing in real estate?

A. One can never know that sort of thing, can they?

Q. Your statement, Mr. Irvine, states that you face very vigorous competition from Von's. That is in Paragraph 13. You have the statement in front of you?

A. Yes, sir.

Q. What Von's Stores give you very vigorous competition?

A. Both of them. The one in Monterey Park called Von's-Shopping Bag and the one on Valley Boulevard called simply Von's.

Q. You are not referring to any other Von's or Shopping Bag?

A. Atlantic Square to a certain extent, but it has far [fol. 786] less effect on it than the other two, obviously.

Q. Those are the only two that you refer to in this Paragraph 13?

A. Yes.

Q. I think you told Clive Johnson once, the partner of Mr. Bates here, that competition has been more vigorous from the Shopping Bag Stores because Von's are better merchandisers. Do you recall that?

A. I told him that competition had been more vigorous from the Shopping Bags since Von's had taken it over because Von's are larger and evidently—How will I put it? They are more solid operators than Shopping Bag was at the time, yes.

Q. Have you seen the Shopping Bag financial statements?

A. You mean before——

Q. Prior to the merger.

A. I had seen a Shopping Bag financial statement. But don't ask me what year it was. I couldn't remember.

Q. Their sales had been increasing but their returns, their net had been declining pretty steadily, had it not?

A. Yes.

Q. This was also true of Fox and McDaniel's their sales were going up and their net was going way down; isn't that right?

A. Common experience, yes.

[fol. 787] Q. Von's, on the other hand, had one of the best operating ratios of any chain in the area, did it not?

A. That has generally been true, yes.

Q. You haven't seen any lessening in the vigor of competition in this area since the merger of Shopping Bag, have you?

A. No. It has made it tougher for us, as a matter of fact.

Q. In Paragraph 14 of your statement it says that you would also testify that there have been a number of acquisi-

tions and consolidations in the retail grocery field since 1948. Which ones did you have in mind in that connection?

A. Well, as you well know, this has been a general trend. Von's-Shopping Bag, Alpha Beta-Acme. The disappearance, and again I would have to stop and think, and that is certainly going to take some time, but the disappearance of a number of small group stores, a man owned two or three of four stores and single store operations. Things like your Yor-Way and so forth.

If you ask me to be more specific than that I would say I would have to take some time to recall it. But it's a recognized fact and anybody in the business knows it has been going on for some time. Even Local 770 knows it.

Q. Why do you refer to Yor-Way? It started out in the [fol. 788] fifties after you did and built itself into a fairly large-sized chain, very, very rapidly, did it not?

A. I don't know how rapidly. It would seem fairly rapidly.

Let us make one thing clear again. As you know, it is sometimes with the right connections not too difficult to build something that may be a false effort. But whether it is built solidly or not is another story.

Q. And Yor-Way got into financial difficulties and went into bankruptcy, did it not?

A. I wouldn't know the reason for it.

Q. You referred to the Alpha Beta-Acme merger. That was after Von's-Shopping Bag, was it not?

A. I am not sure. It seems that way.

Q. American Stores, which later became Acme, changed its name to Acme, had not done business in this area before it acquired Alpha Beta; isn't that right?

A. As far as I know.

Q. And this was a case of a change in the competitor, isn't that right, from Alpha Beta to Alpha Beta-Acme?

A. What do you mean by a change?

Q. Well, Acme hadn't done business here before, it just came into the area by acquiring Alpha Beta; isn't that right?

A. It would seem so, yes.

[fol. 789] Q. Can you think of any others? Food Fair, of example, has come into the area by picking up these 18 Fox Stores out of bankruptcy, hasn't it?

A. Yes. Mayfair, of course, has done a great deal of this, as you know.

Q. Would it surprise you, Mr. Irvine, to know that Mayfair has sold more stores since 1947 in this area than it has bought?

A. No, it wouldn't surprise me a bit. I also know that Mayfair has more stores than it had ten years ago too.

Q. Any others that occur to you?

A. Not offhand, sir.

Q. Von's and Shopping Bag were both local chains which did business only in the Southern California area; isn't that right?

A. As far as I know, yes.

Q. And Von's——

A. Excuse me. I think Shopping Bag went a little further than Southern California, did they not? Didn't they have a couple of stores up north? I guess you would still call it Southern California.

Q. I think they had a couple in Lancaster and that is in Los Angeles County. I think they had a couple in San Bernardino County. But that is still Southern California.

A. You are right.

[fol. 790] Q. And Von's Stores were located primarily in the south and west portions of the area, were they not?

A. Originally, yes, that's correct.

Q. And Shopping Bag in the east and in the north section of the area; is that right?

A. Originally that's correct.

Q. And in this area, aside from local chains like Ralphs, Von's, Thriftimart, we have some large national chains doing business, don't we?

A. Yes, we do.

Q. Would you name them?

A. Safeway, A & P obviously.

Q. Acme?

A. Now, yes.

Q. Food Fair?

A. By your statement today. I didn't know it was a fact but I assumed it was going to happen that way.

Q. Didn't you read that in the trade papers?

A. I read something about it real fast and put it down

for later reading and I didn't have time to read the thing in detail.

Q. And we have multi-state chains doing business in this area like Lucky, do we not?

A. Yes, we do.

Q. And Mayfair?

[fol. 791] A. Certainly they have reached that category now, yes.

Q. And we have a large number of smaller chains; isn't that right?

A. That's correct.

Q. How many single store operators would you say there are doing business?

A. I certainly wouldn't know today.

Q. Would you say several thousand?

A. I don't really know. I would assume that there are thousands of them, if you categorize single stores as momma and poppas.

Q. And in this same time you have seen people start out like Hughes Market, Pantry Markets, Shoppers Markets and grow and expand; isn't that right?

A. Yes, sir, there certainly has been some of that done. Some you have mentioned have been good example.

Q. Since 1960, Mr. Irvine, have you seen changes in the form of competition occur? Your statement says that you keep up with changes in marketing conditions.

A. What do you mean by "form," the package, the building?

Q. Well, you have seen discount houses moving into the area in increasing numbers?

A. Certainly.

[fol. 792] Q. This is a very new and very strong and competitive factor that has entered into the area?

A. It is strong and competitive. It is not really anything new. It is just an extension of what the original concept was. Stack them deep and sell them cheap.

Crawford's Modern Village has in one sense been a discount operation since its inception almost. They carry a great number of non-food and various other departments and so forth.

So when you talk about a new merchandising concept, it

isn't really so. It is just a logical extension of what the supermarkets started out to be and sort of got side-tracked.

Q. But we have had more and more discount houses with food supermarket departments since 1960, haven't we?

A. I think we are going to have more yet too.

Q. How about the bantam stores, have you seen them come into the area?

A. Yes.

Q. Since 1960?

A. Yes.

Q. In fairly large numbers?

A. Not so around us, but from the figures there are obviously quite a few.

Q. You have read about them in your trade journals?

[fol. 793] A. Yes.

Q. Speedee Mart, Pronto and Tiny Tim and others?

A. Yes.

Q. And in this same period, Mr. Irvine, have you noticed that more and more liquor stores are selling more and more groceries, milk, bread and canned goods and delicatessen items?

A. Of course. Everyone is finding the same problem. In order to survive you must add volume at any process you can. We are all running faster to stand still, in fact. That is true in a great many lines of business, as you know.

Q. I think there is a liquor store there on Huntington not far from that El Rancho Market. Are you familiar with that?

A. No, I am not. I know there is a store in there some place.

Q. Are you familiar with this so-called Taco-Burger Place over there on Atlantic and Alhambra Road?

A. Yes.

Q. That is within what you would consider your trading area?

A. Yes.

Q. There is an independent meat market in there and then there is a liquor store which sells a large variety of grocery items?

[fol. 794] A. Yes. That used to be a grocery store, incidentally. He couldn't make it and pulled out and just operates the liquor store.

Q. He does quite a business there?

A. On a concession basis, yes. But please note that he pulled out as a grocery store.

Q. I think you have made the point.

A. I am getting tired of receiving all these points all the time.

Q. And these milk depots you mentioned, that is another new form of competition in this field, isn't it?

A. Yes, it is.

Q. Have you noticed that drugstores are selling more and more of the grocery items and the grocery stores are selling more and more health and beauty aids and items sold by drugstores?

A. We are all tarred with the same brush. I agree with you.

Mr. Coyle: I want the record to show that I object to this whole line of questioning.

Mr. Alsup: The line of products is grocery stores and related items.

Q. Mr. Irvine, Paragraph 11 of your statement, which you have before you, states that you would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant [fol. 795] were among the leading firms in the area. Are these the major firms that you refer to in Paragraph 15 of your statement?

A. Would you be a little more specific when you say "refer to"? Refer to in what way?

Q. You state in Paragraph 15, ". . . if this merger is permitted there will probably be subsequent mergers between and involving the other major chains . . ." Are the major chains you refer to in Paragraph 15 the same chains which you list in Paragraph 11?

A. By that I mean this, that if this trend continues it seems to me in this area it is going to become like other areas in the United States. The food industry is going to be dominated fundamentally by a relatively few chains, fewer than we have had in the past. I sincerely believe this. Which ones it will be I can't tell you, of course.

Q. That is not the case right now?

A. It is the case now more than it was ten years ago, twenty years ago.

Q. Do you have any knowledge at all that Von's plans any future merger?

A. Of course not.

Q. Or Ralphs?

A. I am merely speaking in a general sense.

Q. You are speculating?

[fol. 796] A. No, I am not speculating. It is a trend and unless something reverses it it is going to continue, in my opinion.

Q. Do you have any knowledge that Ralphs intends any future merger?

Mr. Coyle: He has already answered that.

Mr. Alsup: I didn't hear his answer.

Mr. Coyle: He answered before to your previous question.

The Witness: I think you are belaboring the point. I have no knowledge of anyone specifically but I am merely commenting that it is my opinion that this trend towards merger and towards consolidation will continue—period.

Mr. Alsup: Q. When you referred to a trend I think you mentioned Alpha Beta, Acme and Yor-Way.

A. That has generally been going on. That is some examples of it.

Q. What others can you think of?

A. Von's-Shopping Bag.

Q. What others?

A. I don't recall offhand. Mayfair is in the process of acquiring by acquisition all up and down the coast, and certainly in this area too. One unit, two units, three units and so forth.

Q. But Mayfair has a policy of selling, hasn't it?

A. Well, naturally. Everyone has a policy of selling their [fol. 797] dogs. Let's face it.

Q. Back in 1958, Mr. Irvine, would you have included Fox as one of the leading firms in the area?

A. By "area," do you mean Southern California?

Q. Los Angeles and Orange County.

A. A while ago you referred to Southern California.

Either we are talking about Southern California or we are talking about Los Angeles County.

Q. I am talking about Los Angeles and Orange Counties in this question.

A. I am not familiar with Orange County. I think Fox was becoming a major factor in this area but I am certainly not familiar with to what degree.

Q. How about McDaniel's?

A. McDaniel's was an intermediate factor, I will call them.

Q. They got up to be a 24-store chain in 1960?

A. Volumewise I still think they were an intermediate factor.

Q. How about Yor-Way?

A. Very small factor I would believe.

Mr. Alsup: I have no further questions.

Cross-examination.

By Mr. Hughes:

Q. Mr. Irvine, in your testimony in answer to some of [fol. 798] Mr. Alsup's questions you went into the draw area of some of your stores, and in particular I refer to your Monterey Park store. Do you have any knowledge of the draw area of the chain stores which you mentioned within your trading area?

Mr. Alsup: I object to the form of the question on the ground that it is confusing and ambiguous. I have no objection to asking about specific stores.

Mr. Hughes: Q. Do you understand the question?

A. I think I do. Do you want to know how far I considered Von's-Shopping Bag's draw areas to stores in my area? Von's had three stores in my trading area. Four when you consider Alhambra, as a matter of fact.

Q. Just referring to the Monterey Park Store.

A. Just referring to Monterey Park.

Q. How far do you believe, based upon your observations of the retail grocery business in Monterey Park, how far do you believe the draw area was of the Shopping Bag Store which competed with you?

A. Two miles.

Q. Does that Shopping Bag Store have a larger parking area than your Star Market?

A. Considerably.

Q. Would this have any effect upon the draw area?

A. You are referring just to the parking lot?

[fol. 799] Q. Yes.

A. Naturally good parking is one asset. The larger the parking lot the stronger the value that asset has as a customer preference factor.

Q. Does Von's-Shopping Bag advertise in a local newspaper in your area?

A. By local newspaper you are referring to the Alhambra Post Advocate? They advertise. Which might be called an area paper in conjunction with their shopping news.

Q. Do you advertise in that paper?

A. No, I do not. I have in the past on a few occasions.

Q. Are you familiar with the circulation of that newspaper?

A. Yes, I am.

Q. What is its circulation, approximately?

A. I think, including their shopping news, it is around 58,000.

Q. How wide an area is that newspaper distributed in?

A. Considering all their additions, so to speak, that covers Alhambra, Monterey Park, not completely Monterey Park, Temple City, San Gabriel, El Monte, I believe portions of El Sereno and South Pasadena, but I am not sure about that.

Q. Would the Von's-Shopping Bag ad in that Alhambra [fol. 800] Post Advocate serve to advertise for Von's Stores beyond your immediate area?

A. I would have to pinpoint the location of the other Von's, but it certainly would. There is a Von's in El Monte, I am sure it would be covered. Let's put it this way. The one ad will certainly take care of all their stores in that area.

Q. You stated in your testimony that since you went into Monterey Park in 1951 Shopping Bag came in and two new Von's Stores; is that correct?

A. One in Monterey Park and one in the perimeter of Monterey Park at Valley Boulevard and Alhambra.

Q. As each chain has entered a market in your area have you made any observation of what happened to your sales?

A. Yes, I have.

Q. What has been your observation as far as the effect on your sales when the first Shopping Bag Store opened?

A. I will be frank I don't recall the impact of that, except it had a strong impact on it. All the openings since that time has generally resulted in a 10 percent decline in sales. The Atlantic Square Store affected us at first, but not as much subsequently. The Valley Boulevard Store affected us at first and the effect has continued.

Q. How far is that Atlantic Square Store from your [fol. 801] store?

A. Somewhere between two and three miles. Two and a half miles possibly.

Q. Concerning your Alhambra store, did you make any observations when the new Von's Store opened in Alhambra?

A. Yes, I did.

Q. What were your observations there?

A. A decline in sales, but I don't recall the exact percentage at this time.

Q. How far was that Von's Store from your store in Alhambra?

A. I am a poor judge of distances. My guess is it's about a mile and a half.

Q. Can you approximate for us the amount of money which you lost in your Temple City operation?

A. At least $50,000.

Q. You stated in your testimony that you do a certain amount of your purchasing from Smart & Final. Is that the Cash & Carry you refer to?

A. No, no.

Q. It is two different operations?

A. Cash & Carry is operated by the parent wholesale house. We buy from the wholesale house who delivers to our door, of course.

Q. Can you buy as cheaply from Smart & Final as you [fol 802] do from Spartan?

A. Not quite.

Q. What per cent of your purchases do you obtain from Smart & Final?

A. Seventy-five.

Q. Are you referring to Spartan or Smart & Final?

A. Seventy per cent of our purchases are Smart & Final, excuse me.

Q. You buy more from Smart & Final than you do from Spartan?

A. Yes.

Q. What percent do you buy from Cash & Carry?

A. Less than one percent.

Q. To your knowledge is Smart & Final an independent company?

A. Owned by Thriftimart.

Q. Mr. Irvine, you testified in response to Mr. Alsup's questioning that there has been some new type of competition coming in. I ask you if any of your competition is going out, that there are more produce stands in the past than there are today?

A. Yes.

Q. Were there more independent meat markets in the past than there are today?

A. Yes.

Mr. Hughes: That is all.

[fol. 803] Redirect examination.

By Mr. Alsup:

Q. I am a little puzzled about this Von's Store down on Atlantic Boulevard in Monterey Park being a competitor of your Garvey Boulevard store. As you come west on Garvey past your store you first hit a Gateway Market; isn't that right?

A. Right.

Q. That is about a block and a half or two blocks away from your store?

A. Three blocks, yes.

Q. Then you go further west and you find a Shopping Bag Store on Garfield just off Garvey; isn't that right?

A. That's correct.

Q. And you go still further west, quite a way, to Atlantic Boulevard, do you not?

A. Yes.

Q. And just north of Garvey on Atlantic there is this Alpha Beta that you referred to.

A. Correct.

Q. You do not regard that as much competition in your trading area, do you?

A. I regard it about the same degree as the Von's I am referring to at Atlantic Square.

Q. It is just off Garvey on Atlantic.

[fol. 804] A. It is closer but it doesn't have the same things to offer. I will amplify that. Going south from our store our trading area goes back up into the hills, so to speak, and the hills become somewhat quite often the dividing line. But we did pull from over the hill some and so forth. When the Atlantic spread went in we found that some of the people were equal distance, roughly, and were going the other way. Or even those who were closer to us, some of those were going the other way because of the shopping center being there as well.

Q. The Atlantic Square Shopping Center, where Von's is in Monterey Park, they have to go up over the hill past the Kinney Shoe Store a good mile and a half.

A. Or you can go down Garfield and turn over.

Q. In that Atlantic Square Shopping Center there is a Von's and directly across the street there is an A & P, a new A & P?

A. That was built subsequent to that, yes.

Q. And in that same general area there are several single store operations; isn't that right?

A. By "single store," you mean independents?

Q. Yes. A little bit further along.

A. It must be further south. There is one that just changed hands again.

Q. And maybe another block there is a Safeway and [fol. 805] McDaniel's, now Food Giant?

A. Yes. It's a little further than that.

Q. Can you think of any area at all in Los Angeles County or Orange County where the housewife doesn't have a wide choice of different competing stores to choose from?

A. I am sure if I did I would try to open a store there, like everybody else. No, I can't.

Mr. Alsup: That is all.

By Mr. Bates:

Q. Mr. Irvine, before you started into the business for yourself did I understand you to say that you worked for Crawford's for 14 years?

A. That's correct.

Q. You certainly saw the population increase several times in that Crawford's area during that 14 years, didn't you?

A. Yes. Part having gone faster than others, but of course the whole territory has grown.

Q. Then you opened your first store, I believe you said, in 1951.

A. Yes, sir.

Q. Since that time you have seen the population increase very rapidly; isn't that so?

A. Well, let me amplify that. I have lived in Monterey Park most of my life. I have moved out a few times. As a [fol. 806] matter of fact, I lived two blocks from where the store opened, umpteen years ago, '50 to be exact.

This particular area has gone through a change period of changing from single families to the beginning of multiples. Now, the growth in Monterey Park has come from the annexations that we have taken on in the last few years. This area we hope is going to start growing again but it has remained relatively stagnant around the immediate vicinity of our store. The growth has been much slower than the rest of Monterey Park. We call it the older part of town.

Q. Do you recall what the annual gross of your Monterey Park store was in the first year you took it over?

A. No, sir, I don't. It is rather complicated. We didn't have the meat operation. I couldn't tell you that figure now offhand.

Q. Could you approximate that figure?

A. I would be guessing it was somewhere around $450,000, but I could be wrong as the dickens.

Q. Did it increase in 1952?

A. Yes.

Q. How much did it increase, if you recall?

A. I can't recall that, sir. Again some place in here we acquired the meat market and I don't recall if it was the first, second or third year, to be honest with you.

Q. Do you recall if it continued to increase each year thereafter?

[fol. 807] A. It continued to increase until we reached a certain point. I believe the Shopping Bag opening was the thing that first put the cap on our growth.

Q. What year would that be?

A. I don't recall. I can get these figures for you.

Q. Was it prior to, say, March, 1960?

A. Yes.

Q. You attribute the leveling off point to the incoming new stores in the area?

A. Two factors. One the incoming new stores and one there is a certain saturation point that any store, depending upon its size, its immediate trading area, that it reaches. The larger the store you assume the larger the trading area. For the size we knew, the law of diminishing returns set in. Let's put it that way.

Q. What about the Alhambra store, do you recall what your gross was there the first year you took it over.

A. Usually somewhere around $400,000.

Q. Did that increase the following year?

A. Yes, it did.

Q. What year did you take that store over?

A. '56 that was.

Q. Oh, yes. Then it increased in '57. How about '58?

A. No. I think that aside from the strike picture, so to speak, I think that it reached a certain stage of growth of [fol. 808] either one or two years and stayed there and come down some since. But I am not clear about the dates.

Q. You say it has come down some since. The strike, by the way, Mr. Irvine, was in 1959. Did you have a good year in 1959?

A. Had a good month in January, yes, naturally.

Q. Were you involved in that strike?

A. I was financially unable to weather a strike. I had no choice but to sign up.

Q. It would be fair to say then that your sales did increase in 1959?

A. If that was the year of the strike, they did, yes.

Q. How about 1960?

A. You are speaking now of the Alhambra store?

Q. Yes.

A. No, I believe not.

Q. Did it decrease?

A. You are going to make me say something that I don't think you want me to. It decreased as soon as the Von's opened the store in Alhambra this year, whenever it was. It decreased when—No, it might have stayed roughly the same, I guess, until the Von's opening. But I am not sure, sir.

Q. It leveled off an tayed about the same until Von's opened their store in Alhambra?

[fol. 809] A. I think that's right. But again I am not positive.

Q. Then it decreased after that?

A. It decreased some, yes.

Q. How much of a decrease?

A. Roughly eight per cent, something like that.

Q. Eight per cent, did you say?

A. I think so, sir.

Q. Did it decrease when El Rancho opened their new store?

A. No. As I recall it, I don't know which came first now, but I am pretty sure that Von's opening did. We felt the definite effect when Von's opened.

Q. In any event you attribute, do you not, the decline to the opening of the Von's Store and maybe others that opened in your trading area; is that correct?

A. I think that is a fair statement.

Q. Isn't that fair to say that that is what you meant in response to a question by Mr. Alsup that you saw no lessening in competition, in fact you said it had been tougher?

A. Let me get that straight again. What did I say?

Q. In response to a question by Mr. Alsup you said, no, definitely there had been no lessening in competition, in fact it had been tougher.

A. We had more competition—We have more competition today, yes.

[fol. 810] Q. Your Temple City store, do you recall what the volume of that store was the first year you took it over?

A. Not the first year, sir, because it was a process of bringing the thing up.

Q. Did you bring it up?

A. We did bring it up. But we paid a price for it we couldn't afford.

Q. What year did you start that store?

A. Those records are better than my memory.

Mr. Alsup. 1960, I think.

The Witness: Thank you.

Mr. Bates: Q. How much did you bring it up percentage-wise, do you recall that?

A. Well, you mean from where it started? After all the store was closed. It had been closed for a month or two, I forget which. We had an opening, of course, which is not normal sales figures. I believe we brought it up from an average of around $17,000 a week after three months' operation up to as high as twenty-five. I could be mistaken about the figures. Give or take a couple of thousand.

Q. What year did you get it up to twenty-five?

A. In the first year of operation.

Q. That would be '61?

A. Yes, I believe so.

[fol. 811] Q. How about 1962?

A. I sold it in May of 1962.

Mr. Alsup: Your statement says you sold it in 1961, Mr. Irvine.

The Witness: That's true. Yes, that's right.

Mr. Bates: Q. Mr. Irvine, do you see any tendency on the part of Safeway in the metropolitan area of Los Angeles to obtain an exclusive privilege to sell groceries in this area?

A. What do you mean do I see a tendency to obtain exclusive privilege?

A. I am asking you the question. Do you see any tendency on Safeway's part to obtain an exclusive privilege to sell groceries?

Mr. Hughes: If the witness doesn't understand the question——

The Witness: I understand the question. That is like

asking someone if they would like to have a gold mine. In one sense I think everyone has the tendency. Realistically today I suppose Safeway doesn't intend to achieve that goal.

Mr. Bates: Q. Do you see any tendency on the part of Ralphs to obtain such an exclusive privilege?

A. I presume not.

Q. How about Acme? Do you see any tendency on their part to obtain an exclusive privilege?

[fol. 812] A. What do you call a tendency, sir? A desire to achieve that or a realistic knowledge that you aren't going to achieve it but achieve as much as you can?

Q. Is there a trend or tendency——

A. There is a tendency to get all the business that they can get, and this is quite true the bigger they are.

Q. Based on your experience——

A. Is anybody going to get it? No, I don't think anyone is.

Q. That would include Food Fair and A & P, or any other chain including Von's, wouldn't it?

A. I think that is probably true.

Mr. Bates: That is all.

Recross-examination.

By Mr. Hughes:

Q. Mr. Irvine, do you believe, based upon your observations that there is a tendency for a group of chains to achieve dominance in the grocery industry in this area?

Mr. Alsup: I object to the question on the ground that it is confusing and ambiguous. What is "a group"?

Mr. Hughes: Q. Do you understand the question? I will rephrase that.

Do you see a tendency on the part of several chains——

Mr. Alsup: The same objection on the ground that the question is confusing and ambiguous.

[fol. 813] Mr. Hughes: I will strike the question.

I would like to have identified as Irvine Exhibit No. 1 the testimony of Roderick A. Irvine.

(The document referred to was marked by the notary public as Irvine Exhibit No. 1 for identification, a carbon copy of which is attached hereto.)

Mr. Hughes: I have no more questions.
Mr. Alsup: I have no more questions.
Mr. Bates: That is all.

(Discussion off the record.)

Mr. Hughes: Mr. Irvine, if it is agreeable to counsel for the parties would you waive signing this deposition which the court reporter will have typed up?
The Witness: Yes.
Mr. Alsup: That is agreeable to us so long as it is understood that it will be filed as his testimony.
Mr. Coyle: It may be, not necessarily it will be. If you want to file it you can file it.

[fol. 813a] IN THE UNITED STATES DISTRICT COURT

Honorable CHARLES H. CARR, Judge Presiding

No. 336-60-CC Civil

Transcript of Proceedings—June 11, 1963

Place: Los Angeles, California

* * * * * * *

[fol. 814] TESTIMONY OF LEO ARTHUR JENKINS

If subpoenaed to testify, Leo Arthur Jenkins would testify as follows:

1. He is the owner of Jenkins Market, 9701 Cortada, El Monte, Los Angeles County, California. This store is a so-called "Mom and Pop," grossing about $50,000-$75,000 per year. Last year he left a larger market which he had operated as sole proprietor, and which was located at 9008 East Valley Boulevard, Rosemead, Los Angeles County, California. The Rosemead market had 1959 sales of about $108,000. Mr. Jenkins has had a total of some 16 years experience in the retail grocery business in the Los Angeles area. His first two years were with Market Basket where he became a canned goods buyer. When he left Market Basket, he and his brother became partners in a grocery store at 1630 Potero Grande, South San Gabriel, Los Angeles County, California. In 1956 he went into business alone at the Rosemead Jenkins Market.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, Mr. Jenkins, when he operated a larger store, closely inspected all grocery advertising by the major chains as it appeared in the [fol. 815] metropolitan newspapers. He also regularly reviewed grocery advertising appearing in local papers. He subscribed to the "Grocer's Weekly Guide," a booklet similar to the Key Services, and followed the prices of

all the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly read, among other publications, the "Commercial Bulletin" and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that a single store operator cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result, single store operators do not have access to desirable locations in shopping [fol. 816] centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result, fewer grocery stores are needed in the area to serve a comparable number of people.

6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their

own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from Orange Empire Cooperative and this enables him to get certain of the advantages, such as quantity discounts, enjoyed [fol. 817] by the chains on dry grocery products. He would state that the cooperative does not carry such major perishable products as fresh dairy, meat and produce items. Some of the chains, including Von's and Shopping Bag, also belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the picture presented in defendants' exhibits which show that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.5 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed [fol. 818] the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along

with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for new locations is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's-Shopping Bag."

12. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was one of the largest consolida-
[fol. 819] tion of grocery chains in the Los Angeles area in recent years.

13. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocery. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 820] DEPOSITION OF LEO A. JENKINS

(Taken on behalf of the Defendants, at 433 South Spring Street, Los Angeles, California, 9:30 a.m., Thursday, April 18, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.)

Direct Examination.

By Mr. Bates:

Q. Mr. Jenkins, the purpose of this hearing is to give me an opportunity to examine you on your background and experience in the grocery business and to interrogate you on the statement that you have heretofore made to the Government. Do you have a copy of that statement with you?

A. Yes.

Q. I will ask you to lay that on the table and keep it in front of you, Mr. Jenkins, because from time to time I will wish to refer to it and have you read portions of it to refresh your recollection.

A. All right, sir.

Q. The record that we will make here today will in all probability be examined at some stage of this proceeding by the court.

A. I see.

Q. I think it will be more clear to whoever examines it if you will listen to my question and wait until I have [fol. 821] finished before you give your answer. In turn I will try and not interrupt you until you are finished with your answer. If you don't understand any question I put to you please say so and we will rephrase it and if you don't know the answer just say you don't know the answer.

Where is your residence at the present time?

A. 3045 Adelia Avenue in El Monte.

Q. How long have you lived there?

A. Approximately a year.

Q. How long have you lived in Los Angeles County?

A. Since 1950.

Q. Prior to 1950 where did you reside?

A. St. Joseph, Missouri.

Q. When you lived in St. Joseph, Missouri, were you engaged in the grocery business there?

A. Off and on for a while, yes, sir.

Q. Relate your experience in the grocery business in St. Joseph, Missouri.

A. Well, I worked for the Greenhill's Market for a while and then I worked for Joe Cordona for a while, which together would make approximately a year and a half.

Q. In what capacity did you work?

A. I was a clerk.

Q. A clerk?

A. Yes, sir.

[fol. 822] Q. Proceed.

A. Then back to Armour & Company. I worked for Armour & Company for quite a number of years in St. Joe and then I purchased a small market in South St. Joseph and I was there for approximately a year and a half.

Q. How big a market was your South St. Joe market?

A. Small.

Q. Could you estimate the number of square feet?

A. Well, I would say 20 by 40. That is the selling area.

Q. What work did you do for Armour & Company?

A. I was a clerk.

Q. What business were they engaged in, the meat business?

A. The meat business, yes, sir.

Q. After you came to California in 1950 did you engage in the grocery business?

A. Yes, sir.

Q. Where did you first work in the grocery business in Los Angeles County?

A. Market Basket.

Q. What was your capacity there?

A. I was clerk.

Q. How long did you remain with Market Basket?

A. Approximately two years.

[fol. 823] Q. All that time as a clerk?

A. Yes, sir.

Q. Then where did you go?

A. I went to the Boy's Market. I call it the Boy's Market but it was really Shop Rite.

Q. Where was that located?

A. In East L.A.

Q. Where was the Market Basket located in which you worked?

A. On Atlantic and Pomona. It has recently been sold.

Q. You say the Market Basket was called Shop Rite?

A. Shop Rite, yes, sir.

Q. That is a Shoppers Market?

A. I am not certain. I don't believe I can answer that because I didn't work there too long.

Q. What was your capacity there?

A. I was clerk.

Q. How long did you work there?

A. I would say a month or so and then I purchased the market with my brother.

Q. Would this be in 1952 that you purchased the market with your brother?

A. '52 or '53. I am not quite certain.

Q. Where was this market located that you purchased?

A. 1630 Potrero Grande in South San Gabriel.

[fol. 824] Q. How large a market was this?

A. It was considerably larger. We were partners. I would say it was at least three or maybe three and a half times larger than the small market that I originally had in St. Joseph.

Q. Can you estimate its size in terms of square feet?

A. About 60 by 60 I would presume, or thereabouts. Maybe a little more, maybe a little less.

Q. Did it have a parking area connected with it?

A. Yes, sir.

Q. Did you handle meats and produce as well as dry groceries?

A. Yes, sir. Complete market.

Q. Mr. Jenkins, how much was your investment in that market at the time you and your brother purchased it?

A. I really don't recall.

Q. Could you approximate the investment?

A. $7500.

Q. $7500?

A. Yes, sir.

Q. What volume of business did you do during the first year in which you operated that market?

A. The first year, together I would say about sixty-five thousand.

Q. Who was your closest competitor?

[fol. 825] A. Beach's, Gateway, Market Basket, and I would say, I am not real certain, but I think Von's had a little market on Garvey almost to Garfield.

Q. How close was Beach's Market to your store?

A. Approximately a mile.

Q. In which direction?

A. North and slightly east.

Q. What other markets were north of your store?

A. Gateway was right next to it.

Q. How far away would Gateway be?

A. It is across the street from Beach's.

Q. That would be about a mile from your store also?

A. Yes, sir.

Q. In which direction was Market Basket located?

A. It was north and west.

Q. How far?

A. Approximately the same distance, maybe a little further.

Q. Von's Grocery, in which direction would they lie?

A. It was just up San Gabriel Boulevard across the freeway. And then there is another one—As I say, I am not quite certain whether it is a Shopping Bag, because the only time I ever came close to it was because I went to the bank at Garfield and Garvey.

Q. Did you consider that your store draw was within [fol. 826] the area of this Shopping Bag Store that you have just described?

A. Oh, yes, undoubtedly.

Q. How far away would that be?

A. It's about a mile and a quarter, approximately the same area.

Q. I believe you stated that Von's Store was across the freeway.

A. It was. It isn't now. It was across the freeway on San Gabriel Boulevard about a block north of the San Bernardino Freeway. But I think they have sold it now to Big Saver, or some market.

Q. That Von's have sold?

A. Well, I don't know if it is Von's or Shopping Bag, but one or the other.

Q. The freeway still is between this store that you have described to us and your store, isn't it?

A. Yes, sir.

Q. Do you draw store trade at your store from the other side of the freeway?

A. Oh, sure.

Q. What do you consider the area to be from which you draw your store trade?

A. Well, you mean the store I have now?

Q. We are talking about this——

[fol. 827] A. 1630 Potrero Grande?

Mr. Hughes: For the record, is that what we have been talking about?

Mr. Bates: Q. We have been talking about your first store.

Mr. Hughes: Potrero Grande.

The Witness: That is what we have been talking about.

Mr. Bates: Q. That is Potrero?

A. Potrero.

Q. What do you consider the trade area in which you draw customers when you operated the Potrero Store?

A. The approximate distance, you mean?

Q. Yes.

A. I would say a mile.

Q. In your opinion is a radius of a mile the approximate area in which the competitor stores draw their trade also?

A. Well, I would say the larger markets do considerably more distance than that.

Q. But insofar as your Potrero store was concerned your customers generally didn't come from beyond a mile; is that correct?

A. I doubt it very much.

Q. How long did you operate this store with your brother?

A. I would say about four years, approximately.

[fol. 828] Q. I believe you told us, did you not, that the

volume of business during the first year in the Potrero store amounted to about $60,000?

A. That's about right. Of course, that is more or less an estimate on my part. I haven't checked into it. It has been a considerable length of time.

Q. Yes. We would like to have your best approximation. During the second year in which you operated this store did the volume increase?

A. Oh, yes.

Q. How much increase did you experience in the second year?

A. Well, I would say seventy-five thousand instead of sixty.

Q. As your volume increased your profits also increased a little bit, didn't they?

A. Sure, yes, sir.

Q. During the third year of operation of the Potrero store did the volume increase again?

A. No. I think that was about the tops in that store because, as you say, we had a certain area to draw from and we had to become acquainted and the people knew us.

Q. And then the last year in which you operated the store the volume had leveled off and remained about $75,000; is that right?

[fol. 829] A. It could be a little more, a little less, yes, sir.

Q. Mr. Jenkins, during the four years in which you operated that store you made a constant effort, you and your brother, to increase the sales, didn't you?

A. Yes, sir.

Q. And you made a constant effort to increase the profits, didn't you?

A. Yes, sir.

Q. And it is fair to say that you did both, you increased both the volume and the profits?

A. Yes, sir.

Q. When did you sell this store or dispose of it?

A. I think it was in 1959, approximately.

Q. Can you tell us the amount for which you sold this store?

A. Well, I think the fixtures was around eight thousand and then the inventory about the same.

Q. Did $16,000 represent your approximate sales price?

A. Well, that is for both of us, you understand, the brother and myself.

Q. I am speaking about the sales price for which you both sold. Would it be about $16,000?

A. That's about right, yes, sir.

Q. Then you realized a gain on the sale of this store, did you not?

[fol. 830] A. Not too much.

Q. Would it be fair to say it would be the difference between $7500 that you paid for the store?

A. Well, I put in seventy-five and my brother put in seventy-five.

Q. $7500 was your individual investment?

A. Oh, sure. It was my original investment.

Q. So that approximately the original price was $15,000?

A. That's about right, yes, sir.

Q. During the four years that you operated the store I presume you depreciated the fixtures?

A. Oh, yes.

Q. Do you know what the depreciated value of the fixtures was at the time you sold the store?

A. No. But I did have a bookkeeper that took care of that for me and he depreciated it according to the——

Q. What I would like to find out, Mr. Jenkins, is what the capital gain was that was represented to you and your brother on the sale of this store?

A. Oh, I would say a couple of thousand apiece.

Q. When you sold this store what did you do?

A. I purchased a larger market myself on Valley Boulevard and Rosemead.

Q. What was the address?

[fol. 831] A. 9008 East Valley Boulevard.

Q. Did you go into this store with your brother or was this——

A. No, sir, this was my own.

Q. Your own?

A. Yes, sir.

Q. How large was that store?

A. It was 40 by 80, I am almost certain.

Q. Was it a going business at the time you purchased it?

A. Yes, sir.

Q. Do you recall what the purchase price was, approximately?

A. Approximately $12,500, I believe, fixtures and inventory?

Q. In part you used the capital gain you made from the other sale, together with any profits that you had retained, to purchase this store, did you not?

A. Well, I had to borrow $8000 from Coast Federal.

Q. But the rest of it is what you had made on your other venture?

A. Yes, sir.

Q. Tell me about the competitors that surrounded you at this location. You had them north, south, east and west, I presume.

[fol. 832] A. Yes, sir.

Q. Who was north of you?

A. Jax Market, Gateway, McDaniel's. I believe that's the closest.

Q. What distance would you say Jax would be from your store?

A. A hundred yards.

Q. And Gateway?

A. Approximately a mile.

Q. And McDaniel's?

A. About the same.

Q. In this location did you consider that your store draw was approximately a mile?

A. I would say so. I knew several people that came from close to the other stores, you know.

Q. Do you recall whether there were any single store operators within a mile north of your store location?

A. I am reasonably certain there was a small market on Mission and at one time there was a small market on Temple City Boulevard and Valley, and another one a block south of Valley and Temple City.

Q. Is that three that you have given me or four?

A. I would say three.

Q. All within one mile from your location?

A. Closer than that. About three-quarters.

[fol. 833] Q. East of your location were there other stores within a mile distance?

A. Well, the Fox Market built a large market about that distance, about a mile distant. I am not sure of my distance.

Q. Just your best estimate, Mr. Jenkins, is all we want.

A. It is more or less an estimate.

Q. Were there any independent grocery stores located east of you within a mile distance?

A. Well, when I first started Bevin's Grocery was there but he had to sell out because he was right across the street from the Fox Market.

Q. Any others that you recall?

A. Well, this little store I was telling you about on Temple City and Valley, I don't know why he sold out but they tore it out too.

Q. South of your location how many stores?

A. South was the freeway and between the freeway and Garvey is the Aerojet and so forth. So there isn't any market down that direction.

Q. How about west?

A. West, when I first purchased the market, Safeway had a store about a block from me. And then there was another——

Q. Let me interrupt you just a moment. You say when [fol. 834] you first purchased the market. Did they dispose of that store or close it up?

A. Yes, sir.

Q. When did they do that?

A. About a year after I started in business. I imagine that was around '57-'57.

Q. Which did they do, close it or sell it?

A. I am pretty sure they closed it and then it was purchased by a fellow named Bob and his partner Harvey.

Q. Would it be fair to say, Mr. Jenkins, that Safeway could not longer afford to operate a store in that area after you moved in?

A. No. I understand they go in for larger markets. They closed all their small stores like that.

Q. How long did you operate this store?

A. Until approximately a year and a half ago.

Q. Tell me again when you bought it.

A. Around 1956, maybe March or April. If I knew you were going to ask I would have checked into it.

Q. Would you say that you operated it approximately six years or five years?

A. No, about four, maybe four and a half.

Q. What volume of business did you do the first year in which you operated this store?

A. Well, as you say, it was a going business and I [fol. 835] would say around, oh, between seventy-five and eighty-five thousand, maybe ninety thousand. It was a going business, had a good man in there.

Q. As you did before, you made a constant effort to increase your sales and profits, didn't you?

A. Yes, sir.

Q. And you did increase your sales and profits?

A. Yes, sir.

Q. I notice from the statement that you gave the Government in the first paragraph that in 1959, this would be about three years after you purchased the market——

A. Yes, sir.

Q. —that you were doing about $108,000 worth of business.

A. Yes, sir.

Q. Do you recall how much business you did in 1960?

A. Well, approximately the same. I didn't deviate too much. That one year that I had such a large volume the big markets closed for a month and I had a tremendous volume that month.

Q. But during the four and a half years in which you operated this market it is fair to say that you increased both the volume of sales and profits?

A. Oh, yes.

Q. When did you dispose of this market?

[fol. 836] A. As I say, about a year and a half ago.

Q. Who did you sell it to?

A. The Vicari brothers.

Q. What was the sales price?

A. I think I got $7500 for the fixtures plus the inventory, which in this store was approximately ten thousand.

Q. So you sold for $17,500 the property for which you paid $12,500; is that correct?

A. Well——

Q. After having depreciated the fixtures, of course, during that four and a half year period of time.

A. As I recall, I purchased the fixtures at a comparitively low figure because Mr. Ashforth wanted to sell out. He was getting old and he wanted to retire. In fact he died not long ago. So I think that is where I made a little extra money.

Q. But you did, during that four and a half year period, depreciate the fixtures——

A. Yes, sir.

Q. —based upon your cost and so forth.

A. Yes, sir.

Q. Suppose you estimate for us, as near as you can, Mr. Jenkins, what your capital gain was on the sale of this property.

A. Well, I would say I must have gained around, oh, [fol. 837] four to six thousand, wouldn't you?

Q. I have to ask you the question, Mr. Jenkins. I haven't any facts except those that you give me.

A. I am sorry. This is all more or less out of the blue sky.

Q. You think it could amount to as much as $6000?

A. I would think approximately.

Q. And this $6000 represented a capital gain profit in addition to the operating profits that you had experienced during the four and a half years you operated the store?

A. Oh, I don't know about that. I had to buy this stuff, you know, to make the inventory considerably over what I had purchased it for. What I paid for what they inventoried and naturally I had to pay for that.

Q. Well, I think you have told us that you increased both the volume of sales——

A. Yes, sir.

Q.—and the profits during the four and a half years that you operated the store.

A. Yes, sir.

Q. And then after you sold the store you sold it for more than you paid for it.

A. Yes, sir.

Q. So that you did have a capital gain in addition to the profits you had already received, didn't you?

[fol. 838] A. Well, I would have to look on my sheets to make sure what the difference would be. But I know I paid income tax on it, so I can look that up.

Q. When you sold this store what did you do?

A. I purchased this small market on 9701 Cortada.

Q. That is in El Monte?

A. El Monte, yes, sir.

Q. How big a store is that, the Cortada store?

A. I would say 20 by 30 would approximately be the selling area.

Q. Smaller than the East Valley Boulevard store?

A. Considerably smaller, yes, sir.

Q. Does it have a parking lot connected with it?

A. Around the front, yes, sir.

Q. How many cars can park there?

A. There is room for about, I would say, five to six if they parked right.

Q. Did you purchase this store individually or in connection with your brother?

A. No, no, it's my own store. My wife and I, of course.

Q. What did you pay for this store?

A. Let's see now. That is comparatively fresh. I think the store ran about twelve or thirteen thousand. That is stock and inventory. I didn't purchase the building.

Q. How long have you been operating this store?

[fol. 839] A. A little over a year and a half.

Q. Was it a going business when you bought it?

A. Yes, sir.

Q. At the time you bought it what was the volume of sales in that store?

A. Oh, it was around—You see, I bought it in the middle of the year, and the first half was approximately twenty-five or thirty thousand.

Q. This is the first half of the year when you purchased it?

A. I purchased it in July.

Q. What had your predecessor done in the preceding year, if you know?

A. Well, according to this figure, about the same.

Q. Then after the first six months were you able to increase the volume of sales?

A. Well, I had to——You see, he didn't have beer and wine and I applied for and secured a license, and that raised the volume somewhat. And then, too, I inaugurated a sort of delivery service which is quite acceptable to the

general public around there and things like that. I did raise the volume somewhat.

Q. And you made a constant effort to improve both the volume and your profit during the time that you have had it?

[fol. 840] A. Yes, sir.

Q. And you have succeeded in doing so?

A. Yes, sir.

Q. What would you say the volume of the business is at the present time?

A. Oh, I would say it would be around $1500 a week now.

Q. Does it appear to be getting a little better each week or month?

A. No. That is the funny thing. It stays almost the same invariably. I have a certain locale now, I don't have any big markets close.

Q. What do you believe your draw area to be from this particular store?

A. Well, it is more or less bounded by Rosemead Boulevard and Garvey and the freeway and, say, Potrero Avenue, which, of course, is only about a mile across or a half a mile from me. Due to the fact primarily that most of the people around there are either retired or live in trailer courts or motels, or things like that.

Q. Your draw area, do you believe, would be less than a mile?

A. Oh, yes, I think so.

Q. Would it be a half a mile?

A. I would say a half a mile would be closer than a mile.

[fol. 841] Q. Mr. Jenkins, how do you determine prices at your store?

A. Well, I have always subscribed to the Grocers Guide and I go primarily on the prices that are in that book, if I can.

Q. Do you fix your prices in accordance with the prices then of the Grocers Weekly Guide? I think they call it "Weekly Guide," don't they?

A. When and if I can do.

Q. And those prices are representative of what?

A. Well, shall I give you a specific example, or what?

Q. Yes, go ahead and give me an example of how the Weekly Guide prices are fixed.

A. Say the Del Monte canned foods, the prices are in the book and they are within, say 16 to 20 per cent, based on what the big markets get on it. But when they come down to selling coffee for what it costs me, and even less, why, I can't do that. Do you see what I mean? They sell coffee for my price, what I pay for it, they sell baby food. You know, that makes me so mad I can't see straight.

Q. And in order to make a profit on that you have to increase the price?

A. That's right.

Q. On those items do you maintain your volume of sales?

A. Oh, no, I should say not.

[fol. 842] Q. Your volume of sales on those items——

A. More or less governed by necessity.

Q. I assume in your constant efforts to increase your volume in your sales that you make a study of the area from which you draw your trade, don't you?

A. Well, I try to, yes.

Q. What do you do in making such a study?

A. Well, I talk to the people, naturally, and kid them and ask them where they go and why they haven't showed up and things like that.

Q. Generally that store draw area is the only one that you are interested in; isn't that so?

A. Oh, certainly.

Q. Have you made any study of grocery marketing conditions in Orange County?

A. No, I am afraid not.

Q. Have you made any study of grocery marketing conditions in, say, the Long Beach area?

A. I don't think there would be any percentage of me making a study now since I have more or less isolated it.

Q. Is your answer, no, you have not made it?

A. No, sir.

Q. Have you made any study of the grocery marketing conditions, say in the Santa Monica area?

A. Well, I don't know what you are getting at, but, [fol. 843] no.

Q. As a matter of fact, the only study of marketing

conditions you have made since you have been in the grocery business in Los Angeles is in the immediate area of the stores which you have operated; isn't that fair to say?

A. I am afraid you are right.

Q. Since that is the case, then, of course, you have no knowledge of the competitive conditions or the competitive situations between other grocers in other areas of the County, like Santa Monica and Long Beach?

A. Well, I do know that, well, Hiram's sold out to a big market chain and Iowa Pork Shops and some of McDaniel's, and of course Von's and Shopping Bag.

Q. Those are just general items of interest that you see perhaps in trade papers that you read occasionally?

A. Yes, sir. And Commercial Bulletin and so forth.

Q. On the basis of your continued study of the marketing conditions in your own draw area around the stores which you have operated have you noticed any decline in the number of single or independently operated stores?

A. Yes, sir.

Q. Let us take the Potrero Grande address in South San Gabriel. How many stores went out of business in your area?

A. I really didn't pay too much attention up there be- [fols. 844-845] cause, as I say, I was just getting started and it didn't concern me too much.

Q. You couldn't name any?

A. No, sir.

Q. Let us take the 9008 East Valley Boulevard location and Rosemead. How many stores went out of business or closed up in your draw area at that location?

A. Well, two that I know of. I think I mentioned them before. Bevin's and this little one on Temple City Boulevard and Valley.

Q. You stated to us that the Bevin's Store was closed after Fox moved in across the street.

A. That's right.

Q. I think you stated that you did not know why the other store closed.

A. That's true.

Q. Are those the only two instances that you know in the Rosemead area?

A. Well, the Safeway closed and, of course, this other party purchased the store, of course.

Q. Are they operating it now?

A. Yes, sir.

Q. At the Potrero Street store, El Monte, what is the situation there as to the decline in single store operators?

A. Well, there is two gone out of business since I [fol. 846] have been there in the last year.

Q. Can you name those for us?

A. Mr. Sager closed out about approximately a year ago, completely.

Q. Do you know what his address was?

A. Well, it's on the corner of Adelia and Garvey.

Q. How long had Mr. Sager been operating at that address?

A. I understand—as I say, I didn't know him too well because I was just getting started. But I understand he has been in business there for approximately 25 years.

Q. What age man is he?

A. I imagine he is close to 60.

Q. Did you discuss with him the reason for this closing?

A. No. As I say, I didn't know the man too well.

Q. As far as you know he may just have reached retirement age and wanted to go fishing?

A. Possibly could be. I am not certain.

Q. How about the other store that you mentioned, do you know the people that operated that store?

A. Only by name. I don't believe I was ever in the store but it's a block down from Sager and it is called the Jackson's Market. It is a small market comparable to mine, and he closed the store. Just closed it, that's all.

Q. How long had he been in business?

[fol. 847] A. I am not sure about that. As I say, I have never been in the store. All I know is he closed the market. The salesmen was more or less instrumental in letting me know.

Q. You have no information as to the number of single store operators that have closed up and gone out of business in the metropolitan area of Los Angeles since 1950, have you?

A. Well, now, I had a chart that I secured from Mr. Hughes that showed me a decrease of approximately al-

most half of the small markets closing out. I will say that isn't half but I think the figures were around 6500 down to 3800 or something.

Q. Prior to seeing the chart that Mr. Hughes showed you had you made any study of that problem?

A. Well, I kept wondering why so many stores closed out. I do know that there is another little store, Marantz' Market and Boris' Market, and I understand Mr. Lee's closing out and starting a restaurant.

Q. You said you wondered about it. My question was did you make any study concerning that problem before you saw the chart that Mr. Hughes showed you?

A. Well, I just figured they couldn't make it. I really didn't worry too much about that except where it concerned me. I figure if I worked hard enough and did the people right, I would make it all right, and I have.

Q. Then the first information that you had as to the [fol. 848] number of stores that had closed up or declined was when Mr. Hughes showed you the chart; is't that true?

A. Well, the number, yes. But I did know that considerably few small stores were in operation.

Q. Do you know how many single store operators there were in Los Angeles County in 1950?

A. I believe that chart said around 6500, if I am not mistaken.

Mr. Hughes: Let the record show that is Dick No. 5 that he is referring to.

Mr. Alsup: How do we know?

Mr. Bates: You may develop that, Mr. Hughes, when you examine the witness.

Q. Do you know how many single store operators there were in Los Angeles County in the year 1960?

A. Well, again referring to the chart, as far as I am concerned it is around 4000, 3800, something like that.

Q. As a matter of fact, Mr. Jenkins, the only information that you have concerning the number of stores, either in 1950 or 1960, is what you have seen on the chart shown you by Mr. Hughes; isn't that true?

A. It should be authentic. As I say, I was more or less

concerned in my area and I have told you several that d
go out of business.

Q. Mr. Jenkins, your answer wasn't responsive.
[fol. 849] am asking about the information that you ha

Mr. Bates: Will you read the question to him again.

(The reporter read the pending question.)

The Witness: Yes.

Mr. Bates: Q. Mr. Jenkins, in the 13 years that yo
have been in the grocery business in Los Angeles Coun
have you made any effort to get into one of the b
shopping centers?

A. Twice.

Q. What centers did you make an effort to get into?

A. Well, I tried one in Covina on Grand Avenue, wi
my brother, and they wouldn't even talk to us because w
didn't have a chance. We didn't have the money or wh
they considered the background.

Q. Who did you talk to?

A. I really don't even know his name now.

Q. Could you give us the name of the center?

A. If I am not mistaken that was way back in, oh, goll
'57-'57, something like that. I really don't——I couldn
tell you the fellow's name because, as I say, he just forg
us, you might say.

Q. You don't even know what his connection or offici
capacity was with the shopping center?

A. He was one of the representatives that was tryi
to sell the land to certain people.

[fol. 850] Q. Was he a real estate man?

A. I believe he was a real estate man.

Q. Operating for the center owners, perhaps?

A. Well, the way I found out about it was that o
of our very personal friends lived on Grand Avenue in
trailer court and I found out that they were going
make a center out there, my wife and I did. So w
thought that this would be a good opportunity to get i
on the ground floor. But they wouldn't talk to us.

Q. What other effort did you make to get into a sho
ping center?

A. Well, I was pretty good friend to a fellow that ha

two markets, him and his partner, and they were going to split up—I won't mention his name now because he got killed in an accident—but we went out on the Arrow Highway, or rather he did, to contact a market that was going in out there and he came back and told me that they wouldn't talk to us even after taking what I had as collateral, you know. They wouldn't talk to us so I gave up.

Q. In your Paragraph 4, in the statement that you have given to the Government, you state in effect that the shopping centers will not lease to an independent because the landlord wants the name of a big chain in his shopping center as an attraction to other tenants.

A. Well, that is just my opinion. I am not sure about [fol. 851] that. It does look like it, though, because every shopping center has a big market.

Q. Then you have no factual basis for that statement, just speculation on your part; isn't that true?

A. Except where I tried a couple of times and couldn't make it.

Q. Well, you do know, do you not, that a shopping center developer makes a big investment?

A. Yes, sir, I know.

Q. And that he finances the shopping centers by mortgages and assignments of the leases that he makes with tenants?

A. Yes, sir, I realize that. That is why I say I couldn't make it.

Q. You know that a developer needs a tenant with sound finances in order to get financing himself, don't you?

A. Right.

Q. And that when he grants a lease to a lessee it most generally fixes a minimum rent; you know that, don't you?

A. You are exactly right.

Q. And the minimum rent is designed to amortize his investment, pay interest, taxes, insurance and possibly get some profit. You know that, don't you?

A. Yes, sir.

Q. And on top of that he wants a percentage rent, too, [fol. 852] doesn't he?

A. I believe Ed said that in his report to me. But we didn't have a chance, so, as I say, we dropped it.

Q. Have you made any study of the development of shopping centers in general, Mr. Jenkins?

A. No, not since I found out I didn't have a chance, so I gave it up. I didn't have the financial background, as you say, and in the one instance the experience that they deemed necessary.

Q. You never visited the centers during the process in which they were constructing the buildings and so forth and leasing to tenants, have you?

A. Well, only in that one instance and that was for a very short time. We saw where they were—well, in fact I visited the one over on Valley and, I believe, it's Alhambra Avenue. I believe there is a large Von's over there. I visited that in the process of building. In fact they are still building.

Q. You know as a matter of fact, do you not, that the shopping centers very frequently lease to many tenants, if not all tenants, except to grocers and that the grocery is sometimes the last one to go into the center; isn't that so?

A. Well, I imagine Von's was one of the first because they have the first spot, you might say.

[fol. 853] Q. You say that you imagine.

A. I imagine, yes, sir.

Q. As a grocer is it not your opinion that a grocery man would want to know who the other tenants are going to be in the center before he would move in?

A. Well, not because—Well, I didn't have a chance in there and the only one I was really interested in was the grocery man, in a way. So I noticed Von's, naturally. And I commented on the fact that they were close to the Crawford's Market and this and that. That is about the only comments I could make.

Q. Then, in any event, the opinions which you have expressed in Paragraph 4 of the Government statement are based only on these two efforts that you have described to us to get into the center?

A. That's right.

Q. Mr. Jenkins, I will ask you to refer to Paragraph 6 of that statement and read it, please, to refresh your recollection.

A. Yes, sir.

Q. You have stated in effect, and given your opinion in effect, that the chains have an advantage over independent grocers in terms of inventory control because, one, they operate large warehouses; two, they operate large trucking facilities; three, they buy direct from the [fol. 854] producer; and, four, they deliver to their own stores in their own trucks. Will you explain to us what you mean by that term "inventory control"?

A. Well, if the chance comes up to buy a considerable amount of Del Monte products for a big sale, Market Basket or Von's will purchase carloads and store them in their warehouses and bring them to the stores. I have unloaded lots and lots of Market Basket trucks, as you know—helped, I should say—and I know from that that they can pick and choose.

Q. You are a member of Orange Empire, are you not?

A. Yes, sir.

Q. They operate a large warehouse, don't they?

A. Yes, sir.

Q. They own and operate large trucking facilities, don't they?

A. Yes, sir.

Q. And Orange Empire buys direct from the producers, don't they?

A. Right.

Q. And Orange Empire delivers directly to your store, does it not?

A. Yes, sir.

Q. Don't you have the same advantages being a member of Orange Empire that you have described these chains to [fol. 855] have owning all their warehouses, their trucks and so forth? Don't you have exactly the same advantages?

A. Well, I pay warehouse dues, naturally, and if they are going to continue to do business they have to charge me something for this service and delivery, and so forth, that the big markets don't have to do.

Q. You know that the big markets don't run these trucks for nothing, they've got a big investment, haven't they, and they have to hire union drivers?

A. Sure, yes, sir.

Q. And you know they spend a lot of money building these warehouses and operating them, don't you?

A. That's right.

Q. In Paragraph 7, Mr. Jenkins, you state that Von's belong to Jerseymaid.

A. I mentioned Jerseymaid because I knew Market Basket did. Now, I am sorry, I worked for them, but that might be wrong. I am not sure about that. I would like to clarify that because I do know that Market Basket does, because I have unloaded the cases and so forth of milk. And Jerseymaid is their chief supplier.

Q. Then from your own knowledge you don't know whether they do or do not belong to Jerseymaid.

A. You mean Von's and Shopping Bag?

Q. Yes.

[fol. 856] A. No, I don't. I am sorry.

Q. Let us assume for the purpose of the questions I am about to ask you that they belong to Jerseymaid. On that assumption you state as your opinion in Paragraph 7 that in so belonging they have an advantage over single grocery stores. Have you made a study of that problem?

A. Only insofar as their by-products are concerned. I know that milk you can't sell any cheaper than the state says and so forth. But they do have quite a number of by-products that they can discount considerably; isn't that true? I'm sorry, I asked you a question again.

Q. You haven't any idea, have you, what Von's investment in Jerseymaid is?

A. No, sir.

Q. And you haven't any idea what the investment is of any other member of Jerseymaid, have you?

A. Only comments. No, sir, I don't have any.

Q. And from your own knowledge you don't know whether they make a profit in the operation of Jerseymaid or suffer a loss, do you?

A. Well, I read several articles on Ralphs' contention that they make a considerable profit and he would like to cut the price of milk products and so forth. And he owns his own, just like Jerseymaid.

Q. Can a single store operator go out into the [fol. 857] general market and buy stock ownership in Arden Farms?

A. If he's got the money, I imagine.

Q. And can he do the same thing in Carnation Milk Company?

A. You know, I really don't know.

Q. Can't he do the same thing at Foremost Dairies?

A. I don't know.

Q. Let us assume that a single store operator would make an investment in Arden Farms stock in the same amount that Von's would make in Jerseymaid. Have you any idea whether dividends that would be received by the single store operator would be more or less than the profits made by Von's in Jerseymaid?

Mr. Hughes: I object to the question on the ground that this is all irrelevant.

The Witness: I don't believe I could answer that because it doesn't mean anything to me, really. All I know is that they have their own dairy farms and so forth, or delivery service, and Ralph says they can make money on it. So I just assume—now assume that they did make quite a bit of money on it.

Mr. Bates: Then when you state that by virtue of their ownership they have advantages, that is simply an assumption and speculation on your part, isn't it?

A. Just as you made the remark yourself, assumption. [fol. 858] Q. Mr. Jenkins, I am going to show you an exhibit heretofore marked in this series of hearings as Fairbank Exhibit No. 1. Will you examine that, please.

Now I ask you if you remember seeing that exhibit.

A. Comparable, but not the same. It has been quite a while ago. I think it might have been one of those that I left at the market. I didn't pay too much attention because I am not too much on reading charts.

Q. To refresh your recollection, Mr. Jenkins, in Paragraph 8 of the statement you state, and I quote: "He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the picture presented in Defendants' Exhibits which show that in the period between 1950 and 1958 the market share of the eight largest chains in the areas increased . . ." and so forth.

A. That's right.

Q. Now I am asking you if this is the defendants' exhibit to which you referred in that statement.

A. Well, the only reason I agree is because I know when I worked for Market Basket they only had 20 some stores and now they have 40 or 50. And I read in the paper Alpha Beta has grown considerably, and this and that. I merely mention that in reference to this sheet here.

I agreed with him because I figured that this [fol. 859] chart was correct. And although I didn't know the percentage figures I can see that they have grown considerably.

Q. Do you know who the 20 top grocers were in the year 1950 in the metropolitan area of Los Angeles?

A. Well, I would naturally assume that they would be, oh, say Thriftimart and Ralphs, and probably Market Basket—Why? Because I know them from working for them. And I am not real certain who the top were. But I could name a dozen that are top if you want me to.

Q. Name as many as you can.

A. Well, there is, as I say, Market Basket, Von's-Shopping Bag and the A & P and the Safeway and Food Giant and Alpha Beta, and I think I mentioned Ralphs. And, oh, I don't know whether All American is one of the tops or not because they aren't in my area. Of course Fox was. I am not sure how big they are now.

Is that enough?

Q. You have named out of 20, eight. Is that all you can recall?

A. There was Raisin's and Hiram's and Unimart——

Mr. Hughes: This is 1950?

Mr. Bates: Yes.

The Witness: 1960 is a long time. As I say, I was just getting started, I wasn't too concerned.

Mr. Bates: Q. Is this all you can recall now, the [fol. 860] names you have given us?

A. I will say that's enough.

Q. Were the top 20 in 1950 the same chains that were the top 20 in 1960?

A. Oh, I doubt it very much.

Q. Did you make any study to determine what the difference would be?

A. Well, more or less the bigger ones taking over the little ones is about the only thing I can see.

Q. You have stated in the statement given to the Government that the market share of the top 20 increased between the period of 1950 to 1958; isn't that correct?

A. Yes, sir.

Q. I wish you would now look at the chart that is before you and tell me what happened to the market share of the top three between the years of 1952 and 1960.

A. Well, this '59, that is probably where they lost a lot of money on that strike. They had a big strike then, you know, and it would take quite a while to make that back up.

Q. Did the market share of the top three increase or decrease between the years of 1952 and 1960?

A. According to this chart they decreased.

Mr. Hughes: I object to that on the ground that the chart speaks for itself.

[fol. 861] Mr. Bates: Q. As you read the chart the market share decreased; is that right?

A. According to this chart, yes, sir.

Q. How about the top four, did their market share increase or decrease between the years 1952 to 1960?

Mr. Hughes: Same objection.

The Witness: It's on the chart, yes, sir.

Mr. Bates: Q. What is it, increase or decrease?

A. It is decrease.

Q. Now examine the top five for the year 1952-1960 and tell me whether their market share increased or decreased.

Mr. Hughes: The same objection.

The Witness: May I ask you——

Mr. Bates: Q. Just answer the question first, please.

A. Decrease.

Mr. Coyle: Now let him ask the question.

Mr. Hughes: Do you understand the question?

The Witness: It is right in the middle of '59. It doesn't go to '60 and there is a sharp increase there. As I say,

I am not too much upon reading charts but it looks like it almost gained what it lost in those three or four years.

Mr. Bates: Q. Based on your continuing study you say that you are in agreement with the market shares as shown on that chart; is that so?

[fol. 862] A. Well, I am afraid I am not——

Mr. Hughes: I object on the ground that he did not say that.

Mr. Bates: Q. Answer the question.

Mr. Hughes: Would you read what you said in Paragraph 8 to yourself.

The Witness: Well, I will say that insofar as the percentages are concerned they are based solely on how the big markets have grown since I have been in business.

Mr. Bates: Q. Mr. Jenkins, you have said that you are in agreement with the picture presented in defendants' exhibits which show the increase in market share of the top nine, haven't you?

Mr. Hughes: Let the record show that Mr. Bates is excerpting and not quoting.

The Witness: I wouldn't know how to answer that. As I say, I just agree to these figures because they more or less bear out my contention that the big markets are growing bigger and the smaller markets are going out.

Mr. Bates: Q. Mr. Jenkins, you have said in Paragraph 8 in your statement, and I will quote: ". . . he is in agreement with the picture presented in defendants' exhibits which show that in the period between 1950 and 1958 the market share of the eight largest chains in the area increased . . ." and so forth. Are you or are you not in [fol. 863] agreement with that chart before you?

A. I believe the Government figures, yes, sir.

Q. Mr. Jenkins, I would like to point out that the chart that the Government has shown you is a defendants' exhibit.

A. Well, that is what I say, it just looks like it to me.

Q. We, the defendants, prepared that chart. Now I ask you again, are you or are you not in agreement with the figures as shown on that chart?

A. If they coincide with this I would say yes.

Q. Now, the chart which you say you are in agreement with shows, does it not, that the market share of the top nine and the market share of the top 15 and the market share of the top 20 decreased from the years '58 to '60?

Mr. Hughes: I object to that on the ground that the chart speaks for itself.

Mr. Bates: Q. Isn't that so?

A. According to this chart, it shows that, yes, sir.

Q. And the chart which you are in agreement with also shows that the market share of the top three, the top four and the top five decreased from the year 1952 to 1960, does it not?

Mr. Hughes: The witness has already testified that he didn't believe the chart went to 1960.

[fol. 864] Mr. Bates: Will you read for my benefit the question and answer, Mr. Reporter.

(The reporter read the record as requested.)

The Witness: Well, just as I say, this chart takes a terrific upturn right here just before it gets to 1960 and it shows, if you go right across the line, that they made up the deficiency and so forth. Isn't that true according to the chart? That is the way I read it.

Mr. Bates: Q. As a matter of fact, you never have examined any statistics concerning the market shares of the major grocery chains in this area, have you?

A. I have no access to anything like that.

Q. And you never made any study of the market shares of the major grocery chains in this area, have you?

A. Only insofar as the papers show. They make statements that Food Giant gained so much and Market Basket gained so much and Alpha Beta shows a sharp increase and so forth.

Q. Isn't it fair to say, Mr. Jenkins, that you never gave any consideration to the relative market shares of the major chains until you were shown the defendants' exhibits by the Government?

A. Well, it is quite possible, except I do know that they

are getting bigger all the time and I am getting smaller. That's all I can say.

[fol. 865] Q. In Paragraph 9 of the statement you state in effect that you observed the operations of Von's and Shopping Bag prior to the merger. Will you read that paragraph and refresh your recollection, please?

A. Well, insofar as my limited knowledge is concerned, that is absolutely right.

Q. What observations did you make concerning their operations?

A. Well, I do know that they—Now, wait. I am not real sure whether they own that small market when I lived in Monterey Park on Garvey and just off Garfield. But I do know that they did build a great big market just off Garfield and just north of Garvey. So obviously they went up considerably.

Q. You state in the statement that on the basis of your observations that the operations of Von's and Shopping Bag were profitable.

A. Well, it must have been to make that kind of an advance.

Q. Is that speculation on your part?

A. That is speculation, I am sorry to say.

Q. You also state that both Von's and Shopping Bag experienced successful growth and expansion.

A. According to the papers is my only means of knowledge. I have no access to any of their statements.

[fol. 866] Q. Do you know of your own knowledge that Mr. Von Der Ahe, Charles Von Der Ahe, started many years ago as a single store operator?

A. No.

Q. Do you know of your own knowledge that Mr. Rube Hayden started many years ago as a single store operator?

A. I am afraid I don't know the gentleman.

Q. Then you have no personal knowledge whatever concerning the growth and expansion of these two firms, have you?

A. No, no personal knowledge, just from observation and reading is all.

Q. So far as you know the growth and expansion of both of those firms may be just the natural result of years

of hard work on behalf of Mr. Von Der Ahe and Mr. Hayden; isn't that true?

A. In all fairness, quite true.

Q. Your own increasing success is a result of your hard work and attention to your business too, isn't it, over a number of years?

A. You mean from a large store to a small store is an increase?

Q. Such increase as you have made is due to your own efforts too, isn't it?

A. Well, if I have made much of an increase—That's true.

[fol. 867] Q. I wish you would examine Paragraph 10 of the statement, and I ask you if the firms which you named in Paragraph 10 are the same firms that you referred to in Paragraph 13 of the statement.

A. Approximately. Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant. Now, I don't remember mentioning Mayfair although they are quite a large one.

Q. My question is: Are the ones that you have named the same major chains that you are referring to in Paragraph 13 of the statement?

A. It surely looks like it to me.

Q. Very well. In Paragraph 12 you state that since 1948 you could testify there have been a number of acquisitions and consolidations in the retail grocery field.

A. Yes, sir.

Q. Do you distinguish between an acquisition and a consolidation?

A. No. I am afraid I am concerned primarily on their getting together. I have no way of knowing whether they sold or merged or so forth, except through the newspapers.

Q. How would you define an acquisition?

A. Well, when somebody buys out another person and adds it to his holdings.

Q. How would you define a consolidation?

[fol. 868] A. Well, where they more or less get together under primarily the same setup and heads and run the business together.

Q. You have stated that this Von's and Shopping Bag

merger was the largest consolidation in recent years. What is your basis for that statement?

A. Now, that is just my knowledge. I am not sure of that. That is, as you say, more or less supposition. I have no way of knowing whether it is the largest but I do know it is enlargement.

Q. How do you define "largest"?

A. Well, where they have quite a number of stores and then go together with another one that has quite a number of stores. Now, I don't know how many but I do know there is quite a few.

Q. You do know, do you not, that Food Fair has recently acquired a large number of Fox Stores?

A. I heard that, yes, sir.

Q. And you do know, don't you, that American has recently merged with Alpha Beta?

A. American? I know Alpha Beta came up quite a bit, but I didn't know who they merged with, really.

Q. You do know, do you not, that Mayfair has made a large number of acquisitions?

A. They took over Raisin's I know.

[fol. 869] Q. You know that Mayfair took over Raisin's?

A. Was it Alpha Beta or Mayfair that took over Raisin's?

Q. It was Alpha Beta, Mr. Jenkins.

A. Oh, I am sorry.

Q. Then when you say that Von's and Shopping Bag was the largest merger, that is pure speculation on your part, isn't it?

A. It is really.

Q. And you never considered this problem until it was suggested to you by the Government statement; isn't that true?

A. Well, why should he tell me something that wasn't true? There is no point in it.

Q. I will take an early opportunity, Mr. Jenkins, to ask him that question.

Now, Mr. Jenkins, I would like to refer to Paragraph 13 of the statement wherein you state that probably there will be subsequent mergers between major chains and you say that the major chains you referred to are those you named in Paragraph 10. Now tell me what the basis

for your statement is that there is going to be mergers between those major chains that you have named in Paragraph 10.

A. Well, now, these eight or nine I kind of doubt whether they will merge. They might possibly acquire smaller chains, gobble them up, but as far as these big [fol. 870] ones merging, I will take that back if I said it. Quite possible, though. I am not up on that, I don't know.

Q. You have no information whatsoever on it?

A. No, sir.

Q. Just speculation on your part?

A. Just speculation, yes, sir.

Q. You also state in Paragraph 13 that in all likelihood a few grocery chains will dominate the grocery market.

A. They already are.

Q. That is all speculation on your part, too, isn't it?

A. They already are. I even have to regulate my prices according to them mostly.

Q. Are you referring to the ones that you have named in Paragraph 10?

A. Primarily, yes, sir. I think they are the ones that is on my guidebook, if I am not mistaken, along with Von's.

Q. You say you regulate your prices by the prices that are fixed in the guidebook.

A. As nearly as possible, yes.

Q. If it were not for those prices would you sell your groceries for a lot higher price?

A. I doubt it very much. I would strike a happy medium and go according to the general trend.

Q. Then if you wouldn't fix your prices higher, the [fol. 871] fact that market chains fix these prices reported in the guidebook doesn't have any effect on your business, does it?

A. Yes, it does. Because, as I say, when they sell coffee lower than I can buy it, and baby food and sugar and flour, and all the main items that people come in for, why, I can't go along with that.

Q. Mr. Jenkins, in this same paragraph 13 you also state that the merger between Von's and Shopping Bag is a major stride in increasing the market share of the large chains. What do you mean by "major stride"?

A. Well, the more they get together the larger volume and consequently the cheaper they can buy and the more profit they make and stuff like that, I imagine.

Q. And these large chains you refer to are those that you have named in Paragraph 10 you have told us before; is that true?

A. To my limited knowledge, yes, sir.

Q. Was the market share of Safeway increased by this Von's Shopping Bag merger?

A. Well, that is a big outfit, about the second in the nation. I don't imagine it would affect them too much.

Q. You say that the market share of the major chains was increased by this merger. I want you to tell me what effect this merger had on Safeway's market share, or Ralphs market share, or any others that are named in [fol. 872] your Paragraph 10.

A. Well, now supposing Safeway would take over, say, Thriftimart. Wouldn't that increase their market share? That's all I know.

Q. Are you stating that it would?

A. It sure looks like it to me. Of course, as I say, I am not up to this like you are but it sure looks like it to me.

Q. We are talking about the merger between Von's and Shopping Bag.

A. Yes, sir.

Q. And I would like to have you tell me how this particular merger increased the market share of Safeway or any other chains that you name in Paragraph 10.

A. Well, you mean right now. It quite possibly doesn't have anything to do with these big markets at the moment but it could lead to that, don't you think?

Q. Is that your answer, Mr. Jenkins?

A. Yes, sir.

Q. You also state in Paragraph 13 in effect that this merger between Von's and Shopping Bag would accentuate the large chains' advantages. What advantages would be accentuated?

A. Well, they could buy in larger volume and consequently lower price; isn't that true?

[fol. 873] Q. Do they buy at a lower price than you buy from Orange Empire?

A. Absolutely. If they go to the Del Monte people, of course they do. I have to pay a warehouse charge and so forth.

Q. What is the basis for that statement?

A. Well, they have their own. There is no charge whatever. They buy in large quantities and distribute themselves to the large markets.

Q. You state that you have to pay a warehouse charge.

A. Oh, yes. Everybody does that belongs to the co-op.

Q. You don't believe, do you, that the chains operate their own warehouses cost-free?

A. Oh, no. But then at considerably less cost, I presume. As I say, I presume, again.

Q. Well, now, the advantages that you described here, are these all the advantages that you can think of?

A. I wonder if you would clarify that statement somewhat. I don't know just what you are getting at.

Q. You have listed the advantages that you say the large chains have that will be accentuated by this merger. You have told us what these advantages were. Do you think of any other advantages?

A. Well, one thing they don't have to compete against their own self. They go together and compete against [fol. 874] smaller outfits or, as the case may be, a larger outfit in some cases.

Q. Don't you believe that Safeway competes against Von's?

A. Absolutely.

Q. Don't you believe that Ralphs competes against Safeway and Von's?

A. Right.

Q. Don't you believe that Alpha Beta competes against Safeway, Von's, A & P and Ralphs?

A. Sure. But they have all practically the same advantages. I don't have those advantages myself.

Q. Now, Mr. Jenkins, I ask you, didn't these big chains have the same advantages you described before the merger?

A. Well, in a way. But the larger you get the smaller your margin has to be and the greater your profits; isn't that true? That is my assumption. Not being a big shot I don't know.

Q. Whatever advantages, as you have described them, Safeway possessed, didn't they have the same advantages before the merger of Von's and Shopping Bag as they did afterwards?

A. I wouldn't say that. They have probably considerable less cost due to the fact that they don't have to have two presidents or two vice presidents or so forth. They probably have one now of each and that is quite a profit, I presume.

[fol. 875] Mr. Bates: That is all I have.

Mr. Alsup: I have a couple of questions I would like to ask.

By Mr. Alsup:

Q. You testified, Mr. Jenkins, that you worked for Market Basket as a clerk for two years in a store at Atlantic and Pomona?

A. Yes, sir.

Q. You said that was recently sold by Market Basket?

A. Right. McCowan or Cowan Brothers bought it out. I am not real sure. I haven't been down that way for a number of years.

Q. I think you said that Safeway has been making a practice of closing all of its small markets.

A. I know two in the immediate area—three in the immediate area. I will take that back. I knew three in the immediate area that I know of since I have been there.

Q. You mentioned one with respect to Bob and Harvey?

A. Yes, that's all I know about it. All I know is Harvey's and Bob's Meat Market.

Q. Do you know if they have been in the business before?

A. No. I don't know them personally.

Q. When was that?

A. I would say about four, maybe a little less or a [fol. 876] little more. I don't really recall exactly.

Q. Four years?

A. I would say so.

Q. How about the other two Safeway Stores?

A. Well, one of them was down across from the Garfield Theater and they closed out, and I think Firestone took

it over, and the other one was a small store on the corner of Garvey and—I really don't recall the street name, but it was taken over by a freight depot.

Q. I think you started to work in 1952 as a clerk for Boy's Market in East Los Angeles?

A. Yes. That is an independent market.

Q. And then you and your brother purchased that store.

A. No, no. We purchased the store on 1630 Potrero Grande in South San Gabriel.

Q. And this purchase by you and your brother represented a new entry into the market of someone who had not been a store owner before; is that not right?

A. Well, in this area. As I told you, I owned a small place in St. Joseph, Missouri.

Q. Yes. Then you sold the store on Potrero a year and a half ago to the McCary Brothers; isn't that right?

A. Vicari Brothers.

Q. Had they been in the business before?

A. Oh, yes. I understand they had two or three [fol. 877] markets, that is various markets, not the same one, one at a time in the El Monte-Pico area. I don't know, as I say. All I had was just business dealings with them and they purchased the market.

Q. I think you said that you bought your Jenkins Market from Mr. Ashforth; is that right?

A. The one in Rosemead, yes, sir.

Q. You said he was old and getting ready to retire?

A. And he did.

Q. In your experience in the grocery business in this area, Mr. Jenkins, have you seen that occur a number of times to single store operators, when they get old they either retire or sell out to someone else?

A. I would like to enlarge on that statement somewhat. His boy took it over, Al Ashforth, Jr. took it over and was running it for his dad. And he was doing very well, I understand. I am not sure. So that wasn't really the reason except Al wasn't a grocery man, he said.

Q. And if he had not had a son and he wanted to retire he would either have to close the store or sell it to someone else, wouldn't he?

A. Quite true.

Q. How far are you from the Grower's Market on Peck Road in El Monte?

A. Grower's Market?

[fol. 878] Q. Yes. It was formerly the Star Market.

A. I know Star Market, I know what you mean. It's, I would say, three miles.

Q. Have you been in that market?

A. Oh, yes. I used to live within three blocks of it when it was the Star Market.

Q. When it was a Star Market?

A. Yes.

Q. What was your impression of it as a market when you were in there?

A. Well, a nice, clean little market, small comparatively.

Q. Good location?

A. And the location was all right.

Q. Good parking facilities?

A. Yes, sir.

Q. You haven't been in it since it became a Grower's Market?

A. Oh, no. I didn't even know it changed hands, really.

Q. I think you said there have been a number of prior acquisitions here and you referred to Iowa Pork Shops, do you remember?

A. I read about the Iowa Pork Shops had consolidated——

Q. They sold out to Fox?

[fol. 879] A. To Fox; is that right? I didn't know that.

Q. Have you read anything about what happened to Fox in the last two years?

A. I understand that some concern in Philadelphia bought them out or something. I wasn't too concerned because I sold that market, you know.

Q. From your reading of the Commercial Bulletin and other trade papers, Mr. Jenkins, don't you know that Fox got in financial difficulties and went into bankruptcy?

A. Well, I heard rumors to that effect but I discounted it because, as I say, I wasn't too interested.

Q. I think you mentioned that McDaniel's has recently sold out. Haven't you read in the newspapers that McDaniel's went into bankruptcy?

A. No, sir, I haven't. I really didn't know that. All

I know is that they had a beautiful market on Temple City Boulevard in Azusa and I have been in several times and I liked it very much and they seemed to have considerable business. I didn't know that. It must be some other reason.

Q. In your study of the industry have you seen instances where a concern would grow too rapidly with inadequate capital and get into financial difficulty?

A. Quite possible. I am afraid I tried that myself.

Q. In this same period from 1950 to the present time, when you say you observed some concerns going out of [fol. 880] business, have you seen others enter into the business and grow and prosper?

A. The smaller ones you mean?

Q. Well, let us take Joe Hughes of Hughes Markets. Didn't he start in business with a single store after you had started in business here?

A. Just like I told Mr. Bates, I wasn't concerned with the Long Beach, Orange County or Santa Monica area. And, of course, Hughes is a considerable distance from me. I am afraid I am not up on that.

Q. You do know they have been very successful and have grown and prospered?

A. I understand that, yes, sir.

Q. Are you familiar at all with Ted Wood and his Pantry Markets?

A. Pantry Markets? Sure. They are growing quite a bit in Pasadena, yes, sir.

Q. And they started in business after you did, didn't they?

A. I am not sure about that, really. Some people have it, some people don't. I guess I don't.

Q. Are you familiar at all with Joe Goodnight who left Alpha Beta a couple or three years ago and started his own little chain, first with one store?

A. No, sir.

[fol. 881] Q. You say some people have it and some don't. You have nevertheless made a profit out of your business, haven't you?

A. Oh, I have made profit. I live all right but I put in 80 hours a week and so does my wife.

Q. When you say that some people have it some don't,

you have seen many instances, have you not, of people starting off with a single store and growing bigger out of the profits of the business in this area, haven't you?

A. Very small percentage, though. Look at the guys that don't do it.

Q. You name the ones who don't do it.

A. I can name two or three right offhand in my own area, you know. Shall I?

Q. Yes.

A. All right. There is Jackson and the Vicari boys, they say they are not making it. They want to sell out. And the boys that bought my market. I should have clarified that. And Boris' Market went out of business.

Q. Do you know the reason?

A. That is on San Gabriel Boulevard just above Beach's —north of Beach's about two blocks.

Q. Do you know the reason they went out?

A. Well, I understand it was on account of this little chain Thriftimart—no, it wasn't the Thriftimart chain [fol. 882] but a small chain went in this side of the freeway on San Gabriel and Hellman, and they stayed open from six o'clock in the morning until eleven o'clock at night, and he couldn't make it. That is my understanding. My brother lives within two blocks of it and that is the reason I know.

Q. During this same period you have seen new forms of grocery retailing come into the area, haven't you, like the discount houses?

A. Yes. But I understand Unimart belongs to Thriftimart and Golden Rule belongs to Fox. You know, I didn't pay much attention to those.

Q. This is a new form of retailing that has occurred in the last three years, hasn't it?

A. That's true, as far as I know.

Q. You have seen these bantam markets opening up in the area, the Speedee Marts and those?

A. That is one that I was referring to.

Q. That is the one that you were referring to that was opening——

A. On Hellman and San Gabriel Boulevard. I don't know for sure whether that is the name, but it is a bantam market.

Q. And in this same period from 1950 to the present time have you noticed that the liquor stores are adding more and more food products and selling more food products?

[fol. 883] A. Well, they aren't too big so I don't think they can be concerned about them. Really, it is more belly items that people need like bread and milk that you don't raise the price on anyway.

Q. But they are taking more and more a share of the market in bread and milk and grocery?

A. I understand that. Some think like the big markets are taking in even tractors, I understand. Of course, that is more or less a smart remark, you might say. But still it looks like it.

Q. Is your store in a residential neighborhood, Mr. Jenkins.

A. Yes, sir.

Q. It is entirely surrounded by residences, isn't it?

A. Right.

Q. Is that zoned commercially or is that a non-conforming use?

A. I have been there a year and a half but I understand it is residential zone only. I don't know how they ever got a store there if it was, but they have had it there for years.

Q. I hope you have it for years, Mr. Jenkins.

A. Thank you.

Mr. Alsup: That is all.

(A short recess was taken.)

[fol. 884] Cross-examination.

By Mr. Hughes:

Q. Mr. Jenkins, when you spoke of your Potrero store and a $15,000 purchase price, you didn't purchase the land and the store, did you?

A. Oh, no.

Q. You just had a lease?

A. That's right.

Q. And on the Rosemead store, when you mentioned the $12,500 cost, that was just for the stock——

A. Stock and fixtures.

Q. That was also a leased operation?

A. Yes, sir. They are all leases.

Q. And your present location is a lease operation?

A. Is also a lease.

Q. Did you make any capital improvements in your Potrero store after you purchased it?

A. Capital improvements?

Q. Did you put any new fixtures in?

A. No, sir.

Q. Did you do any remodeling?

A. Oh, some, but not much.

Q. Did you do any in your Rosemead store?

A. Replace motors and defective boxes, maybe one or two is all. They were all in reasonably good shape. And [fol. 885] this store the same way.

Q. Mr. Jenkins, in your statement and Mr. Bates' examination a reference was made of a study which you made of the Los Angeles metropolitan area and grocery merchandising. I ask you, did you keep up with the grocery industry more in your larger markets than you do today?

A. Before when I had the larger market in Rosemead I tried to because my business up there wasn't confined locally like the one I have now. It was more or less transit trade or people that would come in as they went to the bank and so forth. You see, I had a bank right next door.

Q. Did you do any advertising at your Rosemead store?

A. I started once and I found the boys leaving the pamphlets in sewers and so forth and I discontinued that.

Q. What is the local newspaper in Rosemead?

A. In Rosemead?

Q. Is there one?

A. They had a little, what they call the Rosemead Review, but the main advertising medium was Jack's Market, and I didn't have access to that. It was his and all the rest of the merchants, of course, advertised in it but I didn't. Naturally I wasn't allowed.

Q. Did you read any newspaper advertising while you operated that Rosemead store?

A. Oh, sure.

[fol. 886] Q. By different grocery stores?

A. Oh, yes.

Q. Whose advertising did you follow?

A. Well, primarily the Von's in El Monte, which was reasonably close, and due to the fact that they had a warehouse right up on Lower Azusa, not too far from me. Why I watched their advertising pretty much is because people around that area would go to El Monte to do their shopping because Rosemead didn't have certain stores, like shoe store or Penney's or so forth. And naturally they would stop in at Von's. I am sorry, that is Shopping Bag. But, anyway, if they go down the other direction they would either go to the Market Basket or the Boy's Market, if they didn't go clear on down to the shopping center where, of course, there is another Shopping Bag-Von's.

Q. What newspapers did you read this advertising in?

A. Well, there is the Post Advocate and the Garvey Advertiser and the El Monte Herald. Let me see, what was that other one? Food Mart News and Santa Fe Farms and so forth.

Q. How about the Los Angeles Times?

A. Well, I read the Herald Examiner more so than the Times. I don't know, I just happened to like it better.

Q. Whose ad did you follow in that paper?

A. I tried to follow most of the big markets to see [fol. 887] what the specials were primarily.

Q. Which stores were covered by the advertising in the Herald Express?

A. Well, in the Herald Express, of course, Von's-Shopping Bag is in it, because it was one of the larger markets there, and then Safeway on Valley Boulevard and, of course, the Crawford's Five Points Store were the main advertisers, I presume, in that local paper. Of course, I am sorry, Fox had it too, naturally.

Q. This is the Los Angeles Herald Express?

A. No, I am talking about this El Monte Herald.

Q. Did you read the Herald Express?

A. Well, yes, but they would have almost all of the big markets, you know, like Thriftimart and, of course, Von's and Shopping Bag and the Market Basket and so forth.

Q. Why would they have all these companies advertising?

A. Well, because they are spread out all over the metropolitan area, aren't they?

Q. Does Orange Empire have any publications?

A. Only a bulletin that they send around to their members.

Q. Is there any news matter in the Orange Empire bulletin?

A. Well, only pertaining to the Orange Empire and discounts and rebates and stuff they want you to sell, like [fol. 888] hot specials and all that, you know.

Q. It is strictly business, it is not news matter?

A. Right, it is not news matters.

Q. Did you read the Commercial Bulletin very often?

A. I did at the Rosemead store but I discontinued it down here because I have more or less the same trade.

Q. What type of news matter was contained in the Commercial Bulletin?

A. Oh, it gave all the new items and it told about new stores. And, as Mr. Bates said, the acquisitions and mergers and things. It is a pretty thorough paper. But I discontinued it when I moved down to this store.

Q. Did the Commercial Bulletin ever have stories concerning how successful the chains were or the independents?

A. Oh, yes. But I am afraid I didn't put too much credence in it because, after all, it is their paper, I figure.

Q. But this is a trade journal which you would read in order to keep up with the grocery industry.

A. Sure. The news items and the old items being discontinued and the new stores that were going in and the shopping centers that were on the way and this and that. I knew about the new shopping center going in on Valley and Alhambra, I believe the street is, quite a while before it went in because it came out in the paper. But I think I [fol. 889] found that out from the Post Advocate quicker than I did from the Commercial Bulletin.

Q. Did the Commercial Bulletin ever run news stories on independents going out of business?

A. Not to my knowledge. I don't believe I have ever noticed any.

Q. How about Grocer Weekly Guide, what does that publication contain?

A. It gives the prices of, oh, practically every item in the store. Say it starts out with Ralphs, Von's, Market Basket. I believe it's in alphabetical order right across, and I think there is eight of them that they give all the prices on, what they sell. And the general price and the percentage and so forth, unit cost and case cost and stuff like that.

Q. Does that give the price of those chain stores just in your area or in the whole Los Angeles area?

A. I take the Yellow Grocers Guide, which is prices quoted by Orange Empire. Now, I did belong at one time to Certified Grocers at the Potrero Grande market, but they threw us little fellows out and put us in Spartan where we didn't have quite the selection. They wanted to service the big markets exclusively. So that is my understanding now. I could probably be wrong, but anyway I knew that I got throwed out and put in Spartan so I quit them altogether.

[fol. 890] Q. Did you feel that you were at any disadvantage in Spartan as compared to Certified?

A. Of course. Didn't have anywheres near the selection and they had twice the shortages and so forth, the way I felt about it. Maybe I am wrong. But I felt that way about it so I went to Orange Empire.

Q. What were they missing in their selections at Spartan, what lines?

A. That has been four or five years ago and I don't recall just exactly, but I do know that so many times I ordered certain things and they were out. So I merely presumed that they kept it in Certified because I never had any trouble getting what I ordered there and let the Spartan go. I could probably be wrong.

Q. Did you object to being put out of Certified?

A. When I went down to see Mr. Besthugh, he was the man right there, and I asked him about it and he said, as I say, they were trying to supply the larger markets and they figured they could do a better job supplying us smaller markets from Spartan. And I objected to it. He said, "Well, that will iron out." But I didn't give them enough time maybe.

Q. Were the prices——

A. They were comparable.

Q. How does Orange Empire compare with Certified? [fol. 891] A. Very, very favorably.

Q. Mr. Jenkins, I just want to show you several exhibits which are identified as Dick No. 2 through Dick No. 7 and Fairbank Nos. 1 and 2. I will just ask you if you haven't seen these before.

A. Yes.

Q. Would you glance through all of them, please? Just if you recognize them, Mr. Jenkins.

A. I don't remember this one.

Mr. Hughes: Let the record show that he is referring to Dick No. 3.

The Witness: Yes, I looked at this one all right.

Mr. Bates: The record shows that he is referring to which one?

The Witness: Dick Exhibit No. 4. That is almost comparable to the one you—and No. 5, I have seen it. I don't remember this No. 6. I might have seen it but I don't remember it. I notice 260 closings.

I don't remember this No. 7. Of course, I have seen this No. 1.

Mr. Hughes: Fairbank No. 1.

The Witness: And I don't remember this Fairbank No. 2 offhand.

Mr. Hughes: Q. In your statement when you state that you agree with the picture presented by the Board of [fol. 892] Equalization statistics, you referred to Dick No. 5, did you not?

A. Yes, more or less. As I stated before I am not much up on charts. But I do gather the idea. I mentioned this, I thought it was closer to fifty-eight, but it is 5300 stores and over here down to 3600.

Q. I just asked if you recognized it in connection with that.

A. Yes.

Q. And when in Paragraph 8 of your statement you refer to agreeing with the picture presented in 1950 to 1958, those figures would be the figures represented in Fairbank No. 1, would they not?

A. Yes, sir. Wait a minute. What was that now? Excuse me. I was watching th s when Mr. Bates asked me questions in reference to the top three, four, five and so forth.

Q. I asked you to look at your Paragraph 8.

A. Corroborate my understanding, right, and what experience I have had in the area, right. Strike in '59, I don't remember mentioning that, except that that did have quite—That's right, I did mention it. It did have quite an effect on my business for that month.

Q. Mr. Jenkins, has your grocery business been getting larger or smaller over the years?

[fol. 893] A. Smaller. I started out, of course, with a partner which meant that you can't count that. But when I took on a considerably larger store and I did, I think, all right. Of course, maybe that is a matter of contention. But I didn't make it so I bought a smaller store.

Mr. Hughes: I would like to have a copy of this statement entitled "Testimony of Leo Arthur Jenkins" identified for the record as Jenkins No. 1.

(The document referred to was marked by the notary public as Jenkins Exhibit No. 1 for identification, a carbon copy of which is attached in lieu of the original.)

Mr. Hughes: That is all I have.

Redirect examination.

By Mr. Alsup:

Q. Mr. Jenkins, if these charts are inaccurate, if the Board of Equalization, for example, might list you as a closing and a small business going out of business, despite the fact that you sold it to someone else who carried on the business, would you change your opinion?

A. As you say, it is quite possible. But I do know several that went out and stayed out.

Q. You know several. And you know several that came in and stayed in; is that right?

[fol. 894] A. Right.

Q. You mentioned Crawford's Five Points Store.

A. Yes.

Q. How far was that from this store you had?

A. I would say that's two miles. But it's right down Garvey and it's one of the main stores from my end of town, from my locale.

Q. That is run by Mr. W. H. Crawford, isn't it?

A. All I know it is Crawford's Five Points.

Q. Have you been in it?

A. Oh, yes, several times.

Q. It is quite a store, isn't it?

A. Yes.

Q. It is a single store operation?

A. That is why I mentioned even tractors. They have everything in there, I believe.

Q. That is a single store operation?

A. That's right. I understand he has two or three stores but I am not sure. I don't know for sure whether he has the one on New and Valley or not. That is another Crawford store.

Q. And right across from Crawford's Five Points there is a Market Basket, isn't there?

A. Down a block or so. They have a different area.

Q. And about half a mile away there is a Food Giant, [fol. 895] isn't there?

A. In the Sears Shopping Center, yes, sir.

Q. And there is a Shopping Bag about a mile away, isn't there?

A. In El Monte, yes.

Q. Have you heard it said the question is not whether Mr. Crawford can compete with these chains but whether they can compete with him?

A. No, I haven't. But it is quite possible because he is quite a merchandiser.

Q. He is a real operator, isn't he?

A. He certainly is.

Q. And very successful?

A. I wish I had it.

Q. You referred to your store as a bigger store. Actually it was 3200 square feet, wasn't it?

A. It was a pretty big store, that is in my opinion. Naturally it's a small store.

Q. You said it was 40 by 80.
A. About 40 by 80 selling area, yes.

Mr. Alsup: Thank you.

Recross-examination.

By Mr. Hughes:

Q. Mr. Jenkins, even if there were some flaws in some of these exhibits do you still believe the overall picture [fol. 896] from your own experience is that the big are getting bigger?
A. I am afraid I do, yes, sir.
Q. And do you still believe that the independents are at further disadvantages?
A. Yes, sir.
Q. And that there are less independents as years go by in this area?
A. By far.

Mr. Hughes: That is all.
Mr. Jenkins, would you waive signing this deposition if it is agreeable to counsel?
The Witness: Sure. It is immaterial to me. I am just trying to help.
Mr. Hughes: Is it agreeable, Mr. Alsup, and Mr. Bates?
Mr. Alsup: Agreeable.
Mr. Bates: It is agreeable.

[fol. 897] Testimony of James E. Ledgerwood

If subpoenaed to testify, James E. Ledgerwood would testify as follows:

1. He currently operates the meat counter at Reseda Health Foods Grocery, 18518 Sherman Way, Reseda, Los Angeles County, California. In December 1958, he retired from the grocery business, last operating at the address where he is now employed. This is a 3,000 square foot store which is owned by Mr. Ledgerwood. Before his retirement the gross business of his store fell off from a World War II high of $30,000 per month to about $12

to $15 thousand per month at the time he went out of business in 1958. He was a member of the Board of Directors of Spartan Cooperative shortly before he closed his market which was known as "Ledgerwood's Market."

2. Mr. Ledgerwood operated a grocery store at the Sherman Way address for 32 years before retiring. He would testify that his volume dropped off because the chains came into Reseda since World War II. He did not move away from the chains because he believed they would inevitably saturate the area.

3. In order to keep abreast of competition in the grocery business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all adver- [fol. 898] tised grocery prices which his customers are apt to read. Therefore, at the time when he operated his own business he closely inspected all grocery advertising by the major chains as it appeared in the metropolitan newspapers. He also regularly reviewed grocery advertising appearing in local papers. When he was in business, he subscribed to the Black Book and followed the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly read, among other trade publications, the "Commercial Bulletin" and the "Progressive Grocer."

4. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

5. He would testify that single store operators cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A [fol. 899] financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store

operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

6. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result fewer grocery stores are needed in the area to serve a comparable number of people.

7. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

[fol. 900] 8. He would also testify that when he was in business he purchased from the Spartan Cooperative (which is now owned by Certified) and this enabled him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major products as dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution systems. Thus they have combined the advantages of Spartan with direct purchasing and a highly developed distribution system. In addition some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid" which gives them advantages over grocery stores which do not belong to Jersey Maid.

[fol. 901] 9. He would also testify that on the basis of his continued study of the retail grocery industry in the

Los Angeles metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

10. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had [fol. 902] experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

11. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

12. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's & Shopping Bag."

13. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between

Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a [fol. 903] few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 904] TESTIMONY OF JACK LEVITAN

If subpoenaed to testify, Jack Levitan would testify as follows:

1. He is the president of Jax Market, Inc., a corporation operating a grocery store at 9031 East Valley Boulevard, Rosemead, Los Angeles County, California. This market was incorporated in 1953. Prior to that time Mr. Levitan was the sole owner of this market. It is now a family owned store. He has been in the grocery business for seventeen years. In 1959 Jax Market had sales of approximately $750,000.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, he closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the Key Services and follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he

regularly reads, among other publications, the "Commercial Bulletin", "Super Market Merchandising", "Chain Store Age" and the "Progressive Grocer".

3. On the basis of his continued study of retail grocery [fol. 905] merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that single store operators cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result fewer grocery stores are needed in the area to serve a [fol. 906] comparable number of people.

6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an

advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from the Spartan Cooperative and Orange Empire Cooperative and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major products as dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution systems. Thus they have combined the advantages of Orange Em- [fol. 907] pire with direct purchasing and a highly developed distribution system. In addition some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid", which gives them advantages over grocery stores which do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they [fol. 908] played a part in the competitive merchandising of groceries in the area, that they were profitable opera-

tions which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's-Shopping Bag."

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

13. He would also testify that there have been a [fol. 909] number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles Metropolitan Area.

[fol. 910] TESTIMONY OF ROBERT J. LOGUE

If subpoenaed to testify, Robert J. Logue would testify as follows:

1. He is a partner in Rite-By Market, 2800 West Main Street, Alhambra, Los Angeles County, California. He has been in business at this grocery store for the past twelve years. For the previous twelve years he had been a grocery clerk. In 1959 the sales of Rite-By Market were about $300,000.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, he closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the Key Services and follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age" and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the [fol. 911] witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that a single store operator cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not

have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result, fewer grocery stores are needed in the area to serve comparable [fol. 912] number of people.

6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from Spartan Cooperative (a subsidiary of Certified Cooperative) and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major products as dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution system. Thus, they have combined the advantages of the cooperative with direct purchasing and a highly developed distribution system. In addition, some of the chains, including Von's and Shopping [fol. 913] Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles

metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the [fol. 914] area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's & Shopping Bag."

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been

"cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

13. He would also testify that there have been a number [fol. 915] of acquisitions and consolidations in the retail-grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 916] TESTIMONY OF MORRIS MALTZ

If subpoenaed to testify, Morris Maltz would testify as follows:

1. He was a partner along with his brother, Sam, in Woodley Market, 7548 Woodley Avenue, Van Nuys, Los Angeles County, California. They operated the Woodley Market for approximately a year and a half. They worked in their father's grocery store near Kingston, New York for fourteen years and have each had about 22 years experience in the retail grocery business. The gross sales of Woodley Market were about $359,000 from June 1960 to December 1961.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, Mr. Maltz closely inspected all

grocery advertising by the major chains as it appeared in the metropolitan newspapers. He also regularly reviewed grocery advertising appearing in local papers. He subscribed to the Key Services and followed the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly read, among other publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age," and the "Progressive Grocer."

[fol. 917] 3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1961 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that a single store operator cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result, single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result, fewer grocery stores are needed in the area to serve a comparable [fol. 918] number of people.

6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and

Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from Certified Cooperative and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major products as dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution system. Thus, they have combined the advantages of Certified with direct purchasing and a highly developed distribution system. In addition, some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery [fol. 919] stores which do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.5 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the

competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

[fol. 920] 10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's & Shopping Bag."

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

13. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's [fol. 921] and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocery. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 922] TESTIMONY OF GEORGE MATSUMURA

If subpoenaed to testify, George Matsumura would testify as follows:

1. He is the owner and operator of the Florentine Food Market, 6811 S. Western Avenue, Los Angeles, California. Together with his wife and children, he has operated this store for approximately the past five and one-half years. Prior thereto, he was in the employ of various produce merchants for approximately fifteen years. In 1959, the Florentine Market had sales of about $100,000; in 1960, sales dropped to $75,000; in 1961, sales dropped to about $70,000. Mr. Matsumura believes that the 1962 sales amounted to approximately $65,000, although his books are presently in the hands of his auditor.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, he closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the "Grocers Survey," a pricing publication similar to the Kay Services, and follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among [fol. 923] other publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age," and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that single store operators cannot get into the more desirable shopping centers. It is a well-

known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

[fol. 924] 5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result fewer grocery stores are needed in the area to serve a comparable number of people.

[fol. 925] 6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from Certified Cooperative and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major products as dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution system. Thus, they have combined the advantages of cooperatives with direct purchasing and a highly developed distribution system. In addition, some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named

"Jersey Maid," which gives them advantages over grocery [fol. 926] stores which do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 the market share of the eight largest chains in the area increased from 33.2 per cent to 39.0 per cent: the market share of the nine largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the fifteen largest chains increased from 38.4 per cent to 50 per cent; and the market share of the twenty largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis; that they played a part in the competitive merchandising of groceries in the area; that they were profitable operations which had experienced a history of successful growth and expansion. He would state [fol. 927] that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair, and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's & Shopping Bag."

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

13. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's [fol. 928] and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocery. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 929] TESTIMONY OF SPENCER L. MCKERNAN

If subpoenaed to testify, Spencer L. McKernan would testify as follows:

1. He is the President of Bauer-McKernan, Inc., doing business as Garfield Markets. This corporation operates two grocery stores in the Los Angeles area. One store is located at 4602 San Fernando Road in Glendale and the other is in Santa Maria. The 1959 sales of the corporation were about $160,000. Mr. McKernan has been in the grocery business for approximately 26 years.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, Mr. McKernan closely inspects

all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the Black Book, a publication similar to the Key Services, and follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other trade publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age" and the "Progressive Grocer."

[fol. 930] 3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that single store operators cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result fewer grocery stores are needed in the area to serve a comparable [fol. 931] number of people.

6. The witness would testify that a single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and

Shopping Bag Food Stores, operate large warehouses, and operate large trucking facilities. As a result they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from Certified Cooperative and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that Certified does not carry such major products as dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution systems. Thus they have combined the advantages of Certified with direct purchasing and a highly developed distribution system. In addition some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores.

[fol. 932] 8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the

competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

[fol. 933] 10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's & Shopping Bag."

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

13. He would also testify that there have been number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

[fol. 934] 14. He would state that if this merger of Von's and Shopping Bag is permitted there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1965

No. 303

UNITED STATES, APPELLANT,

vs.

VON'S GROCERY COMPANY, ET AL.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CALIFORNIA

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[fol. 935] DEPOSITION OF SPENCER L. MCKERNAN, taken on behalf of the Defendants, at 433 South Spring Street, Los Angeles, California, at 11:45 A.M., Thursday, April 18, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.

SPENCER L. MCKERNAN, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Vaughn:

Q. Mr. McKernan, will you state your full name?
A. Spencer McKernan.
Q. Where do you reside, sir?
A. Glendale.
Q. What address?
A. 506 North Kenwood.
Q. You own a grocery store, or I take it that you are president of Bauer-McKernan, Inc.; is that correct?
A. That's correct.
Q. It is a corporation?
A. Yes.
Q. That operates a store under the name of Garfield Markets?
A. Yes.
[fol. 936] Q. And that market is located at 4603 San Fernando Road, Glendale?
A. 4602.
Q. And the same corporation operates another Garfield Market in Santa Maria, California, does it not?
A. No. The name of the market is the Santa Maria Market in Santa Maria.
Q. But it is owned by the same corporation, Bauer-McKernan, Inc., or does your corporation have any other stores?
A. No.
Q. Has it ever operated any other stores?
A. No.

Q. Santa Maria, by the way, is outside of Los Angeles and Orange Counties, is it not?

A. Yes.

Q. It is in Santa Barbara County, if I am not mistaken?

A. Yes.

Q. Mr. McKernan, how large is the size of your store in Glendale?

A. Oh, it's just a small store. You mean in square foot?

Q. Yes. If you can give us an approximation.

A. Oh, I imagine about 3000 square feet. That is just a guess.

[fol. 937] Q. Comparatively speaking, that is a small store for this area, is it not?

A. Yes.

Q. When did you first acquire that store?

A. Oh, about eight or nine years ago.

Q. Had you before that time ever operated a grocery store?

A. Mostly produce stores.

Q. But never with a complete line of grocery products, I take it?

A. No.

Q. Do you work in the store yourself, sir?

A. Yes.

Q. Do you have any other employees?

A. Yes.

Q. How many?

A. I have two full time, two part time.

Q. You say that you acquired the store eight or nine years ago. From whom did you acquire it?

A. Well, the man that had it before, his lease ran out and the landlord wasn't satisfied with him so he moved him out and I released it and opened it.

Q. Did you acquire any of the fixtures or merchandise from the prior owner?

A. No.

[fol. 938] Q. Do you know the name of the prior owner?

A. Yes, I do. I can't think of it right now.

Q. That's all right, it isn't that important. What were the sales in your store during the first year of its operation?

A. I don't remember.

Q. Approximately.

A. Around $15,000 a month.

Q. Just so I can relate this to years, which I am used to dealing with, let me do a little multiplication. That is $180,000 a year; is that approximately correct?

A. Yes.

Q. What were your sales in the last year, 1962, can you tell me?

A. Around thirteen.

Q. In other words, your sales had dropped since the first year of operation?

A. Yes.

Q. Has this drop been a steady decline or did you go up and then down?

A. No, it is hard to say. Sometimes up and down, but it seems to be more or less of a steady.

Q. Decline?

A. Steady decline.

Q. Can you describe the neighborhood that surrounds [fol. 939] your store?

A. In what way?

Q. Well, what is to the north of your store?

A. Apartment houses, single dwellings.

Q. Apartment houses and single dwellings?

A. Uh-huh.

Q. Isn't there some industrial?

A. Most of the industrial is to the west.

Q. That is about a hundred per cent industrial to the west, is it not?

A. Yes, for several blocks.

Q. How about to the east and west?

A. The west is in the industry. In the east is mostly residential.

Q. How about the south?

A. Well, right on San Fernando Road it is industrial. But there is residential too after you get back one block from San Fernando Road.

Q. Has the character of your neighborhood changed over the last eight or nine years?

A. How do you mean that?

Q. Has it become more industrial and less residential?

A. Yes, it has.

Q. So that this means, I take it, that industrial neighborhoods do not supply the same customers that residential [fol. 940] neighborhoods do.

A. No.

Q. So would you say that a part of the decline, or one of the reasons for the decline in your sales has been the change in the character of your neighborhood?

A. I don't think so. I think there is as many people live in the neighborhood because there has been construction of apartment buildings in this same residential area. They are growing up continuously all the time.

Q. San Fernando Road is a main traffic artery, is it not?

A. Yes.

Q. Are you located at a corner or in the middle of the block?

A. There is a drugstore on the corner and we are the next store.

Q. San Fernando Road might be described as a fast traffic highway; isn't that so?

A. Yes.

Q. Not quite a freeway but almost.

A. Almost.

Q. Would you tell me the names of those of your competitors in the immediate area of your store and about how far away they are, the markets that you think you compete with?

[fol. 941] A. Well, King Cole is one.

Q. How far away is that?

A. About eight blocks. And Better Foods is about the same distance, about eight blocks. Cracker Barrel ten or twelve blocks. And then there is Ralphs and Alexander's, about ten or twelve blocks. Thriftimart about 15, Shopping Bag about 13. And then there is some other markets on the eastern side of town. I don't know just how far away they are.

Q. Any independent markets or single stores?

A. Well, there is. There are some small stores within the area but I don't know their names.

Q. About how many are there, would you say, within 15 blocks of your store?

A. To make a wild guess, about 12.

Q. And these are all small markets, you say?
A. Yes.
Q. About the size of yours?
A. Average, yes. Smaller and larger. Some of them a little bit larger.
Q. The same approximate size?
A. Yes.
Q. When was the King Cole Market opened, do you remember?
A. No, I don't.
[fol. 942] Q. Was it there before you operated it?
A. Yes.
Q. The King Cole chain has now disbanded, has it not?
A. I believe so.
Q. And many of the King Cole Stores were sold off to former employees of King Cole, were they not?
A. I believe so.
Q. Who operates the King Cole near you?
A. I don't know.
Q. But so far as you know it is a single store operator operating under the name King Cole; is that right?
A. I believe so, yes.
Q. The Better Foods Store, when was that built?
A. Oh, it has been there for years. I don't know how long.
Q. Long before you came along?
A. Yes.
Q. How about the Cracker Barrel?
A. Oh, it has been in recent years but I don't know how many.
Q. Within five years?
A. No. About eight years, I imagine.
Q. About the same time that you came to the area; is that right?
A. Just about.
[fol. 943] Q. Cracker Barrel is a chain of about two stores, is it not? Don't they have about two stores generally in the Glendale area?
A. I believe.
Q. When was the Ralphs open?
A. It has been a long time ago.
Q. Is that on San Fernando Road?

A. No. That is on Orange. It is more towards the center of Glendale.

Q. How about the Alexander's?

A. Same location there, parking lot joined.

Q. In other words, there is an Alexander's right next door to the Ralphs with a joint parking lot?

A. Not joined. Part of the lots do join.

Q. Has the Alexander's Market been there as long as you have been there in the area?

A. Yes.

Q. How about the Thriftimart?

A. Well, it is a new market within the last, oh, five to eight years.

Q. The Shopping Bag?

A. About the same time.

Q. When you first went into this community about how many small stores, operated by single store operators, were there?

[fol. 944] A. I am trying to count the ones that are not there any more. About three less than there is now.

Q. In other words, there were approximately 15?

A. Yes.

Q. Let us talk about those three. What was the first one to go, to leave the business?

A. Well, one of them, his name was Bogard.

Q. Do you know why he went out of business?

A. Well, he attempted to sell out. His business was down and he couldn't sell so he just had to fold up.

Q. How large a store was he operating?

A. Just a small store.

Q. Smaller than yours?

A. Yes.

Q. What is at that location now?

A. Cleaners—drive-in cleaners and a laundromat.

Q. How about telling me about one of the others?

A. Another one was Long's Market.

Q. Is that a small store?

A. About the size of mine.

Q. When did it go out of business?

A. About three years ago.

Q. How about Bogard's, when did that go out of business?

A. Oh, about three or four years ago.

[fol. 945] Q. What is now in the location that Long's Market formerly occupied?

A. I really don't know.

Q. It could be a market, couldn't it?

A. It isn't, no.

Q. You are sure of that?

A. Yes, I am sure of that.

Q. What is the other one, then?

A. Let's see, what the dickens was the name of the place? I don't really remember the name even.

Q. Did you know the operators?

A. No.

Q. When did they go out of business?

A. Oh, I would say a couple of years ago. That is just a guess. I haven't been on that street for a long time.

Q. Do you know why they went out of business?

A. No.

Q. Do you know what is there now?

A. No.

Q. It could be a grocery store?

A. Could be.

Q. About Long's Market, let me ask you this: Do you know why they went out of business?

A. Well, the Thriftimart and Von's opened up right practically on the other side of the street within several [fol. 946] blocks of him.

Q. You mean the Thriftimart and Shopping Bag?

A. And Shopping Bag, yes.

Q. How do you know that this caused him to go out of business?

A. Well, I don't know it exactly but that was about the time that he went out.

Q. Did you tell me what was now at the Long's Market location? I guess you said you didn't know.

A. I don't know for sure.

Q. May I ask your age, Mr. McKernan?

A. Fifty-nine.

Q. We have been supplied, Mr. McKernan, with a copy of a statement which purports to be the statement of your testimony. Do you have a copy of that with you?

A. No, I don't.

Mr. Vaughn: Do you have a copy he might look at?

Mr. Coyle: We have an extra copy that he can have.

Mr. Vaughn: Q. Would you look at that and see if you can identify it for me?

A. Yes, I signed this.

Q. You signed that statement. Would you refer to Paragraph 3 of that statement, and particularly the first sentence where you say, "On the basis of his continued study of retail grocery merchandising in the Los Angeles metro- [fol. 947] politan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined." What area were you there referring to, sir?

A. Well, the Glendale area is more——

Q. The 15 blocks that you were referring to?

A. Well, the whole City of Glendale. And from what I hear from other parts of town as well. I mean a lot of things that I hear in the produce market, where all the fellows congregate to do the buying.

Q. You hear about stores going out of business; is that right?

A. Yes.

Q. But the only place that you are personally familiar with is the Glendale area; isn't that so?

A. That's right, yes.

Q. And in that area you have referred to three stores that went out of business in the last eight or nine years?

A. That is within three in this 15 block area.

Q. These, I take it, are the only stores that you are personally aware of having gone out of business aside from what you have learned through conversations; is that right?

A. Yes.

Q. You know also, sir, do you not, from your experience [fol. 948] in the industry, from your conversations about the produce market and from your continued study of the business, that there are other concerns who have entered the market in the last 13 years?

A. Yes.

Q. Would you be able to tell me if the number who have entered the market are greater or less than the number that have left it?

A. You mean in our area?
Q. Let us talk about your area to begin with.
A. Well, I believe it is less.
Q. You mean fewer have entered——
A. Fewer have entered.
Q. —than have left the business?
A. Yes.
Q. How about in the Los Angeles metropolitan area as a whole?
A. Well, I think quite a few more have entered.
Q. And this is based again on the conversations that you had at the produce market; is that right?
A. Yes.

Mr. Coyle: I wonder if he could repeat that answer.
Mr. Vaughn: Would you read the question and answer, please.

(The reporter read the record as requested.)

[fol. 949] Mr. Coyle: Is that your answer?
The Witness: Does that mean small stores or chain stores?

Mr. Vaughn: Q. Let us talk about small stores.
A. I don't think too many small stores.
Q. How about just single stores, not whether they are large or small?
A. I don't think there is really very many.
Q. There have been some very successful operators who have entered the business since 1950, have there not?
A. A few, yes.
Q. Isn't King Cole an example of a chain that started up after the war and grew in size?
A. I don't know when they started.
Q. Are you familiar with the operations of Joe Hughes, Hughes Markets?
A. Yes.
Q. Do you know when he opened his first store?
A. No.
Q. Do you know that he started with only one store?
A. Yes.
Q. Do you know whether he had opened that first store sometime after 1950?

A. I believe he did.

Q. And he now has 14 stores or so, does he not

[fol. 950] A. That's right.

Q. And that he is apparently a very successful market operator; is that correct?

A. Yes.

Q. You know in the Glendale area a store called Jack's Ranch Market?

A. No.

Q. There is a ranch market out there in Glendale, isn't there?

A. I don't believe so, no.

Q. Isn't there a market up on San Fernando Road in Glendale operated by a man named Nate Gilbert and some partners of his?

A. That is Bill's Ranch Market.

Q. Bill's Ranch Market, that's right. Do you know anything about that operation?

A. Very little.

Q. Do you know that it started out after the war, that that location was formerly a garage?

A. No, I don't really remember what was there.

Q. Are there any automobile dealers who have their businesses near yours?

A. Most of them are on Brand Boulevard, which is about, oh, six blocks from our store.

Q. I take it, though, there are some automobile dealers, [fol. 951] new or used car dealers, near your store on San Fernando Road.

Mr. Knight: I would like to object as to the relevancy to the grocery industry of the automobile industry.

Go ahead.

Mr. Vaughn: Q. You may answer, sir.

A. Car dealers on San Fernando Road?

Q. Yes.

A. There are none.

Q. You have heard it said, have you not, that one of the worst places to locate a grocery store is on automobile row?

A. That's right.

Mr. Knight: Before you answer the question I object on the ground that it obviously calls for hearsay.

Mr. Vaughn: Q. You may answer.

A. I have heard that, yes.

Q. Do you know whether or not Bill's Ranch Market is located on an automobile row?

A. It isn't.

Q. Do you know whether Bill's Ranch Market has any entrance on the street?

A. I don't believe they have, no.

Q. Did you ever try to get into a shopping center, Mr. McKernan?

A. Yes.

[fol. 952] Q. Would you tell us about that, when it was and who you dealt with?

A. Well, I tried to get into one on Los Feliz—not Los Feliz, Chevy Chase and Central.

Q. When was that?

A. Oh, about five or six years ago. And the man said that if he couldn't get one of the chain markets in that he wouldn't put in a shopping center.

Q. Any other attempts to get into a shopping center?

A. Well, I tried to get in one up in Santa Maria but I didn't have enough money.

Mr. Knight: We will strike that answer since Santa Maria is out of the L.A. area.

Mr. Vaughn: Q. Did you have enough money to get into the one in Los Angeles County five or six years ago?

A. I would have had.

Q. Any other efforts to get into a shopping center?

A. No.

Q. Would you say that not all of the good locations in Los Angeles County are in shopping centers?

A. I didn't quite understand that.

Q. Not all of the good locations, grocery locations, are in shopping centers; isn't that so?

A. There are some that are not.

Q. There are a very large number that are not, are there [fol. 953] not?

A. Yes.

Q. Was Von's able to get into shopping centers prior to its merger with Shopping Bag?

A. Yes.

Q. Was Shopping Bag able to get into shopping centers prior to its merger with Von's?

A. Yes.

Q. Is Von's now able to get into shopping centers?

A. Yes.

Q. Did the merger of Von's and Shopping Bag create the problem which you have referred to in Paragraph 4 of your statement with respect to the inability of smaller concerns to get into shopping centers?

A. I wouldn't say that Von's alone did.

Q. My question was: Did the merger of Von's and Shopping Bag create that problem?

A. Not entirely.

Q. Did it aggravate it in any way?

A. No, I don't believe so.

Q. In other words, the merger itself had really no effect whatever on the inability of small concerns to get into shopping centers; isn't that correct?

A. That's right.

Q. Are you a member of any cooperative?

[fol. 954] A. Certified Grocers.

Q. Certified Grocers has large warehouses, does it not?

A. Yes.

Q. It has large trucking facilities?

A. Yes.

Q. Deliveries are made to certified warehouses directly by railroad shippers?

A. Yes.

Q. They have spur tracks at their warehouses; is that right?

A. That's right.

Q. Do you feel that you can get your dry groceries from Certified as cheaply as the chains can get their dry groceries to their stores?

A. In certain items I think so.

Q. Most of the items; isn't that so?

A. Well, I don't know whether we can or not. We don't know what kind of deals are being offered.

Q. In other words, you don't know what the chains' cost is so you can't tell me whether you get the products as

cheaply through Certified as the chains who operate warehouses get it; isn't that so?

A. That's right.

Q. So you don't know whether operating your own ware-
[fol. 955] house is an advantage or it is not; isn't that so?

A. Well, I don't think we could operate without it.

Q. You don't know whether the fact that the chains have their own warehouses constitutes an advantage to them or not, do you?

A. Well, just do a little bit of reasoning. If they weren't an advantage they wouldn't have it.

Q. Let's explore that a minute. Don't you think that the chain has far greater distribution problems with, say, 70 stores than you do with one?

A. Yes.

Q. Don't you think the time might come when a chain is growing in size and has more stores where it simply cannot grapple with the problem that it has unless it has its buying and warehousing functions out of the hands of a middle man and does it itself, just to break even? Isn't that possible?

A. It is possible.

Q. So isn't it possible that chains have built warehouses and maintained their warehouses so that they can deal with the complex problems they have of distribution just to get back to the place that you are already in terms of their cost?

A. I don't think that they could operate their warehouses any cheaper than they were before.

Q. They couldn't operate their warehouses any cheaper
[fol. 956] than Certified does, could they?

A. No.

Q. So in terms of their so-called advantage in having a warehouse, it might not be an advantage at all; isn't that true?

A. Well, there is a lot of advantages. For instance their buying power. There are unheard of deals that they get if they take a certain amount of merchandise.

Q. I thought you just told me that you didn't know what those deals were.

A. Well, I have heard. I don't know but I have heard. And there is a distinct advantage in the delivery service

from their own warehouse, because, for instance, if Certified was delivering it, why, Certified wouldn't have the power to tell the store that when the truck stops you take the merchandise and get it off the truck so we can go on. Where they can do that.

Q. You mean there is a saving in labor because of that?

A. Yes.

Q. Let us talk about the deals that you say exist. What sort of deals are you talking about?

A. Well, discounts that are allowed for larger purchases at one time.

Q. Isn't it so that Certified purchases more groceries [fol. 957] than any chain in the Los Angeles metropolitan area?

A. Yes.

Q. In greater volume than any chain?

A. That's right.

Q. Don't you think they get the same quantity discounts?

A. No.

Q. You do not?

A. I do not.

Q. You think the chains get greater quantity discounts on smaller purchases than Certified does on greater purchases?

A. Yes, I do.

Q. Any other deals that you have in mind?

A. Well, for instance the ice cream setup. The larger amounts you buy the more discounts you get.

Q. Certified is now selling ice cream, isn't it?

A. They are now, yes. They started.

Q. And you still think that the chains get a better deal on ice cream because they buy greater quantities?

A. I think they make their own, most of them.

Q. Now Certified is making ice cream, isn't it?

A. I guess so. I don't know exactly what the deal is. And wine is another item.

Q. Wine?

A. Yes.

[fol. 958] Q. You carry wine in your store?

A. Yes.

Q. Do you carry other brands of liquor?

A. No, no liquor.
Q. Just wine and beer?
A. Wine and beer. Milk is another one.
Q. Milk is another one?
A. Yes.
Q. Let us talk about milk for a minute. What milk do you use?
A. Adohr and Knudsen.
Q. Von's uses Jerseymaid, doesn't it?
A. I believe so.
Q. Adohr and Knudsen are two highly advertised and well promoted products, are they not?
A. Yes.
Q. They are more highly advertised and better promoted and more widely used than Jerseymaid; isn't that so?
A. Well, I wouldn't say they are more widely used because I don't know just how many of the chains handle Jerseymaid.
Q. Wouldn't you say there are more stores using Adohr and Knudsen than there are using Jerseymaid in the Los Angeles metropolitan area?
A. I believe so. But volumewise I don't think so.
[fol. 959] Q. In other words, you think that the volume may be about the same?
A. I wouldn't be in a position to say.
Q. You don't know?
A. No.
Q. Do you think the fact that Von's sold Jerseymaid milk in its store and you sell Adohr milk in your store and Knudsen milk gives Von's any competitive advantage? In other words, does it attract customers away from your store and to a Von's Store?
A. Not on milk. But on some of the by-products I think they do.
Q. Such as?
A. Well, ones that are not controlled by State price.
Q. Such as?
A. Cottage cheese, and I think buttermilk. And there are some more of them that there is no price set that they can sell it at.
Q. They can't compare it to milk, can they?
A. No.

Q. Milk is one of the biggest volume items in a grocery store, isn't it?

A. Yes.

Q. And the price at which you can sell your milk and the price at which Von's can sell its milk is the same by [fol. 960] reason of State law; isn't that correct?

A. That's right.

Q. So in terms of milk, at least, Von's has no competitive advantage over you by reason of the fact that it has Jerseymaid; isn't that right?

A. Not in the price that they get for it but the price they pay for it they do have.

Q. How does that give them a competitive advantage over you? They are just making more profit, aren't they?

A. That's right.

Q. And you object to that?

A. No. What they can do, though, they can make more profit on milk and they can turn around and sell the cottage cheese below what we pay for it.

Q. Von's is a partner in Jerseymaid; is that not true?

A. I don't know.

Q. Von's has some ownership interest in Jerseymaid, you know that?

A. I believe so, yes.

Q. You own a trout farm?

A. Yes, sir.

Q. And that is an investment which makes money for you?

A. Very little.

Q. But some; right?

A. Well, it hasn't in the last few years, no. I hope.

[fol. 961] Q. Von's could have invested in a trout farm or it could have invested in real estate or common stocks instead of investing in Jerseymaid and presumably made as much money—as much profit as it does out of Jerseymaid; isn't that true?

Mr. Knight: Before you answer, I object to the question on the ground that it calls for a speculative answer.

Go ahead.

The Witness: Possibly.

Mr. Vaughn: Q. Is there any doubt about that in your mind?

A. I don't know what percentage of profit they are making in the milk.

Q. Do you know about the cooperative dairy known as Golden Cream?

A. Very little.

Q. Did you ever try to get into Golden Cream?

A. No.

Q. Do you think you could have taken that money that you invested in the trout farm and invested in Golden Cream instead?

Mr. Knight: Before you answer I make the same objection as to the previous speculative question, as calling for wild guessing and speculation on the part of the witness and is not factual.

Go ahead.

[fol. 962] The Witness: What was the question?

Mr. Vaughn: Would you read it back, please.

(The reporter read the pending question.)

The Witness: I don't know just what the requirements are to get into Golden Cream.

Mr. Vaughn: Q. You never tried, in other words?

A. No.

Q. Prior to the merger of Von's and Shopping Bag was the retail grocery business in the Glendale area vigorously competitive?

A. Yes.

Q. Is it more or less competitive today?

A. I believe it is more. There are more chains there now.

Q. So is it fair to say that since the merger of Von's and Shopping Bag you have seen no lessening in competition in the Glendale area?

A. No.

Q. It is fair to say, in other words, that there has been no lessening of competition in the Glendale area since the merger; isn't that correct?

A. No lessening.

Q. Do you know of any place in the Los Angeles metro-

politan area where there is less competition today, less vigorous competition today than there was in 1960?

[fol. 963] A. No.

Q. Would you look at Paragraph 13 of your statement, Mr. McKernan. Before I get to questions about that let me also ask you, have you noticed any changes since 1960 in grocery retailing? And I would like to refer specifically to the sale of groceries through discount houses.

A. Well, it hasn't affected our area very much.

Q. It hasn't?

A. No.

Q. But you are aware from your study of the industry that since 1960 there have been a number of discount houses opened with food departments, are you not?

A. Yes.

Q. And this is relatively a new form of competition since 1960, is it not?

A. Yes.

Q. Are you also aware of the opening of what is sometimes referred to as bantam stores?

A. Well, I have heard of it, but still the same thing, it hasn't affected our area very much.

Q. But you have heard that since 1960 a number of bantam stores have been opened?

A. Yes.

Q. This also represents a new form of competition, does it not?

[fol. 964] A. Yes.

Q. Are there any liquor stores in the 15 blocks surrounding your store?

A. Yes.

Q. Have you noticed in the last ten years, eight or nine years, that these liquor stores, or some of them, have carried an increasing line of grocery products?

A. Yes.

Q. There are some liquor stores that sell as many groceries as a small grocery store; isn't that so?

A. Yes.

Q. And this is a relatively new development in grocery retailing in Los Angeles, is it not?

A. That's right.

Q. And there are also drugstores in your community,

are there not, which sell many of the products which you sell in your own store; isn't that right?

A. Yes.

Mr. Coyle: We object to these questions on the grounds that they are getting outside the stipulated relevant market, when you get into drugstores and liquor stores.

Mr. Alsup: Your stipulated market area is groceries and related products.

Mr. Coyle: Classified as products taken as a whole which are sold in grocery stores.

[fol. 965] Mr. Vaughn: Q. Let us get back to Paragraph 13. Would you tell me what acquisition and consolidations in the grocery field you referred to in that paragraph?

A. Well, it seems that there has been several of the chains that have merged and taken over maybe smaller chains.

Q. What chains have merged with what chains?

A. Well, for instance Food Giant bought, oh, they bought a store in Toluca Lake and one in Van Nuys, and Fox Markets bought several. I don't just remember the names of different ones that sold.

Q. Is that all you can think of at the moment?

A. That's all I can think of right now.

Q. You said Food Giant bought a store in Toluca Lake. Is that still being operated as a Food Giant Store?

A. I don't know whether it is or not.

Q. Can you tell me where that is?

A. It was on——

Q. Alameda?

A. Alameda and Riverside, I believe.

Q. Do you know if that store is now being operated as the Toluca Mart by a single store operator?

A. I don't know.

Q. You say that Fox acquired several stores. Fox was a concern that started in the grocery business in Los Angeles in about 1954; isn't that right?

[fol. 966] A. I don't know exactly, no.

Q. Since 1950, though?

A. Yes.

Q. And it expanded very rapidly, did it not?

A. Yes.

Q. And ultimately in about 1960 it went into bankruptcy; isn't that so?

A. Yes.

Q. Do you know the reason why it went into bankruptcy?

A. No.

Q. Have you heard that it went into bankruptcy because it expanded too rapidly with inadequate capital?

A. I have heard that, yes.

Q. Don't you believe that is the reason it went into bankruptcy?

A. Well, I wouldn't say whether I believe it or don't.

Q. You don't know what the reason is?

A. No.

Q. But in any event they did go into bankruptcy?

A. Yes.

Q. Since that time many of their stores were sold off to single store operators; isn't that so?

A. Yes.

Q. And the remaining 18 Fox stores are now being operated by Food Fair; isn't that so?

[fol. 967] A. I believe so, yes.

Q. And Food Fair is one of the largest national chains in the country; isn't that correct?

A. Yes.

Q. Prior to the time that it took over the Fox Stores it was operating no stores in the Los Angeles metropolitan area; isn't that so?

A. I don't know about the Food Fair.

Q. Food Fair, since it took over the Fox operation, is also operating Golden Rule Discount Houses, is it not?

A. I don't know.

Q. If you would read paragraph 14 of your statement for me, please. You state there that there will probably be subsequent mergers between and involving other major chains. It has been three years since the merger of Von's and Shopping Bag, hasn't it?

A. I ddn"t know exactly.

Q. If I were to tell you that the merger occurred in 1960 you wouldn't say I was wrong, would you?

A. No.

Q. And since that time how many mergers have there been in the retail grocery business?

A. Well, I don't know exactly.

Q. You don't know of any, do you?

A. No.

[fol. 968] Q. What makes you believe then that there will be subsequent mergers?

A. Well, it just seems to be the trend of the times.

Q. In other words, you are only able to tell me, though, about Food Giant picking up two stores and Fox now a bankrupt corporation picking up several. Where is the trend?

A. Well, there is a trend and if I had time to go out and check it out I could probably tell you a lot more of them.

Q. But you don't know of any merger since the Von's-Shopping Bag merger?

A. Not right offhand, no.

Q. So this didn't exactly set off a wave of mergers, did it?

A. No.

Q. In fact it doesn't appear to have set off any; isn't that so?

A. Well, I am not in a position to answer that.

Q. You don't know?

A. No.

Q. Who are the firms that you anticipate will merger in the future?

A. I have no idea.

Q. Do you think Ralphs will merge?

A. I don't know.

[fol. 969] Q. Do you think Safeway will merge?

A. I don't know.

Q. In other words, your opinion is pretty much speculation as to what will happen in the future.

A. That's right.

Q. Do you think that maybe somebody will merge with somebody but you can't tell me who?

A. Well, I do know of instances where some concern would acquire two or three stores and then they would sell to a chain.

Q. Tell me about those.

A. Well, I would have to stop and think just who they

were. Well, Hughes is one. Wasn't he at one time one who built up a small chain and then sold out?

Q. Not that I know of, sir, but you are testifying. Do you think that Hughes at one time built up a small chain and sold it to someone; is that correct?

A. I think so.

Q. Can you think of any others?

A. Not right offhand I don't, no.

Q. Are you aware of the fact that you are not the only Government witness?

A. Yes.

Q. Do you know that the other Government witnesses in this case have signed statements which are almost identical [fol. 970] to the one that you signed?

A. I don't know what they signed, no.

Q. I take it that this statement was presented to you for your signature already prepared, was it not?

A. Yes.

Q. And these are not your words, are they?

A. No.

Mr. Vaughn: I have nothing further.

Cross-examination

By Mr. Knight:

Q. Mr. McKernan, counsel asked you a question concerning a tightening up, an increase of concentration of competition in the grocery business since the merger and I believe your answer was that you didn't know of any actual increased competition. This Bogard and Long, do you know whether the stores which were formerly there are presently grocery stores?

Mr. Vaughn: I will object to the form of the question as improperly characterizing the witness's prior testimony—he didn't say anything of the kind—and also that it is leading and suggestive.

Mr. Knight: Q. Would you answer the question.

A. What is the question? Would you repeat the question?

Q. Do you know who is presently occupying the prem-

[fol. 971] ises formerly occupied by the Bogard Grocery Store that you mentioned?

A. I don't know who it is, no.

Q. Do you know whether it is a grocery store?

A. I think that Bogard's is a laundromat.

Q. And concerning Long's?

A. I don't know for sure what is in there.

Q. And Long's once was a grocery store?

A. Yes.

Q. And approximately how close was that to you?

A. Oh, that was about 12 blocks, something like that.

Q. Do you know whether that is presently a grocery store?

A. I don't know.

Q. There was a third store in the neighborhood that you mentioned as having gone out of business, the name of the proprietor you couldn't recall. Can you think of that now, who the owner was?

A. Yes. It was Woody's Market.

Q. Do you know the address of that?

A. It was on South Brand Boulevard.

Q. Do you know what presently is in that location?

A. No, I don't. But I know it is not a grocery store.

Q. I believe you stated, Mr. McKernan, that you presently are a member of Certified Grocers.

[fol. 972] A. Yes.

Q. Is there a membership fee involved in joining Certified?

A. Well, you have to own a share of stock and there is so much fees per month.

Q. What do the monthly fees cover?

A. Your right to belong is all I know of.

Q. Have you ever in your history as a grocer, Mr. McKernan, ordered something from Certified and found that they were in short supply of that item or possibly out of it altogether?

A. Yes.

Q. Would you care to tell us about that, please?

A. Well, quite a few items. Almost every week we will have several items that they are in short supply of.

Q. For how long a period of time, Mr. McKernan, has this been going on?

A. How long has it been going on?

Q. Yes.

A. Well, I have noticed it more in the last, oh, three years than before.

Q. Have you ever at any time at your present store in Glendale wanted to put on a special of a certain item and found that Certified was in short supply of that item?

A. We have learned to get the item first if we are going [fol. 973] to put on a special.

Q. Approximately how much in advance do you have to order that particular special that you want to put on on a given weekend?

A. Well, if we are going to have a special next week we would attempt to get the item this week. If we wouldn't get it we wouldn't put it in on the special.

Q. You don't have a warehouse, do you?

A. No, sir.

Q. Mr. McKernan, how many of those so-called grocery cooperatives are there in the Los Angeles metropolitan area, including Orange County, at the present time, if you know?

A. Well, I think about three that I know of.

Q. Would you name them for us please?

A. It would be Orange Empire and Certified and Smart & Final, which is, I think, now owned by one of the chains.

Q. When you say "one of the chains," do you mean one of the grocery chains?

A. Yes.

Q. Would it refresh your recollection if I told you that Thriftimart owns Smart & Final?

A. Yes.

Q. Do you know, Mr. McKernan, whether Orange Empire services Glendale independent grocery stores?

A. Yes.

[fol. 974] Q. Does it serve the entire area of Glendale?

A. I am not sure.

Q. Do you know, Mr. McKernan, whether Certified Grocers within the past few years acquired the Spartan grocers?

A. Yes.

Mr. Vaughn: I will object to the question as being immaterial.

Mr. Knight: Q. At any time during your career in the grocery business, Mr. McKernan, were you a member of Spartan?

A. No.

Q. You were always a member of Certified?

A. Yes.

Q. Do you recall a wholesale grocery firm in the greater Los Angeles area within the past few years known as Market Wholesalers, Incorporated?

A. Yes.

Q. Do you know whether that organization is still in existence, sir?

A. I don't know.

Q. Do you know whether Certified Grocers took that over?

A. I don't know.

Q. At any time, Mr. McKernan, have you had to travel [fol. 975] either by automobile or by pickup truck to a Certified warehouse to pick up groceries that you might need?

A. Yes.

Q. Would you tell us about those times, please.

A. We pick up our groceries all the time. We pick up all of our groceries at the warehouse.

Q. Do I understand then, that Certified does not deliver groceries to you?

A. Not to us they don't. They just deliver frozen foods, delicatessen items.

Q. But your so-called dry grocery items, such as canned milk and cereals and things like that, do I understand that you pick those up yourself from Certified Grocers?

A. Yes.

Q. Do you know, Mr. McKernan, of your own knowledge whether the manager of a Von's or a Shopping Bag Store has to go to the warehouse himself in his own automobile or his own truck and pick up his groceries?

A. I don't know anything about that.

Q. Do you know whether Von's and Shopping Bag operate a large fleet of trucks?

A. Yes, I have seen them on the road, yes.

Mr. Knight: I wish to offer for identification this statement of Mr. Spencer L. McKernan as McKernan Exhibit No. 1.

(The document referred to was marked by the notary [fol. 976] public as McKernan Exhibit No. 1 for identification, a carbon copy of which is attached in lieu of the original.)

Mr. Knight: I have no further questions.

Redirect examination

By Mr. Vaughn:

Q. Do you have to go down to Certified to pick up your groceries?

A. No.

Q. They would deliver them, wouldn't they?

A. They would.

Q. In one of their own trucks?

A. Yes.

Q. Of which they have many?

A. Yes.

Q. Do you know whether Von's store manager ever runs short of a particular product and can't get it from Von's warehouse?

A. I don't know.

Q. You imagine that happens?

A. I imagine it happens.

Q. It happens frequently, doesn't it?

A. I wouldn't doubt it.

Q. By the way, looking over my notes here it appears [fol. 977] to me that the only stores that have come into your general trading area since you opened up are the Thriftimart and Von's or Shopping Bag, each of which is 13 blocks away; isn't that so?

A. The only—

Q. The only stores that have been opened up.

A. And the Cracker Barrel.

Q. And the Cracker Barrel, which was a few months or a year after you opened up; isn't that so?

A. Yes.

Q. In other words, when you went into that area it was already pretty well covered by grocery stores, wasn't it?

A. Yes.

Q. You knew you were getting into a highly competitive area, didn't you?

A. That's right.

Q. You thought you could succeed in that area, I take it?

A. Yes, sir.

Q. Have you?

A. Yes, sir.

Mr. Vaughn: I have no further questions.

[fol. 978] Recross-examination

By Mr. Knight:

Q. How long do you think this situation will last, that is how long you will continue in business based on the fact that your business has been showing a decline in the past few years?

A. I don't know.

Q. Do you anticipate that it will be a year?

A. I have no way of knowing.

Q. Counsel asked you, Mr. McKernan, and if I don't quote it correctly I can stand corrected, whether you have, and I think that is the word he used, whether you have to go to Certified to pick up your groceries. Do you recall that question?

A. No, we don't have to go.

Q. Would you explain that answer, please?

A. We go for the reason that we save a percentage off the cost by doing it ourselves. And we have our own trucks, why, we figure that we save money by doing it.

Q. Similarly, Mr. McKernan, based upon your extensive knowledge of the grocery industry wouldn't you say that Von's, the combined Von's and Shopping Bag, would save money by operating their own trucks?

A. Yes.

Mr. Knight: I have no further questions.

[fol. 979] Redirect examination.

By Mr. Vaughn:

Q. In other words, Von's has a trucking cost and you don't?

A. We have a trucking cost too.

Q. You use your own truck?

A. Still costs money.

Q. You think it costs less money than having one of the Certified trucks come out from the warehouse; isn't that so?

A. That's right.

Q. In many respects your overhead is lower than in a Von's Store, is it not?

A. That is hard to say. You mean volumewise?

Q. Do you have an advertising department?

A. No.

Q. Do you have a supervisor?

A. No.

Q. Wouldn't you say that Von's overhead is greater than yours?

A. In some respects. There are a lot of things. I am a supervisor.

Q. You do all those things.

A. Yes. I would say that the chains, not only Von's, have an advantage in their advertising, they have an ad-[fol. 980] vantage in their maintenance and they have an advantage in the amount of personnel that they hire. We get in a problem where, say, we can afford to have two men. We are not quite doing the volume that we should to pay their wages but what can we do about it? We can't get along with one. Where a big store has 30 or 40 men, and if their volume goes down, they cut off a couple.

Q. Do you think they can get along without that extra man?

A. Oh, yes.

Q. You are sure of that?

A. Yes.

Q. Do you have an accounting department and a personnel department?

A. No. I have an accountant.

Q. But you perform many of the functions for which Von's has to hire people?

A. Yes.

Q. You do all the buying, don't you?

A. Yes.

Q. You don't have to have——

A. I do all the buying of the produce.

Q. You do all the buying of the produce and others in your organization do the buying of the groceries?

A. Yes.

[fol. 981] Q. But you don't have a buying department for meat, for produce, for drugs, for groceries, for delicatessen or for bakery and the like, do you?

A. No.

Q. You don't have a warehouse to run?

A. No.

Q. To pay taxes; isn't that correct?

A. That's right.

Q. Do you really know whether your overhead is smaller or greater than Von's overhead at one of its stores?

A. No, I do not.

Mr. Vaughn: I have nothing further.

Recross-examination.

By Mr. Knight:

Q. I won't bother you after these two or three questions, Mr. McKernan.

Counsel mentioned advertising. Do you advertise in the Los Angeles Times?

A. No.

Q. Did you advertise in the now out of existence Los Angeles Mirror?

A. No.

Q. Do you advertise in the Herald Express?

A. No.

[fol. 982] Q. Do you know whether Von's and Shopping Bag advertises in any of those current two papers?

A. Yes.

Q. They do?

A. Yes.

Q. How many times a week, sir?
A. I think twice a week.

Mr. Knight: I have no further questions.

Redirect examination.

By Mr. Vaughn:

Q. Do you advertise in the local Glendale paper?
A. No.
Q. Why not?
A. We have tried it and it didn't help us any.

Mr. Vaughn: No further questions.

Mr. Knight: Mr. McKernan, would you agree to the transcription of your deposition without your signature? In other words, if counsel desires to file it in court would you waive signature and allow that to be done? Speaking for the Government, we will.

The Witness: Yes.

Mr. Vaughn: Counsel for the defendants will stipulate that you may waive your signature.

[fol. 983] TESTIMONY OF ERNEST A. MEKJIAN

If subpoenaed to testify, Ernest A. Mekjian would testify as follows:

1. He and his brother Mitchell are the owners of Food Bag Market, 11350 Victory Boulevard, North Hollywood, Los Angeles County, California. They have operated this grocery business for seven years. They lease out the meat department. Food Bag Market had sales of approximately $279,000 in 1960 in the grocery department alone.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which is customers are apt to read. Therefore, Mr. Mekjian closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He sub-

scribes to the "Grocers Survey Guide," a booklet similar to the Key Services book, and follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Commercial Bulletin" and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the [fol. 984] witness would testify that in the period since he has been in the grocery business in the Los Angeles area the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that a single store operator cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the Los Angeles area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people that they did in the past. As a [fol. 985] result, fewer grocery stores are needed in the area to serve a comparable number of people.

6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses,

and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains.

7. He would also testify that he purchases from Certified Cooperative and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major products as dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution system. In addition, some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores which [fol. 986] do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a

history of successful growth and expansion. He would state that they were two of the largest chains in the area.

[fol. 987] 10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's & Shopping Bag."

12. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since he has been in the grocery business in the Los Angeles area. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

13. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution [fol. 988] throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer.

[fol. 989] DEPOSITION OF ERNEST A. MEKJIAN, taken on behalf of defendants, at 433 South Spring Street, Los Angeles, California, commencing at 9:30 A.M., Monday, April 22, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.

ERNEST A. MEKJIAN, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Bates:

Q. Mr. Mekjian, you are a younger man than I expected to see here this morning. How old are you?

A. Thirty-six.

Q. Your brother, how old is he?

A. Forty.

Q. What is your present residence address?

A. 5050 Tujunga, Apartment 4, North Hollywood.

Q. Your brother's?

A. 17231 Gault, Van Nuys.

Q. Mr. Mekjian, in general the purpose of this proceeding this morning is to give me an opportunity to ask you questions concerning the statement that you have previously given the government. Do you have a copy of that statement with you?

A. Yes.

[fol. 990] Q. I wonder if you would lay it out on the desk and have it handy because I may refer to it from time to time.

In the statement you say that you and your brother Mitchell own the Food Bag Store at 11350 Victory Boulevard; is that correct?

A. Yes.

Q. Are you joint owners or a partnership, or what?

A. It's a partnership, joint.

Q. Describe that market to me, please, so far as size is concerned and its general appearance.

A. It is classified as a superette market. A two checkstand market which has an approximate size of 80 by 80

overall, including stockroom and office and selling space. It has baskets which customers get and go through the aisles and pick up merchandise. It is just like a superette market.

Q. How many checkstands do you have in the market?

A. Two checkstands.

Q. Do you have some car parking facilities attached to the market?

A. Yes. We have car parking behind the market.

Q. How many cars can you accommodate there?

A. At this present time, we just presently made an additional parking space and we can now accommodate approximately 30 to 35 cars.

Q. What was the size of the increase that you made?

[fol. 991] A. Approximately 15.

Q. 50 cars?

A. 15 cars.

Q. I understand that you and your brother just operate the grocery department and the produce department; is that correct?

A. At this present time, yes.

Q. Who operates the meat department?

A. Wallace Stokes.

Q. How long has he operated that meat department?

A. Since August of last year.

Q. 1962?

A. Yes.

Q. And prior to 1962 who operated the meat department?

A. We operated it from March 4th, I believe it was, to August of '62, and prior to that time we had it leased out to about four different parties.

Q. Is it fair to say it has been your general policy to lease that department whenever you are able to get a satisfactory tenant?

A. That is correct.

Q. Other than to operate it yourself.

A. That is right.

Q. What about the liquor department, is that under lease or do you operate it?

[fol. 992] A. We do not have liquor, we have beer and wine.

Q. What about that department?

A. That is ours.

Q. That is yours and you operate that?

A. Yes.

Q. My information is that you and your brother purchased the Food Bag Market from some people named Jouroyan.

A. Yes.

Q. And this was in January 1960; is that right?

A. That is correct.

Q. I also understand that you and your brother paid $9,000 plus the inventory costs for that market; is that substantially correct?

A. That is correct.

Q. Do you recall, Mr. Mekjian, how much inventory was there when you purchased it, in terms of dollars?

A. I believe approximately 13 to 14—I think it was thirteen five.

Q. Was it a going business when you took it over?

A. Yes.

Q. Did you change the name or retain the old name?

A. Retained the same name.

Q. Did you remodel the store in any respect after taking it over?

[fol. 993] A. Not basically constructionwise. We remodeled it by making new additions in fixtures, like 40 feet of frozen cases and 20 feet of produce cases, plus generally painted the inside of the store.

Q. How much did that additional investment amount to over what you paid the former owners?

A. Again approximately thirteen thousand for the fixtures alone.

Q. Then after remodeling the fixtures you and your brother had approximately $35,000 to $36,000 invested at that time, didn't you? That includes the inventory and what you paid these people.

A. At the initial inventory we began with, yes.

Q. You think that figure is, to the best of your recollection, correct?

A. I will have to figure it in my head. Thirteen and nine is twenty-two and fifteen would approximately be thirty-five thousand, yes.

Q. What do you consider the net worth of that business to be today?

A. I would have to think that over. It varied so much in the last few years. To me, if I was to sell it, I would have to get a certain price and I would say at this time it would be between 35 and $40,000.

Q. You say, "to me." Are you speaking you and your [fol. 994] brother or just your interest?

A. No, both of us together. This is, of course, based on the assumption that I would reduce my inventory to a certain point for selling.

Q. Now let us assume that you don't reduce it and sell it as it is today.

A. I would say closer to $40,000, right about $40,000.

Mr. Coyle: How much is your inventory worth today?

The Witness: Around $20,000, 21.

Mr. Bates: You and your brother Mitchell both work in the store?

A. Yes.

Q. You devote your full time?

A. Completely.

Q. In general what are your responsibilities?

A. Well, our responsibilities are joint, so telling you mine I will tell you my brother's as well.

We do everything from boxboy work to taking care of breakage to writing orders, to cashing checks, to setting up the ads, to doing everything that you would do from a boxboy and a janitor up to the owner, writing the checks, making out Certified. Over-all operation from the bottom up.

Q. How many hours a day do you and your brother work?

A. Well, the last few days I put in 14 hours each, [fol. 995] Sunday and Saturday. I would say the week would probably run between 65 and 80 hours.

Q. Sixty to eighty hours a week. That is for each of you now, isn't it?

A. That is for each of us. Between 60 and 80 would be a rougher figure.

Q. How many other employees do you have there at the store?

A. We have one other full-time employee who works forty-eight hours. And then we have part-time help.

Q. How about your check-out help?

A. That is part-time help.

Q. What has been your experience in the grocery business prior to purchasing this store in 1956, did you have any?

A. My father had a market up in Fresno about the start of the second world war.

Q. Did you work in that market?

A. Yes. I was rather young at the time but I did work there. Since that time I have gone to college for four years, UCLA, and of course all the time, summer vacation, I have been in the retail end of things, not necessarily the grocery business but the retail end of things, primarily clothing.

So upon graduation I went to work for Bullocks right [fol. 996] down here at 7th and Hill Street for six months.

Q. What year was that?

A. 1950. And after that I left there in six months and went to work for the J. C. Penney Company as a buyer and department head for five years prior to the time I came into the grocery business.

Q. Was that here in Los Angeles?

A. That was in Fresno.

Q. When did you first come to Los Angeles?

A. After J. C. Penney got me. I came to Los Angeles first many years ago.

Q. After J. C. Penney?

A. That was January of 1956 when I came in business here.

Q. Did your brother come here at the same time?

A. No. He was here at the same time, he was in the grocery business.

Q. Now tell me about your brother's experience. What experience did he have in the grocery business prior to your joint purchase of this store?

A. My brother had had about four or five years selling experience working for Lever Brothers and working for Personal Products, calling on various retail food stores in the Los Angeles area and for a very short period up in Fresno, when he was transferred up there. After leaving them he came to work for Thriftimart Markets for a period

[fol. 997] of three or four years prior to our opening up this store.

Q. He worked where for Thriftimart, here in Los Angeles?

A. Yes.

Q. In what capacity?

A. As a clerk initially and again, if my memory serves me right, he became assistant manager.

Q. Of some particular store?

A. Of some particular store.

Q. Do you know what store that was?

A. If I am not mistaken, again I believe it was the store on Rodeo Road and La Brea.

Q. Can you recall any other grocery experience he has had?

A. Myself?

Q. No, Mitchell.

A. Yes. For a while he was also working in the store that we presently own, off and on on Sundays, and on a part-time basis.

Q. He also went to college, didn't he?

A. Yes. He graduated from UCLA also.

Q. Was that prior to going to work for Thriftimart or after?

A. Prior.

[fol. 998] Q. Did you tell me how old Mitchell was?

A. Forty.

Q. He is older than you.

A. Yes.

Q. What do you consider your draw area to be in this particular store, so far as customers are concerned?

A. The basic draw, not including exceptions?

Q. Yes.

A. It would be an area approximately a half a mile to three-quarters of a mile square, starting from the central location of our store, or a square area around our store of a half a mile to three-quarters of a mile.

Q. How have you determined that to be a fact, Mr. Mekjian?

A. By the customers who come in and people we get to know and ask them where they come from, cashing checks.

Q. Could you express the percentage of your total cus-

tomers in relation to this area to 90 per cent of them or 95 per cent of them that come from this half to three-quarter mile area? Ten per cent, 99 per cent?

A. I would say, without knowing, a hundred per cent for sure, because I don't cash checks for all my customers that come in, that I would say this area would be about definitely 90 per cent of my business if not 95.

Q. You would characterize, would you, that anything [fol. 999] that comes beyond that draw area as being exceptional?

A. I would say it would be personal relationship or a passing by relationship. People that we got to know very well who moved out of the area or just people passing by.

Q. Within that draw area, which you just described to us, are there any other single or independent grocery stores?

A. There are three.

Q. Would you name them for me, please.

A. One is called the Country Boy Market, the other I believe is called the Dollar Saver, and there is another little market up there across from Safeway that I don't even know what the name of it is. It is right up there about half a mile from our store. And then there is a smaller store up on Oxnard, again I don't know what the name of that store is.

And I should say one thing in regard to this draw area. Our draw area has decreased in size with the opening of new markets, new supermarkets. Where our draw area was larger in '56 it is now smaller because of these openings.

Q. Now tell me of the Country Boy Store. Is that store comparable in size to yours?

A. Very comparable, possibly a little larger.

Q. When did they go into business?

A. They, at this present ownership, have been in busi- [fol. 1000] ness about two or three years, maybe four years. They have changed hands two or three times since we have been there.

Q. Has it always been in operation since you have been there?

A. Yes.

Q. But sold from one party to another?

A. Yes.

Q. What about the Dollar Saver, how does that compare in size with your operation?

A. It is smaller.

Q. How long has that been in operation, if you know?

A. Again it has changed hands several times and closed for a period of six months or so. I believe it has been in operation between six months and a year at this time.

Q. It was originally commenced between six months and a year ago?

A. No. The present ownership commenced. It commenced as a shopping area, I would say, four years ago, approximately again. I can't remember exactly what year, but about three or four years.

Q. These other stores, the one across from Safeway and the little store in Oxnard, are they comparable in size to your operation?

A. Quite a bit smaller.

Q. Have they been in operation all of the time since [fol. 1001] you have been there?

A. Yes.

Q. Now tell me about any chain operations that are in your present draw area.

A. Well, Safeway is about a half a mile down the street.

Q. When did they open?

A. They were there when we came in.

Q. Is that the only chain operation in your draw area?

A. No.

Q. What others?

A. Thriftimart has a store, I would say a half a mile away, and Dales has a store.

Q. Is that a supermarket?

A. Yes.

Q. Is that an independent operation or a chain?

A. It's a chain.

Q. These are all within your half to three-quarter mile draw area; is that right?

A. Dales is a mile. As I say, our shopping area decreased in size when they opened up.

Q. What others?

A. There is a new one opening up.

Q. What is that?

A. It is going to be called a Savco. It is going to be a

[fol. 1002] discount operation which will open up in about two months. They are not open but they will open in approximately two months from now I have been told.

Q. Which direction are they from your store?

A. Savco?

Q. Yes.

A. They are east.

Q. Are they on Victory?

A. Yes.

Q. These four chains, the only one that was in operation when you moved in was Safeway; is that correct?

A. Yes.

Q. And Thriftimart and Dales have come in since and Savco is about to open within the next couple of months.

A. That's correct.

May I say one thing? Prior to the time these various chains opened up directly about me there were chains further away and at that time the competition was two and a half miles away. In other words, it seems as they come closer the two and a half mile chain does not become as important as the one near-by, but it is still there and it is hard to measure how much it is hurting you.

Q. Then it would be fair to say that since you opened your store in 1956 that competition has greatly increased, hasn't it?

[fol. 1003] A. Definitely.

Q. Can you tell me, if you know, what stores from your draw area have closed up since you opened up in 1956, if any?

A. A store called Nero's, which changed hands, which was doing just about the same volume we were when we came in, and is, I would say, about a mile and a quarter from where we are, closed down. And I believe there was another independent market on Burbank Boulevard, between Vineland and Lankershim, which closed down. Whether it has re-opened again recently I don't know. And also during that period of time the Dollar Saver, which is now open, had cloosed down for a period of six months to a year and has re-opened again. I think at the time it initially opened it was called Time Saver and now I think it is Dollar Mart, or something like that.

Q. You don't know what happened to Nero's?

A. Well, it just closed down. He couldn't make it.
Q. Do you know the man?
A. I know the man who owned it initially.
Q. What was his name?
A. Nero.
Q. N-e-r-o?
A. Yes. However, he sold out to somebody else and it was the other party that closed down.
Q. Nero sold out and then the purchaser closed down [fol. 1004] after the purchase.
A. Yes. To the best of my knowledge I believe this is true.
Q. Do you know the purchaser?
A. I just would know by the name on the outside of the market whether he was the owner or not. The purchaser I don't know. It was called Fulgensi. And this, again, I believe is correct.
Q. But you didn't know the man personally?
A. No, not know him. I had gone in the market before, I had seen him, but I didn't know him.
Q. You didn't know anything about his background or his experience as a grocer?
A. Nothing.
Q. You had no information as to how well or how poorly he may have been capitalized when he opened the store or purchased it? You have no information about that?
A. I have nothing about his background.
Q. I would like to have you comment further upon your statement to the effect that as the number of stores and chains increased that your draw area became restricted. Is it your opinion that in 1956 when you opened that you had a draw area of about two and a half miles?
A. I would say between a mile and a half to two miles.
Q. A mile and a half to two miles?
[fol. 1005] A. Yes. It would vary. The basic area was between a mile and a half and two miles.
Q. And the new stores that came in and opened up, that caused the restriction of your draw area, were those chains or single stores or both?
A. They were primarily chains, all chains.
Q. They were all chains?
A. Yes.

Q. And all of these chains, with the exception of Thriftimart and Dales, were in excess of a mile away from your store, were they not?

A. The ones that opened up?

Q. Yes.

A. Yes.

Q. Then it is your opinion that the increase in the number of stores that opened up there has likewise materially increased your competition?

A. Definitely.

Q. Mr. Mekjian, when you opened up in 1956 what was the volume of your business? That is for the year 1956.

A. For the year of '56?

Q. Yes.

A. I have to use my figures here for a second because it varies so much.

Without having my exact figures in front of me I would [fol. 1006] have to say around $240,000 to $245,000, in that area. I could be off a little bit one way or the other but not too much.

Q. The business increased in 1957, didn't it?

A. Yes.

Q. How much?

A. I would say at least $30,000.

Q. That would make it $275,000?

A. I would say right about there.

Q. How about 1958?

A. '58 was a good year.

Q. It was a good year?

A. Yes. I would say it was close to $300,000.

Q. 1959?

A. It was—It is awful hard to be exact because I don't have the figures in front of me.

Q. I am just asking for your best recollection, Mr. Mekjian. I understand without the figures you can't be exact. Just approximate it as nearly as you can.

A. I would say in that same neighborhood.

Q. 1960?

A. I do know this, that after about '58 our income has dropped down each year. So I imagine '60, '61 and '62 our volume dropped accordingly. And if I was to say exact

figures I think we are right around $300,000 in '58 and '59; [fol. 1007] is that correct?

Q. Yes.

A. I would say we dropped down $10,000-$15,000, right along through that period.

Q. 1960 was $280,000 would be your reasonable approximation?

A. What year did the strike take place?

Q. '59.

a. Well, '59, of course, was our good year. '60 definitely dropped down and '61 dropped below '60 and '62 was our worst year volumewise from the grocery and produce operation and all. But because we were forced to take over the meats, because of the poor production there, our over-all volume was higher because we had meats in our total volume for that period of time for a matter of six months.

Q. Then during 1962 what would you say your over-all volume was?

A. Including meats?

Q. Well, yes, if you were operating it.

A. For six months it was close to $290,000.

Q. 1962?

A. Yes.

Mr. Coyle: Why don't we get it without the meat too so we will all be together here.

Mr. Bates: Q. What would it be without meat?

[fol. 1008] A. Between two fifty and two sixty, two sixty-five, some place right around there.

Q. I don't believe you gave me a figure for 1961. What is your recollection?

A. It must have been about two seventy-five, two eighty.

Q. Do you attribute this loss of volume to the increase in competition caused by the other markets that have come in and surrounded you?

A. Definitely.

Q. Mr. Mekjian, have you made any study of your draw area in the general area where your store is located concerning population and whether it has increased or decreased?

A. Oh, the population has increased.

Q. What increase in population have you experienced in your draw area between 1956 and the present time?

A. New apartments going up.

Q. What?

A. New apartments have gone up.

Q. Have there been other housing developments in and around your area that contribute to your draw?

A. Not too much in the way of new homes, no.

Q. Other than the area a mile around your draw area, for instance, where the new stores have moved in, has the [fol. 1009] population increased out there?

A. If you are speaking of the West Valley, which is maybe ten miles from me, that is the area which has grown.

Q. As a matter of fact it has grown all over the Valley, hasn't it, considerably, since you and your brother came down from Fresno and moved down there?

A. Just fantastic growth. Out in the West Valley primarily.

Q. Is it fair to say that the study that you have undertaken concerning marketing conditions has been largely, if not entirely, confined to your own area out there?

A. Definitely not.

Q. Not?

A. Not.

Q. Have you made a study of the marketing conditions down in Orange County?

A. Would Covina be in Orange County?

Q. No.

A. I would say I have not made an extensive study of Orange County but I have been aware of what has been going on out there on the expansion program from salesmen. Primarily from word of mouth, not my own study.

Q. What about the Santa Monica area?

A. There again I have gone by various stores in that area. I have one of my part-time helpers working in one [fol. 1010] of the chain stores there and I have talked with him and I have checked competition in various of those markets and I have gone by and stopped in and seen what the pricing setup was.

Q. What about the Long Beach area?

A. Very remote. There again just through word of mouth what salesmen tell me.

Q. This downtown area, have you made any study of that?

A. Here again I would say that is the same kind of a study, the general study without an exclusive study.

Q. What about the Covina area? Did you make a study of that particular area?

A. I was going to look into a market out there so I studied it pretty extensively.

Q. In general what have you studied? Suppose you tell us what you have read in the way of trade journals or statistical information.

A. There again what I have read has been bulletins coming in to me. The Commercial Bulletin, which comes in once a week, and we get the Progressive Grocer in, and we get various periodicals and articles that are sent in once every so often.

Q. And you just customarily read the trade journals and the articles of common interest to all grocery men, don't you?

[fol. 1011] A. Yes, I glance over it and if it catches my eye I read it.

Q. Aside from reading the trade journals, the articles that are of common interest to all grocery men, you have made no particular study of any area save and except the trade area in which your store is located; isn't that true?

A. I would say primarily my study has been stopping in at various markets and looking at the stores. This is where you learn most, I believe, is in watching displays, checking pricing, checking merchandising techniques. I think you can sometimes learn more this way than you can by being——

Q. In other words, you go out and do this checking in order to get your competitors to contribute to your education.

A. I feel that in checking an area in Long Beach or Santa Monica it is important from the over-all merchandising aspect as it is from just checking your immediate competition in your immediate neighborhood. You might learn something out there which they don't have out here.

Q. That is a common practice of all grocery men, isn't it, to visit each other's stores and seeing what they are doing?

A. I would presume so. I do it.

Q. And in addition to that you subscribe to a little Black book, or some kind of a trade journal, that gives you [fol. 1012] the prices——

A. Grocery Survey Guide is what we use.

Q. You have the Grocery Survey Guide?

A. Yes.

Q. And you regulate your prices by that Grocery Survey Guide?

A. To a very great extent.

Q. You don't consider yourself to be in competition with any store down in Anaheim, for instance, do you?

A. I do not.

Q. Or Long Beach?

A. I would say I am in a broad sense of the word. When a store in Anaheim or a store in Long Beach may set a price pattern that would affect my chain stores in my immediate surrounding area it does definitely affect me indirectly and does directly. If the stores in Anaheim are affecting my chain competition near-by.

Q. Have you ever had a store in Anaheim or Santa Monica set a price that affected prices in your store that you know of?

A. If such a store might be one of the chains, which over-all changes its price patterns to 50 stores throughout the County, then I would say it would be in Anaheim and Long Beach and all over, and plus near-by. Because they usually change the price in all 50 stores at one time.

[fol. 1013] Q. Aside from the broad pattern in which the prices are affected, isn't it true, though, that you consider your competition only those stores in your area that are taking customers that might come to your store?

A. Yes.

Q. Mr. Mekjian, you are a member of Certified, aren't you?

A. Yes.

Q. Have you been a member of Certified ever since you opened your store?

A. Yes.

Q. As a member of Certified you are one of the owners of Certified, aren't you?

A. That's correct.

Q. Certified owns their own warehouse, don't they?

A. That is correct.

Q. And they own a very extensive fleet of trucks, do they not?

A. Yes, they do. They own two warehouses, one in the San Fernando Valley as well. It's on Eastern Avenue.

Q. And you know, do you not, that Certified buys direct from producers?

A. Yes.

Q. And they have railroad and truck lines ship in and store in their warehouse?

[fol. 1014] A. That's right.

Q. From these warehouses they use their fleet of trucks to serve your store?

A. Yes.

Q. You send your orders in and they make their shipments promptly, don't they?

A. Yes.

Q. In your statement you say that the chain who owns its own warehouse and owns its own fleet of trucks, buys direct from producers, by reason of that fact have an advantage over single store operators. What advantages do they have over single store operators that belong to Certified, in that respect?

A. That is an advantage over having direct shipment from Certified

Q. If you will refer to your statement you will see that you stated——

Mr. Coyle: Which paragraph, Mr. Bates?

The Witness: Is that Page 2, Paragraph 6?

Mr. Bates: Q. It will be Page 2, Paragraph 6.

Mr. Coyle: Perhaps 7, too?

Mr. Bates: Q. You will notice, Mr. Mekjian, that you attribute advantages to chain stores by virtue of their ownership of the warehouse, fleet of trucks and ability to buy from the producers. You have also told me that as a mem-

[fol. 1015] ber and owner of Certified that you likewise have warehouses, fleets of trucks and ability to purchase direct from producers. What part of these advantages that you refer to are different than the ones that you have as an owner of Certified?

A. I would say that the primary advantage is in the saving of expense.

Q. What is the basis of your statement?

A. The basis for this opinion is that whenever a chain store can operate and pick up its merchandise from Certified in its own fleet of trucks, like you take Dales, you take some of the other markets that also operate the same way, who have got six or seven stores, they invariably take on the added expense which includes the insurance, the hiring of personnel and all these various factors, because they feel, and they must know, that in so doing they are saving expenses of the over-all operation right throughout the year, because otherwise they would not do it.

Q. That is just a conclusion and speculation on your part, isn't it?

A. It is. And yet it is based upon the fact that I have spoken to various drivers and people and I believe that Certified charges you so much per delivery of merchandise. In fact I know they do, they have to.

Q. You know, don't you, that a chain operator who owns [fol. 1016] these trucks has a capital investment in those trucks; is that correct?

A. Very true.

Q. And he hires a union driver to drive it, doesn't he?

A. Yes, he does.

Q. And he buys gasoline and tires and all kinds of repairs?

A. Yes, he does.

Q. Just the same extent that Certified does; isn't that true? Do you think his cost of operations are any less than Certified's?

A. For some reason they must be. There must be some hidden advantage otherwise stores would not do such.

One advantage would be the fact that they can have a truck pick up merchandise any time they so desire. They have immediate delivery. But there must be a saving or else they wouldn't incur them.

Q. That is just a guess on your part?

A. It is a definite opinion, it is not a guess.

Q. And that is the only reason you say that they have an advantage is that they must save expenses; is that right?

A. Along with the advantages that come in having your own trucks that you can transfer things from store to store.

Q. Well, a single store operator doesn't need any such service as that because he only has one store and he calls [fol. 1017] Certified and says, "Drop off this list of merchandise," and that's it. You don't have any transfer problem, do you?

A. Well, I have a problem if I have something on an ad and it doesn't sell. I have 25 cases or 50 cases left over and a chain can transfer it to another store.

Q. Other than saving in the expense of operation, which you say is your opinion——

A. There must also be a saving in the purchasing too. I don't know what it is, I am not that big to know. So it must be a dual setup, in the distribution and also in the purchasing. There must be some saving when you put them together. Because whenever this situation occurs and a store gets big enough they automatically do this. And at the same time they retain their membership in Certified Grocers. So that if by chance they run out of something that Certified may still have at a lower purchase price they have a dual capacity to go in to Certified, pull this low cost merchandise out. So they have it from both angles.

Q. Is it your opinion as an experienced grocery man that a chain operation can buy from the producer cheaper than Certified?

A. This is something that I never had the opportunity to experience. I am not that big to know. I don't know the hidden things that go on in the grocery business, and there are a lot of hidden things. I just have that opinion.

[fol. 1018] Q. In other words, you are saying to me that you don't have any facts upon which to base the opinion; isn't that correct?

A. In regard to why they pull out and have their own trucking?

Q. No, no. As to whether they can buy cheaper from the producer than Certified.

A. I would say I have no facts at all. I would say they shouldn't. Because Certified buys in huge volume and should be able to purchase equally as economically. No facts at all.

Mr. Coyle: You do know that you have to pay a service charge to Certified that they don't have to pay?

The Witness: Yes, I do. Because during the strike, another thing——

Mr. Bates: Just a minute, please.

I object to government counsel putting questions to the witness during my interrogation. I am not finished yet and you will have your opportunity, Mr. Coyle.

Mr. Coyle: I didn't want to have to come back to it. I thought it would be nice to have it all together on direct.

Mr. Bates: I don't want to conduct this deposition in that fashion, Mr. Coyle. I want to ask my questions and complete them and then you ask yours.

Mr. Coyle: You go ahead and ask your questions, Mr. [fol. 1019] Bates.

Mr. Bates: Q. Mr. Mekjian, have you ever had occasion to make an investigation or an independent study of the market shares of the different chain operations in Los Angeles County?

A. Never on my own, no.

Q. You wouldn't know then what Safeway's market share would be, would you?

A. I would approximate what their market share would be from——

Q. What is it?

A. I believe it is ten per cent. This is what I was told a few years ago. Again, this is what you hear in the conversations in the grocery business, people coming in and out.

Q. What would the market share of Ralphs be? Do you have any information on that?

A. Here again through the same source I heard it was around eight per cent.

Q. What about Von's-Shopping Bag?

A. I believe it is ten per cent or better.

Q. Ten per cent or better of the total——

A. It is right about the same that Safeway has, I believe, at this point. Again, I am saying these without knowing for sure. This is what I have heard.

[fol. 1020] Q. Do you recall who told you that Von's-Shopping Bag had ten per cent of the market share of groceries in Los Angeles and Orange Counties?

A. No. Again it was through this general conversation setup that takes place when salesmen come in and various people come in, Certified possibly may have talked to me. I have talked to Certified, contacted them many times.

Q. Mr. Mekjian, counsel in this proceeding refer to the metropolitan area of Los Angeles as being Los Angeles and Orange Counties. Are you aware of that?

A. I believe that was true, they include Orange County in the general metropolitan area.

Q. Yes.

A. Yes.

Q. And when I use the phrase "metropolitan area" I am referring in that sense——

A. Orange County included.

Q. Do you know how many single or independent store operations there are in the metropolitan area of Los Angeles?

A. I do not.

Q. Do you know what the market share of the total number of single and independent grocers is in the metropolitan area of Los Angeles?

A. Are you speaking of single stores? You are speaking of one store or less?

[fol. 1021] Q. I am speaking of all of them together, what the aggregate market share of all single store operators would be in the metropolitan area. You have never seen any statistics on that, never discussed it with anybody?

A. I believe that the government counsel showed me some figures as to the general number of percentages that these stores were doing. The only question in my mind that arises is when you speak of single stores, there are many stores that are not classified as chains that may have two store.

Q. How do you classify a chain operation?

A. I believe a chain store is three or more, according to my books in colleges many years ago but I believe it is.

Q. Of course you do not classify a two-store operation as being a single or independent, do you?

A. I don't know if that is what you meant, a two-store operation being a single. I would say a two-store operation would not be considered a chain.

Q. Then I will ask you this question. Do you know how many two-store operations are in business in the metropolitan area of Los Angeles?

A. No. I know of one around my area which is very strong.

Q. Then the only information that you have with reference to the market share of chains or independents is that [fol. 1022] shown to you on the chart exhibited to you by the government; is that right?

Mr. Coyle: He has already testified that he has other information, Mr. Bates.

The Witness: I go based upon the information the government counsel showed me and again the general conversational drift that comes through the store and talking with Certified men, salesmen.

Mr. Bates: Q. Perhaps I didn't make myself clear, Mr. Mekjian. You have told us about the general information which you have assembled in reading trade journals.

A. Yes.

Q. I am asking you now if you have ever seen any other chart or graph showing the market shares other than that exhibited to you by the government.

A. No.

Q. Did you ever try to get into a shopping center?

A. One on a smaller scale, very small.

Q. Where was this?

A. This was on the corner of Lindley and Saticoy. I believe that is Reseda. In fact I know it is Reseda. I wasn't sure whether it was Van Nuys or Reseda, but it is Reseda.

Q. What is the name of that shopping center?

A. I don't know what the name is now.

[fol. 1023] Q. Do you remember who you contacted?

A. Well, at that time it was being built. We were talking with the owner by the name of Forester.

Q. What efforts did you make to get in?

A. Well, let's say we had an opportunity to get in but we turned it down. Other than that, as far as getting into large shopping centers, no.

Q. Where is the closest Von's or Shopping Bag Store to your operation?

A. The closest one would be about equal distance, I be-

lieve, from either side. One is on Riverside Drive right about Fulton and Coldwater, in that area, and the other one is a Shopping Bag location which is again on Foothill Boulevard, I believe, in that area out that way.

Q. How far would the Shopping Bag Store be from you?

A. I would say about two and a half to three miles, either way.

Q. How far would the Von's Store be on Fulton?

A. I would say they are both in the area of between three and five miles. As I say, I haven't tried to measure them exactly. In that area, three to five miles.

Q. Were those stores both in operation prior to March of 1960?

A. I know the Shopping Bag was. I don't know if the Von's opened up after. I believe they may have opened up [fol. 1024] after but I am not sure.

Q. They are beyond your draw area, both of them?

A. The basic draw area, yes.

Q. Being beyond your basic draw area you don't consider either of those stores as being competitors, do you, to the customers you serve?

A. Again I would have to repeat myself and say they would affect me only in how they indirectly affect my direct competition. If they affect my direct competition they affect me. They don't basically in the same area drawwise, no. Even though both those stores do tremendous volume, I don't know how much they draw from. Two of the biggest stores in the whole chain, I believe.

Q. You have no recollection when the Von's Store opened up?

A. No, I don't know. I think it was opened after I got there, but again I can't pinpoint it.

Q. In relation to the Von's-Shopping Bag merger, which I will state for your information was in March of 1960, when did that store open up, prior to March 1960?

A. I can't tell you, Mr. Bates. I don't know exactly.

Q. You just don't recall. I think you state in your statement here that the merger between Von's and Shopping Bag will accentuate the larger chains' advantages.

Mr. Coyle: Which paragraph is that in, Mr. Bates?

[fol. 1025] Mr. Bates: It is Paragraph 13. The last sentence in that paragraph.

Mr. Coyle: You mean the sentence that reads: "This merger is a major stride in increasing the market share of the larger chains and it will accentuate the larger chains' advantages over the small grocer"?

Mr. Bates: That is the sentence.

Q. What is your basis for making the statement that this merger will accentuate the large chains' advantages?

A. My opinion on that is that if this trend of mergers continues it will eliminate the number of chains within the area by creating more mergers, and thus create the image that over-all size is by far the most important aspect why a customer should shop in an area. The size factor is an important psychological factor, even if the price of the product is identical on the shelf, as in a can of Del Monte, whether it is on my shelf or somebody else's shelf. But the psychological factor of size means an awful lot. I have found that to be true.

Q. This merger between Von's and Shopping Bag gave no advantage to Safeway, did it?

A. Advantage to Safeway?

Q. Yes.

A. I don't see how it could have.

Q. It didn't give any advantage to Ralphs, did it?

[fol. 1026] A. If it did I sure can't see why it did.

Q. Or to Thriftimart or to A & P? As a matter of fact, this merger gave no advantage to any chain with the possible exception of Von's and Shopping Bag; isn't that right?

A. Yes.

Q. Now will you tell me, please, what advantages you refer to in Paragraph 13?

A. The one I told you just a few minutes ago. Not that —I would say that—Let's see. It possibly created the image of chain acceptance to the customer more so than ever before, because I do know that the chain image is very important in the customer's mind.

Q. Didn't Von's have this image prior to the merger as a large chain operation in the area?

A. Maybe I am off on a tangent here, Mr. Bates. But is

your question how did this increase the overall setup for all the chains or just for Von's and Shopping Bag?

Q. Well, you stated to me that these advantages which you referred to in Paragraph 13 were no advantage to other chains except Von's and Shopping Bag; isn't that true?

A. As far as the chains are concerned, yes, they would have no advantage as to any other chains except Von's and Shopping Bag. But the merger may have created the image of more ready chain acceptance by the consumer because of this merger. It just created the whole chain image, not [fol. 1027] just Von's and Shopping Bag.

Q. Didn't Von's have that image prior to the merger?

A. Yes, they had it to a great extent, yes.

Q. Didn't Shopping Bag have that image prior to the merger?

A. Yes.

Q. Then please explain to me what advantage or additional advantage in that respect, that is the image of acceptance, was received by Von's-Shopping Bag after the merger.

A. I would say merger made it even stronger to the consumer.

Q. Aside from your description of this psychological image of acceptance in the customer's mind as being the advantage you refer to in Paragraph 13, can you think of any other advantages that were received by Von's-Shopping Bag as a result of the merger?

A. I would say that it created a situation where they can economize on many expenses that they were both doing simultaneously against each other when they were separate. Advertising being one. I would say it helped in the seeking of locations, it created a lessening of competition between a few stores for a particular site. They also would help in distribution. I believe it helped them quite a bit in the bakery aspect. If I am not mistaken, this again I believe Shopping Bag has a bakery of its own, and this bak- [fol. 1028] ery now could take care of both operations rather than just the one. And this was a very important factor for the merger, just the bakery aspect alone.

Then administration expenses, buying strength, personnelwise. All these little things could have entered into it.

Q. As a single store operator you do everything you can in your business judgment to reduce your expenses, don't you?

A. Yes.

Q. And you do everything you can in your good business judgment to increase the volume of your sales, don't you?

A. Increase the volume of sales? Yes.

Q. And you do everything that you can in your good business judgment to increase your net profits in that operation, do you not?

A. Yes.

Q. Now, you refer to the advantages the large chains will have over the small grocer. How does the large chain get an advantage over the small grocer through this merger that results in decreasing their expenses of operation?

Mr. Coyle: He just answered that. I object to that on the ground that he just answered the question, Mr. Bates.

The Witness: I believe I did answer that, did I not?

[fol. 1029] Mr. Bates: Q. I don't think you did. But answer it again. The objection will be noted.

Mr. Coyle: Can we read back the answer to the previous question.

(The reporter read the record commencing on Page 39, Line 24 to and including Page 40, Line 17.)

Mr. Knight: Isn't that the answer to the question you asked?

Mr. Bates: Let me strike the question that I asked and rephrase it.

Q. You have stated to us, Mr. Mekjian, that you do everything as a single store operator that you can to reduce your expenses, and you have stated that in your opinion that this merger will result in the Von's-Shopping Bag reducing their expenses. Now will you tell me in what manner the reduction in expenses by Von's-Shopping Bag, which you say resulted from the merger, is an advantage over the smaller grocer.

A. How the reductions of these savings are an advantage over the small grocer?

Q. Yes.

A. Well, if any operation can reduce its expenses they have created a setup where they can operate at lower expenses and thus operate on lower margin. Thus they can discount merchandise at an easier rate and still make the [fol. 1030] same rate of profit.

Q. That is exactly what you would do, isn't it?

A. I do exactly what the chains do, Mr. Bates, to a great extent. because the pricing setup is set up by them. I don't set the price, they set it for me. If they set the price of sugar at 20 cents a pound, if I want to keep my competition I go for 20 cents a pound. In other words, I have to follow them. I can't set my own pattern, except on little things such as I have a choice of putting a particular item where I want it on the shelf and other things in my judgment. But as far as pricing goes and procedures, and giveaways, if they continue it and it created a competitive setup I have to follow them or else go out of business or cut my volume, either one.

Q. Then you are saying that one of the advantages resulting from this merger is the ability of the chains to fix prices which you must follow?

A. This would be a very big advantage.

Q. Didn't the chains have that advantage before the merger?

A. Yes.

Q. Then the merger had nothing to do with it in your opinion; isn't that so?

A. Only in the sense that it would have an advantage that a bigger group of stores would be changing the price [fol. 1031] now instead of just one set. In other words, two sets of stores if they go on the pricing setup would make you follow than one set of stores. In other words, before there had been a general relationship if the store you follow was Safeway, or you follow Ralphs, or you follow Von's and Shopping Bag. And I would say the more strength you have within an area the quicker you can set the pricing patterns and other stores have to follow.

Mr. Bates: That is all.

(A short recess was taken.)

Cross-examination.

By Mr. Coyle:

Q. You mentioned a draw area of one and a half to three-quarters of a mile. Is that one and a half to three-quarters of a mile in each direction from your store?

A. We draw from prior to where the chains come in. You say one-half to three quarters.

Q. One-half to three-quarters.

A. Oh, yes, at the present time.

Q. That would be in every direction?

A. Yes.

Q. Prior to the time the chains came in your draw area was larger you testified.

A. Yes.

Mr. Vaughn: Do you say one and a half?

[fol. 1032] Mr. Coyle: It is now one-half to three-quarters of a mile. And when he says "square," it is really a radius.

Mr. Vaughn: I thought you said one and a half.

Mr. Coyle: Q. You say as the chains opened around your store the draw area of your store lessened from about one and a half miles to three-quarters of a mile, or something approximately like that?

A. To the present, yes.

Q. Are there chains outside your draw area which are drawing customers out of your area?

A. I am sure there is.

Q. It is your experience, in your opinion, that the chains have a much larger draw area than your store?

A. Yes.

Q. Do the Von's and Shopping Bag Stores draw customers from within your area?

A. I don't know if they do or not. I presume they do. The thing that you have to remember in this draw area setup is that with the number of stores that have opened up throughout the whole Valley and throughout the whole area, you may have a customer who is calling on you at your location who now finds it more economical—not economical, more easily or more feasible to step somewhere along the line because of the numerous stores that have

opened up throughout the whole area. So it is kind of hard to measure exactly.

[fol. 1033] Von's and Shopping Bag might be one of those markets.

Q. I believe you stated that you have to pay a service charge to buy from Certified and then were going to relate something that happened during this strike. Could you tell us what you were going to relate?

A. There was a time when we had to get some extra merchandise in our store and we sent our produce man down to pick up the merchandise for us. And so our bill from Certified was lower because of the fact that we picked it up down at the warehouse. I just forget the exact percentage. I could find out by calling up Certified.

Q. I think it is on the record, anyhow, from other witnesses. You also testified, I think, that if a store down in Anaheim institutes a promotional device or a price change that would cause the chains to retaliate, and as a result that store would have a competitive effect on your operation.

A. If it became area-wide, yes.

Mr. Coyle: I have no more questions.

Redirect examination.

By Mr. Vaughn:

Q. You stated in your testimony, Mr. Mekjian, that there is a two-store operation near you which is very strong. Am I correct?

[fol. 1034] A. It is one of the cleanest and best operations in the whole city.

Q. That is Gelson's, isn't it?

A. Yes.

Q. They have a store in North Hollywood?

A. In Burbank.

Q. That's right. I beg your pardon. About how far away from you is that?

A. I would say about two and a half-three miles.

Q. And a store in Encino which is farther away from you; isn't that right?

A. Yes.

Q. And those stores are very large supermarkets, are they not?

A. I would say they are more successful than they are large. But they are large and represent supermarkets, yes.

Q. You know Gelson's is also owned and operated by two brothers; isn't that correct?

A. I know.

Q. And they started in business when, can you tell me?

A. Without being a hundred per cent sure, I think they started about 20 years ago or so. That is what I have heard.

Q. If I were to tell you that the two brothers who now operate this present business started in 1948, that would be approximately correct, would it not?

[fol. 1035] A. If this was exactly right I would say yes. I wouldn't know for sure.

Q. You don't know for sure?

A. No.

Q. Do you know in what sort of a store they started?

A. Here again the rumors go about that they started in a smaller store.

Q. About 700 square feet, wasn't it?

A. So I have been told.

Mr. Coyle: This is all conjecture as to this witness.

Mr. Vaughn: Are you testifying that it is conjecture, Mr. Coyle?

Mr. Coyle: He is testifying that it was conjecture.

Mr. Vaughn: If you want to establish it was conjecture why don't you ask the question?

Mr. Coyle: He hasn't been in the area that long.

Mr. Vaughn: Q. You have heard that they started with a 700 square foot store; isn't that right?

Mr. Coyle: You are saying that.

Mr. Knight: It is clearly hearsay.

Mr. Vaughn: Q. You have heard that, haven't you?

A. I have heard they started in a smaller store. As to the exact size I don't know.

Q. You have been in the Gelson's Store in Burbank?

A. In both stores.

[fol. 1036] Q. They are tremendously successful market operators, are they not?

A. Yes.

Q. What would you say was the reason for their success?

A. Well, for years Gelson's have been known primarily for their produce. They have a very unique pricing setup which was psychologically very strong.

Q. How is that?

A. Well, as every other store advertises C & H Sugar at 49 cents, or Folgers Coffee at 59 cents, or 49 cents, whatever the price was in that particular era, Gelson's was advertising institutional ads and "Come and See Us, Low Prices Every Day." And what they did in their store, they picked maybe 20 key items, or whatever the quantity was, and discounted the prices on the shelves prior to the discount era which began some years back. And they would stack big items of Best Foods Mayonnaise, if the going price was 69 they would stack it at 59 cents, which would be just about cost price, or something like that. So they created a very unique setup in merchandising, which proved extremely successful with the over-all cleanliness and the way they keep their store merchandised, it is just beautiful. They do not economize at any point. Whether it be personnelwise, relationshipwise with the customers, in any respect. They are just smooth operators.

[fol. 1037] Q. They have almost a hospital-like atmosphere in their cleanliness.

A. They seem to have a beautiful setup. I haven't gone in there all the time but people tell me how much they like them.

Q. They have wider aisles than most grocery stores, do they not?

A. I do not know.

Q. They have their merchandise always stacked very neatly, do they not?

A. Very clean store throughout.

Q. They provide little extra personal services for the customer, do they not?

A. From what I have been told, yes.

Q. And on the whole their prices are a little higher than the going rate, are they not?

A. No.

Q. You are able to say that without any fear of contradiction, I take it?

A. Unless they have recently changed their whole pricing structure I would say they are very much in line pricewise. And I haven't been in one of their stores recently, for two months or so. But they are very competitive.

Q. This is an example of starting out as a small opera-
[fol. 1038] tion which has been very successful, is it not?

A. This happened, fortunately for them, when the acceleration of chain expansion didn't kill you off so fast.

Q. There are other examples of successful single store operators who have had successful and expanding businesses in the Los Angeles area, are there not?

A. Oh, I am sure there is. I would venture to guess, though, that most of these operations that have grown to any consequent size were created and established and maintained prior.

Q. Prior to what?

A. Prior to this tremendous competitive situation which has occurred in the last few years.

Q. When did this begin? What period of time?

A. It has always been extremely competitive, no matter from the very beginning of the modern era, '52, '53, years ago, competition has been keen in every field throughout the world. But I would say this fear of expansion—Now, I can remember vividly in my mind the desire to expand. This was when we first came in business. We were doing pretty well in '57 and '58 and then again I can't pinpoint the exact time, but there came a period when chain stores were opening up on every other corner, it seemed like service stations. And the whole idea of expansion just seemed to wither away. And all you were concerned about was
[fol. 1039] maintaining a profitable operation. Because not only does your volume decrease and the desire to get new sites decreases because of this tremendous competitive location site grasping by all the chains, but your gross volume also—I mean your percentage of mark-up, your gross margin seemed to have a decline. And plus the discount operations coming in, your Blue Chip stamps, you got into a setup where you just didn't know if you were making money.

Q. The discount house sale of food is a relatively new

method of merchandising, isn't it, in the Los Angeles metropolitan area?

A. As far as I am concerned, yes.

Q. In about the last three years discount houses have started to sell food?

A. Yes. Blue Chips took a cent and a half away from you too.

Q. This Savco that is going in near you, that is a discount house, is it not?

A. Yes.

Q. Who is operating the grocery department in that store, if you know?

A. From what I have been told nobody seems to know definitely for sure. It is going to be Fox or Food Fair.

Q. Food Fair is going to do so?

A. Either one. I think they are the same outfit.

[fol. 1040] Q. Fox is bankrupt, is it not?

A. Don't they operate by their name yet?

Q. There are Fox Stores but the Fox Company is bankrupt, is it not?

A. Yes.

Q. You know that. And do you know the reason why they went bankrupt?

A. Well, the basic accounting setup was that their liabilities were larger than their assets.

Q. You read in the trade papers and in the court of your study of the grocery business that they went into bankruptcy because they expanded too rapidly with inadequate capital?

A. This might be one of the reasons but I would say there is another reason. They were basing their expansion, which was successful for a long time, on the premise that there was a rising market. And the rising market became competitive, like I mentioned here, and so their volume dropped and their profits dropped. And I think if the setup had maintained itself like it had for many years, where no matter what you touched turned to gold, and competition wasn't so keen. But competition reversed itself.

Q. Competition got tougher?

A. Definitely.

Q. A chain store that finds itself with an increasing

number of competitors by reason of new openings experiences a reduction in draw area too, doesn't it?

[fol. 1041] A. I would presume so, yes.

Q. I take it that the store——

Mr. Coyle: Did you have something to add to that previous answer?

The Witness: I was going to say if their draw area doesn't decline their volume does.

Mr. Vaughn: Q. I take it that it is the opening of this Dales Market near you which affected your business more than any other opening; isn't that so?

A. Prior to the opening of Dales.

Q. Didn't the opening of Dales affect your business more than any other opening since you have been in business?

A. No. Dales affected us a lot but Thriftimart hurt us the most.

Q. How many stores are operated under the name Dales, do you know?

A. They operate two types of chains. They operate a supermarket and they operate a Dales Junior. And I think that—I don't know, I imagine maybe it is ten, twelve, something like that.

Q. Does Dales have its own warehouse?

A. No. They pull from Certified but they have their own fleet of trucks, I believe.

Q. You said in response to questions by Mr. Bates that [fol. 1042] you conclude that the chains must have an advantage by warehousing, doing their own warehousing, or they wouldn't do it. Isn't that essentially what you said?

A. Yes.

Q. You don't have any specific figures, you don't know whether a chain owns its groceries, if we can use that phrase, on its shelves at a price lower than that that can be obtained from Certified? You don't have any specific figures in mind?

A. No.

Q. And you don't know that they own their groceries cheaper than the independent operator, do you?

A. No.

Q. As a matter of fact, wouldn't you imagine that your

overhead in your store is less than the per unit overhead of Von's, for example?

A. I don't know. Because I don't know what they operate at percentagewise. I would try and operate more economical, but because of their added volume the percentage might be the same at the end of a period of time.

Q. Wouldn't you imagine, Mr. Mekjian, that operating an 80-store chain that you have distribution problems and buying problems which are many times more difficult and complex than any that you face?

A. Oh, sure.

[fol. 1043] Q. And wouldn't you imagine that there might come a time when in order merely to do as well as you do in your store, in terms of cost and distribution, that a chain has to take these buying and distribution and warehousing functions away from an intermediary such as Certified and grapple with them directly?

A. I can't answer that question because I haven't been in both situations.

Q. That is another possible explanation for why a chain builds a warehouse, isn't it?

A. There are many possibilities that I don't know about, and that could be one of them.

Q. And you are not able to say whether Safeway builds a new warehouse because of this fact or because they think they get some advantage; isn't that correct?

A. Well, not knowing the facts——

Q. You can't say.

A. —I can't say anything.

Mr. Vaughn: I have nothing further.

Recross-examination.

By Mr. Coyle:

Q. Does Certified have a big enough fleet to service a chain like Von's?

A. I don't know.

Mr. Coyle: I will ask that this document entitled "Testi-
[fol. 1044] mony of Ernest A. Mekjian" be marked as Mekjian Exhibit No. 1.

(The document referred to was marked by the notary public as Mekjian Exhibit No. 1 for identification, a carbon copy of which is attached hereto.)

Mr. Coyle: Q. Could you identify this as a copy of the statement which has been referred to in the course of this deposition?

A. It looks identical.

Mr. Coyle: That is all I have.

Would you waive the signing of this deposition and permit counsel to introduce it in evidence without your signature, if they are agreeable to doing this?

The Witness: You being the counsel?

Mr. Coyle: The government counsel and the other gentleman. It will just make it not necessary for us to mail it to you and for you to read and sign it.

The Witness: The only thing I certainly don't mind this being entered in any court. I just don't want to be pulled away for ten or fifteen days from my place of business. I haven't got time for it. That is all I am concerned about. If this is going to consist of my being away from the store for ten or fifteen days or something like that, I don't want any part of it.

(Discussion off the record.)

[fol. 1045] Mr. Coyle: Are you agreeable to waiving the signing of this deposition?

The Witness: And by waiving signing this means I don't have to appear and this appears rather than myself?

Mr. Coyle: That is correct.

The Witness: Does this mean I will not be called?

Mr. Coyle: Not necessarily. Whether you waive or not won't affect your being called.

The Witness: I waive it. You can enter it.

Mr. Vaughn: We also agree.

[fol. 1045a] IN THE UNITED STATES DISTRICT COURT

HONORABLE CHARLES H. CARR, Judge Presiding

No. 336-60-CC Civil

Transcript of Proceedings—June 11, 1963

Place: Los Angeles, California

[fol. 1046] TESTIMONY OF JEAN H. MUNTIFERING

If subpoenaed to testify, Jean H. Muntifering would testify as follows:

1. He was the owner and manager of Best Food Center, 7151 Woodley Avenue, Van Nuys, Los Angeles County, California. He had been in the grocery business for the past twelve years and has owned and operated the grocery store at this address for the past nine years. The gross sales of Best Food Center in 1959 were about $125,000. On July 21, 1961, he transferred his business to 131 So. Topanga, Topanga, California.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, Mr. Muntifering closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the Key Services, and follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age" and the "Progressive Grocer."

3. On the basis of his continued study of retail gro- [fol. 1047] cery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization,

he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that a single store operator cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result, fewer [fol. 1048] grocery stores are needed in the area to serve a comparable number of people.

6. The witness would testify that single store operators and small chains do not have their own highly developed sitribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the picture presented in the defendants' exhibits which show that in the period between 1950 and 1958 the market share of the eight largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the nine largest chains

increased from 34.3 per cent to 41.7 per cent; the market share of the fifteen largest chains increased from 38.4 per cent to 50 per cent; and the market share of the twenty largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would [fol. 1049] testify that these figures also corroborate his own understanding, based upon his experience of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

8. He would state in his testimony that he observed the operation of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

9. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair, and Food Giant, were among the leading firms in the area.

10. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain simce the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for new locations is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same line and the stores are known [fol. 1050] as "Von's and Shopping Bag."

11. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

12. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between

Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

13. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 1051] TESTIMONY OF PAUL PALMER

If subpoenaed to testify, Paul Palmer would testify as follows:

1. He is president and sole stockholder of a five-store chain of grocery stores in the Los Angeles area known as "Country Cousins Markets". The principal office of the company is located at 23736 Lyons Avenue, Newhall, California. The stores are located in Thousand Oaks, Sylmar, Montrose, San Fernando and Newhall. The chain has gross sales of about $170,000 per week. Mr. Palmer has been in the grocery business for approximately 16 years.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, he closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the Key Services and follows the prices of all of the major chains appearing in these booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Commercial Bulletin",

"Super Market Merchandising", "Chain Store Age" and the "Progressive Grocer."

[fol. 1052] 3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observation.

4. He would testify that single store operators cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because the landlord wants the name of a big chain in his shopping center as an attraction to other tenants. As a result, single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the large chains. Country Cousins has tried to get into the shopping centers which are the preferred sites for supermarkets but it has been unable to do so since Country Cousins does not have the established name of an area-wide chain.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing [fol. 1053] size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result, fewer grocery stores are needed in the area to serve a comparable number of people.

6. The witness would testify that single store operators and small chains such as his do not have their own highly developed distribution systems. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the pro-

ducer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from the Certified and Spartan Cooperatives and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the large chains on dry grocery products. He would state that the cooperative does not carry such major products and dairy, meat and product items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their ware-[fol. 1054] housing and distribution systems. Thus they have combined the advantages of the cooperative with direct purchasing and a highly developed distribution system. In addition some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid.

9. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

10. He would state in his testimony that he observed [fol. 1055] the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of

groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

11. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

12. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the lines and the stores are known as "Von's & Shopping Bag".

13. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars". He would testify, however, that he faces [fol. 1056] very vigorous competition from Von's.

14. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

15. He would state that if this merger of Von's and Shopping Bag is permitted there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 1057] DEPOSITION OF PAUL PALMER, taken on behalf of defendants, at 433 South Spring Street, Los Angeles, California, commencing at 2:00 P.M., Tuesday, April 16, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.

PAUL PALMER, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Alsup:

Q. Mr. Palmer, would you state your name and address, please.
A. Paul Palmer, 23736 Lyons Avenue, Newhall.
Q. Is that your home address?
A. Business address.
Q. Where is your home address?
A. 701 Meyer Street, San Fernando.
Q. What is your age, Mr. Palmer?
A. Forty-two.
Q. How long have you been in the grocery business?
A. For myself since 1946.
Q. Prior to that?
A. Prior to that it was just after school work and so forth.
Q. Working for others?
[fol. 1058] A. Yes.
Q. In 1946 you went into business for yourself?
A. Yes.
Q. Where was that?
A. 5946 Sunset Boulevard in Hollywood.
Q. Did you buy that store?
A. Yes. That was a partnership.
Q. Composed of yourself and who?
A. Myself and Tom Palmer.
Q. Had he owned the store before and sold you an interest in it?
A. Yes, that's correct.
Q. What was your investment in it?

A. About $6500, to the best of my recollection.

Q. How long did you have that partnership interest in this store on Sunset Boulevard in Hollywood?

A. Until 1950.

Q. What happened in 1950?

A. I dissolved and went in for myself in Tujunga.

Q. Did you sell your partnership interest back to your uncle?

A. Yes.

Q. For how much money?

A. $5,000.

Q. You went into business for yourself in Tujunga at [fol. 1059] what address?

A. 7421 Hillrose Street, Tujunga.

Q. Was that store in existence when you acquired it?

A. Yes. It had been for a three-month period.

Q. From whom did you buy that store?

A. William Ralser.

Q. What was your investment in that store?

A. If I remember correctly, around $4500—four to five thousand. I am not absolutely sure there.

Q. You still have that store?

A. No, I haven't.

Q. When did you sell that?

A. 1956.

Q. To whom did you sell it?

A. Community Markets.

Q. What was the sales price?

A. Again I would just have—To the best of my memory I believe it was $15,000.

Q. Is that still being operated by Community Markets?

A. No.

Q. Is it being operated by anyone?

A. Yes. It is open now as a liquor-deli combination, a small market.

Q. Do you have any interest in this liquor-deli operation?

[fol. 1060] A. No.

Q. What was the size of that store, Mr. Palmer?

A. Approximately 4,000 square feet.

Q. When you sold it in 1956 did you then buy another store?

A. Well, no, not at that time. During the period from—well, in '52, to be exact, I opened another store.

Q. Where was that?

A. In Sylmar.

Q. What was the address in Sylmar?

A. 13376 Sayre Street.

Q. You say you opened this store in Sylmar. Did you have it constructed for yourself?

A. No. It was a leased building. It was constructed by others.

Q. What did you pay for the lease?

A. Just the first and last months' rent.

Q. Had it been operated previously by someone in the grocery business?

A. No, it hadn't.

Q. Was it constructed for you?

A. No. It was constructed for a market, not specifically for me. It was for lease after it was constructed.

Q. You got the lease on it in 1952. Are you still operating that store?

[fol. 1061] A. No. I was up until January of this year.

Q. What happened in January of this year?

A. Well, this was also a small market and we had an Alpha Beta open up directly across the street, so it ceased to be a paying proposition.

Q. And you gave up your lease?

A. I sold it.

Q. Sold your lease?

A. Sold the market, lease included. I still have to guarantee the lease.

Q. To whom did you sell the market?

A. Howard Broyles.

Q. Is he operating it as a market now?

A. Yes.

Q. Were there any other stores that you opened up between the years 1950 and 1956, other than this Sylmar store?

A. Yes. One at 13040 Glen Oaks Boulevard, also in Sylmar.

Q. When was that?

A. 1954.

Q. Is that store still open?

A. Yes.
Q. Being operated by you?
A. Yes.
[fol. 1062] Q. Any others?
A. Any others from 1950 to 1956?
Q. Yes.
A. No.
Q. Any after 1956?
A. Yes. In 1958, 23736 Lyons Avenue in Newhall.
Q. That is your headquarters store now?
A. Yes.
Q. Any others?
A. 1960 Thousand Oaks.
Q. Any others?
A. No. With the exception of the liquor-deli that we already covered, I had to take that lease back and I re-opened it for a short period just to get an approximation, probably four to six months, and re-sold that. That was in '61, I think.
Q. And none since that time?
A. No.
Q. Do you have an interest in the market in the Strathern Shopping Center in Simi, California?
A. No. I negotiated for a lease but it fell through.
Q. Do you know who got the lease on that Strathern Shopping Center?
A. I believe it was given up as a whole. I don't believe it was ever let out, to the best of my knowledge.
[fol. 1063] Q. You mean the Strathern Shopping Center wasn't built?
A. Yes.
Q. It just never has been constructed?
A. No, it hasn't. Just a bowling alley is all that ever went up.
Q. So at the present time you have how many markets, Mr. Palmer?
A. Four.
Q. That is since you sold this one in January of 1963?
A. Yes.
Q. What is the size of this market which is your headquarters market on Lyons Avenue in Newhall?
A. 17,000 square feet, approximately.

Q. What is the size of your Thousand Oaks market?

A. 24,000, also approximately.

Q. Would you tell us the size of your other two markets?

A. The Glen Oaks is approximately 8,000. We never did get to the Montrose. That is 16,000, that is 2931 Honolulu Avenue.

Q. In Montrose?

A. Montrose.

Q. When was it that you——

A. That was 1960 also.

[fol. 1064] Q. We have been furnished, Mr. Palmer, with a statement of testimony of Paul Palmer which states if subpoenaed to testify you would testify as set forth in that statement. Do you have your copy of that?

A. Yes.

Q. Did you read that before you signed it?

A. Yes.

Q. Have you read it recently?

A. No. I scanned through it but I haven't read it thoroughly. I a mnot sure whether this is the correct copy or not. This is the one that has some corrections made on it. Whether there is another copy of this I don't know. If I have it I have mislaid it.

Q. May I see the copy you have for the moment?

A. Yes.

Mr. Hughes: May I see it?

Mr. Vaughn: Sure.

Mr. Alsup: Q Mr. Palmer, it appears that the copy that we have been furnished by the government attorneys is the same as your copy, having the corrections made upon it which you have made in ink. One of the statements, in the original copy which was given to us, was that Country Cousins does not have a Triple A financial rating. You struck that "Triple A financial rating" language out and inserted "does not have the established name of an area-wide chain." Do you have a Triple A financial rating?

[fol. 1065] A. Yes, I believe we have a Triple A financial rating.

Q. The Strathern Shopping Center, which you said fell

through, was never constructed. You had negotiated a lease for the grocery store to be in that center, had you not?

A. Yes.

Q. You were the accepted tenant when it was to be built?

A. Correct.

Q. Do you know whether it will be built?

A. No. To the best of my knowledge it won't be. It will be changed into an apartment house development due to the fact that Thriftimart is going directly across the street with a commercial development, including major tenants such as Thrifty Drug and so forth. That was the reason for giving it up.

Q. In addition to these four supermarkets——

A. Well, three I would say, yes.

Q. The 8,000 square foot you would not call a supermarket?

A. Right.

Q. The other three you would?

A. Yes.

Q. Do you have any other business interests?

A. Outside of the market business?

[fol. 1066] Q. Yes.

A. Yes. I have a bowling alley, bowling lanes.

Q. Is that the Country Cousins Lanes right by your headquarters store?

A. Yes.

Q. What is your investment in that bowling establishment?

A. Well, the total investment would run close to between five and six hundred thousand.

Q. When you started in business in 1946 by purchasing a half interest in your uncle's market on Sunset Boulevard, did your investment represent your total assets at that time?

Mr. Coyle: Mr. Alsup, this is irrelevant, what this man's assets were at that particular time. That is his own personal business.

Mr. Alsup: Q. You may answer the question, Mr. Palmer.

A. No, they weren't.

Q. What other assets did you have at that time?

A. Well, again I would have to just give you an approximation, I guess. I can't remember exactly. I would say I had, oh, maybe another eight, ten thousand in assets.

Q. What would you say your net worth is now?

A. Probably less than that, if you get down to net worth. That would be awful hard to answer.

[fol. 1067] Q. Is Country Cousins incorporated?

A. Yes.

Q. When was it incorporated?

A. 1956, I believe.

Q. You say it has a Triple A financial credit rating?

A. Well, now, would you define Triple A for me?

Q. I will have to ask you because it was in your statement which you crossed out.

A. No. The reason we were crossed out, we were not turned down because of a financial rating. The reason we struck that language is just merely because that wasn't the fact. We were not turned down because of any financial problem whatsoever, we were turned down because of the lack of drawing power for major tenants in shopping centers. Not that we were financially unable to go through with the transaction. But just like I explained, they wanted major tenants and not secondary ones.

Q. Yet you weren't turned down by this proposed developer of the Strathern Shopping Center.

A. No.

Q. Do you have any idea at all of the net worth of your corporation?

A. Oh, I would say probably between a million and a half and two million dollars.

Q. Are you the sole stockholder, Mr. Palmer?

[fol. 1068] A. Yes.

Q. Mr. Palmer, back in 1961, before you were contacted by the government attorneys you talked to Mr. Clive Johnson of the law firm of Johnson, Bates & Sheffield about this merger of Von's and Shopping Bag, did you not?

A. I talked to somebody. I don't recall the name at all.

Q. Do you recall telling this someone that you could not understand why this suit was brought against Von's and Shopping Bag?

A. No, I don't recall that exact terminology.

Q. What do you recall telling him?

A. To tell you the truth, I don't recall very much about the conversation. But if I said something on that line it would be just amazement is all, not for reason or fact. Just sort of amazed that anyone would bring a suit or file a suit on this sort of thing. It was just news to me was all.

Q. And you recall talking to me on the telephone on February 12, 1963?

A. A short while back, yes.

Q. And I told you I would like to interview you about your statement that you had given to the government and I think you said you were going out of town until the 26th and you would call me when you got back. Do you recall that?

A. Well, I believe you were going to call me, weren't [fol. 1069] you, after the 26th?

Q. And you said that you would interview me if the government attorney would be present; is that correct?

A. Well, I agreed to the interview, yes. I don't recall if the government attorney being present was part of it.

Q. Do you recall telling me in that conversation that quote to this day I don't understand why this suit was brought, but when I talked to Mr. Johnson I did not know there was a law against a company getting bigger by merger and this was explained to me by the government attorneys unquote?

A. I can't say that I recall that. I can't say whether I did or did not say that. I just don't recall.

Q. What did the government attorneys explain to you in regard to the fact that there was a law against a company getting bigger by merger?

A. Mr. Coyle: This is obviously irrelevant, Mr. Alsup. Ask the witness some of the factual questions.

Mr. Alsup: Q. You may answer, Mr. Palmer.

A. Would you read the question, please.

(The reporter read the pending question.)

Mr. Alsup: I will rephrase the question.

Q. Did the government attorneys explain to you that there was a law against a company getting bigger by merger?

Mr. Coyle: Let me say that there is a law against a com-
[fol. 1070] pany making acquisitions which may lessen competition or tend to create a monopoly and it is irrelevant whether the government attorneys explained that to this man or not. He is entitled to know what the law is.

Mr. Alsup: Q. Now will you answer the question, Mr. Palmer?

A. I don't recall anything being said about a law either way. They merely explained the proceedings to me, why they were interested in the merger. I don't recall anything being said about law.

Q. Nothing was said about it being unlawful to get larger by merger?

A. I don't believe so. I don't recall anything about the law at all.

Q. If you said that to me in our telephone conversation you were mistaken; is that it?

Mr. Coyle: He has already answered that question. He doesn't recall saying it.

Mr. Alsup: Q. Would you deny you said this to me in our telephone conversation?

Mr. Coyle: He has denied it. He said he doesn't know.

The Witness: Denied that he said that or the government attorneys explained the law to me.

Mr. Alsup: Q. They explained to you that there was
[fol. 1071] a law against a company getting larger by merger?

A. I wouldn't deny it, no. I also wouldn't acknowledge it because I don't recall it. I don't recall the conversation. If you say I said it I will take your word for it.

Q. Do you recall what was said by the government attorneys about this merger?

A. No, not word for word I don't. They merely explained their position in the case and getting into the case and general conversation. I don't recall any word for word, no.

Q. Would give me the substance of what you recall?

A. Well, on the general order of mergers lessening competition and why there is a government interest in the pro-

ceedings. And generally that's about all we talked about. There was nothing specific at all.

Q. And after that conversation and on February 12, 1963 didn't you tell me on the telephone that to this day you cannot understand why this suit was brought?

Mr. Coyle: That has been asked.

The Witness: I don't recall actually saying that.

Mr. Alsup: Q. Do you recall saying anything like that?

A. That I do not know why the suit was called?

Q. Was brought.

A. No. Because it hadn't been explained to me why it was brought actually.

[fol. 1072] Q. Do you recall that in that telephone conversation you told me that you had felt that Shopping Bag before the merger were real good competitors?

A. Yes. I don't recall that in the conversation, but that is a fact. That is what I recall.

Q. Do you recall saying this is because their prices were a little higher than the others?

A. I could have said that.

Q. Do you recall saying that Von's sells at lower prices than the other chains and therefore you felt this merger was bad?

A. Yes, I could have said that because that is the way I feel.

Q. What Shopping Bag Stores did your four stores compete with prior to the merger?

A. Foothill Boulevard and Sayre Street, and Foothill—I don't know exact addresses. It would be Foothill-Sunland Shopping Bag and the Foothill-Montrose Shopping Bag.

Q. What Von's Stores did your stores compete with prior to the merger of Von's and Shopping Bag?

A. To the best of my knowledge there were no Von's Stores in the area prior to the merger.

Q. From your study of the industry, Mr. Palmer, would you say that for the most part the Von's Stores were located in the west and southern section of the Los Angeles [fol. 1073] metropolitan area whereas the Shopping Bag Stores were in the north and eastern sections?

A. Yes, that's correct.

Q. You indicated that the Shopping Bag prices were a

little bit higher than the others prior to the merger and they were therefore good competitors.

A. I don't believe I said "the others." I believe I said higher than now. Shopping Bag individually maintained a better mark-up than they do as Von's-Shopping Bag. That is what I meant.

Q. Which of your stores does the Shopping Bag Store at Foothill and Sayre compete with?

A. Well, at the time it was the Glen Oaks Store and prior to January it was also the Sayre Street Store.

Q. How far was that Shopping Bag Store at Foothill and Sayre from your Glen Oaks Store?

A. Oh, I would say a little over a mile, maybe a mile and an eighth, a mile and a quarter.

Q. How far was it from your Sayre Street Store?

A. A little over half a mile.

Q. What store of yours did the Shopping Bag Foothill-Sunland Store compete with?

A. That was the 7421 Hillrose Street. There was a Shopping Bag Sunland and also Shopping Bag Tujunga. They were a mile apart.

[fol. 1074] Q. This 7421 Hillrose was the store you acquired in 1950. Did you thereafter sell it?

A. In 1956.

Q. What stores of yours did the Montrose Shopping Bag Store compete with? Your Montrose Store that you have earlier mentioned?

A. Well, that would also be the same market as the Tujunga Store.

Q. You are now referring to the Tujunga Shopping Bag or——

A. No. The Montrose Shopping Bag would be in competition with my Tujunga Store, the same one, 7421 Hillrose.

Q. I see. The one you sold in 1956.

A. Yes.

Q. What Von's or Shopping Bag Stores compete with your stores at the present time?

A. Well, we have a Von's Thousand Oaks and the one we just mentioned in Sylmar and the Von's Montrose.

Q. That is a former Shopping Bag in Montrose?

A. Yes.

Q. Thousand Oaks is not in Los Angeles or Orange County, is it?

A. No. Ventura County.

Q. Do you have a store at 13524 Eldridge Street, San Fernando? Is that the one you previously mentioned?

[fol. 1075] A. No. That is the same address as 13376 Sayre Street, Sylmar. That is a corner location. It is sometimes called on either street.

Q. Would you take each of your four stores that you are now operating as Country Cousins and list the competitors for us that you have for each of these stores?

A. Well, starting with Montrose we have the Von's-Shopping Bag.

Q. That is how far away, again?

A. Approximately a mile. Then we have a Safeway approximately a mile. There is a Von's-Shopping Bag in either direction, there is two of them at that location. So it would be a mile either way. There are two Von's.

Q. Both former Shopping Bag Stores?

A. Yes. There are also two Safeways, the same geographical setup. There is one on either side.

How far an area do we want to cover?

Q. What do you consider the draw area of your Montrose Store?

A. Oh, approximately two square miles. We have a Ralphs that is, I would say, about two and a half to three miles away, Alexander's approximately the same distance. That pretty well covers that location, to the best of my knowledge.

Q. No single store operators within this area?

[fol. 1076] A. Yes.

Q. Would you name those?

A. There is a very small market a block and a half away, I believe it is called the Trade Rite Market. There is a Shop Easy Market approximately three miles away. The real small ones I couldn't begin to name for you because I don't have that knowledge. I don't pay any attention to that.

Q. Do you regard the small ones, such as Trade Rite, as competitors of yours?

A. Well, yes. They are competitors in the sense of the word.

Q. What sense do you use it?

A. Well, they maintain different hours that they are open for business. Now, this is just an opinion. I wouldn't want to—I mean they do charge and delivery business which does make them a competitor.

Q. Have you been in this Trade Rite Market, which is a block or a block and a half away from your Montrose Store?

A. Yes, a few years ago.

Q. A few years ago?

A. Yes.

Q. What was your impression of that?

A. Well, it's a small market.

Q. Are you acquainted with the owner of Trade Rite, Mr. August?

[fol. 1077] A. I met him once, that's all.

Q. Would you regard that as a first class operation likely to attract customers who would be attracted to your store?

A. No.

Q. Your store, I might say, I have been in several of them, Mr. Palmer, are very well stocked and very attractive stores. I am sure you attract a great number of customers because of the way you merchandise. Wouldn't you say that?

A. Well, I would say that is our primary aim.

Q. You can't think of any other stores of single store operators or small chains in this area, the competitive area of your Montrose Store other than those you have mentioned?

A. No. I know there are others but I can't, as far as names and addresses and so forth, I couldn't give them to you.

Q. Can you think of any in that area which have gone out of business?

A. No, not to my knowledge.

Q. Let us take your next store, Mr. Palmer. That is your headquarters store.

A. Yes. That is Newhall.

Q. What are the——

A. Safeway is approximately a mile and a quarter, there is a Country Store three-quarters of a mile away.

[fol. 1078] Q. Is that the name of it?

A. Country Store, yes.

Q. People confuse it with Country Cousins?

A. Occasionally. There is a Tumble-In Grocery about a mile and a half. Then we have to stretch out to find further competition. The next competition is probably five miles away.

Q. Would you regard that as competition for your Newhall Store?

A. Well, only in the sense that there are people in that area that do drive to us that stop off there occasionally and pick up shorts and so forth.

Q. Stop off at this store five miles away?

A. Yes.

Q. What is that store?

A. I believe the name of it is Thrifty Shopper. That is about all in that area.

Q. When was this Safeway Store built?

A. That is an old store. I couldn't say when it was built. It was quite a while back.

Q. Prior to the time that you acquired your Newhall Store?

A. Yes.

Q. Were the two Shopping Bag Stores that you mentioned earlier, a mile away in each direction from your [fol. 1079] Montrose Store, in existence at the time you got your Montrose Store?

A. They were in existence as—I can't be sure whether they were Shopping Bag or Von's-Shopping Bag, without checking. They were in existence as one or the other.

Q. You got your Montrose Store in 1960?

A. Yes.

Q. But these two stores had been there for some time before you got your Montrose Store.

A. Yes, yes.

Q. And your Montrose Store is a newer and larger store?

A. No, no. I acquired the Montrose Store. It was an existing market when I took it. I can't say whether—No, I know it is older than one of the Von's. The other one I couldn't say.

Q. Would you tell us who you bought your Montrose Store from?

A. Fred Rebal.

Q. Did you buy the store or just buy the lease?

A. No, I just bought the lease.

Q. When you bought that lease you had a mile away in each direction these two Shopping Bag Stores. How about these two Safeway Stores?

A. One at a time.

[fol. 1080] And one has come in since?

A. Yes.

Q. How about the Ralphs Store which is two and a half to three miles away?

A. That was existing.

Q. How about the Alexander's Store?

A. Also existing.

Q. How about the Shop Easy?

A. No, that was since.

Q. That is a store which has opened up since 1960?

A. Yes.

Q. Is that a single store operation?

A. Yes. Well, no, I believe they have—I couldn't say one or two others. I would just be guessing.

Q. With respect to your Newhall Store you mentioned the Safeway a mile and a quarter away was already in existence. Was this Country Store already in existence when you acquired your Newhall Store?

A. Yes.

Q. Was the Tumble-In?

A. Yes.

Q. Was this Thrifty Shopper?

A. No.

Q. That has come in since you opened your Newhall Store?

[fol. 1081] A. Yes.

Q. Is that a single store operation?

A. To the best of my knowledge, it is, yes.

Q. Have you observed any decline in the number of stores in the competitive area of your Newhall Store?

A. No.

Q. This store at 13040 Glen Oaks, Sylmar, that is the same as 13524 Eldridge Street, San Fernando?

A. No. The Eldridge Street address is the one that I have sold in January.

Q. I see.

A. That also should be Sylmar, to correct your records. It isn't San Fernando.

Q. This Glen Oaks Store, that is the one at the corner of Polk and Glen Oaks?

A. Right.

Q. Now I have it. You acquired this store at Polk and Glen Oaks in 1955?

A. 1954.

Q. Was that a new store at that time?

A. Yes.

Q. Was it built for you?

A. Yes.

Q. Did you own the building?

A. No.

[fol. 1082] Q. You leased it?

A. Yes.

Q. At the time that you leased that store in 1954 what other stores were there in what you would regard as the competitive area?

A. There was nothing there whatsoever.

Q. Nothing there?

A. There was nothing in the area at all at that time.

Q. That would be within a two or three mile radius of your store?

A. Well, in that far, the three mile or two mile, it would be one market at the time existing that I can think of offhand. That would be on Foothill Boulevard and Sayre Street, Phil's Market.

Q. Have other stores come into that area since that time?

A. Yes.

Q. Would you name them?

A. Alpha Beta, Shopping Bag, Boy's. That's about it.

Q. Any single store operations?

A. No, not that I can recall.

Q. Any smaller chains?

A. No, not in that area. Not in that wide an area.

Q. So that the only stores you believe you compete with at your Glen Oaks Store in Sylmar are Phil's Market at

[fol. 1083] Foothill and Sayre, this Alpha Beta, Shopping Bag and the Boy's Market which you have mentioned; is that correct?

A. Yes.

Q. When was the Alpha Beta Store built?

A. It was opened in October, I believe, of '62.

Q. How far away from your store is that?

A. Two miles.

Q. When was the Shopping Bag Store built?

A. I would be guessing. I would say latter '58 or early '59.

Q. Can you give us the address of that Shopping Bag Store?

A. Exact address?

Q. No, just generally.

A. Foothill and Sayre.

Q. How far away is that from your Glen Oaks Store?

A. A mile and a quarter, a mile and a half.

Q. When was the Boy's Store opened?

A. November of '62, I believe.

Q. How far away is that?

A. Three-quarters of a mile.

Q. I take it that you have not seen any stores go out of business from the period 1954 to 1963 in the area of your Glen Oaks Store.

A. No, to my knowledge there hasn't been.

[fol. 1084] Q. I could ask you about Thousand Oaks, Mr. Palmer, but it is outside of the area that we have agreed upon as a relevant area and it seems to me it would just take time.

Mr. Alsup: Do you agree, Mr. Coyle?

Mr. Coyle: It is irrelevant. I would object if you asked.

Mr. Alsup: Q. You don't own a store on Honolulu Avenue in Verdugo City, do you?

A. Well, that is what I refer to as the Montrose Store, 2931 Honolulu Avenue.

Q. I must have been working from a bad map, Mr. Palmer.

A. They frown on calling that Verdugo City any more. I don't know why.

Q. This statement which we have been furnished, and a

copy which you have in front of you, says that your chain has gross sales of about $170,000 per week.

A. That was true at the time the statement was made.

Q. Since that time you have sold one of your stores?

A. Yes. And we have also had additional competition. Alpha Beta and Boy's Market opened.

Q. That is Alpha Beta and Boy's opening up in the area of your Glen Oaks Store took some of your business?

A. Yes.

Q. What were the gross sales of your Glen Oaks Store, if you recall, in 1961?

[fol. 1085] A. Slightly over two million.

Q. And what were the sales of that store in 1962?

A. About a million and three-quarters, I would guess.

Q. What were the sales of that Glen Oaks Store, if you recall, when you opened up in '55?

A. Probably around $500,000.

Q. And what were they in '56, if you recall?

A. Well, I would say substantially the same. I would have to check to give you an exact answer.

Q. Just to the best of your recollection is fine, Mr. Palmer. Do you recall what they were in '57?

A. '57 they probably doubled. They probably got to the million mark by that time.

Q. How about 1958?

A. Well, again to the best of my knowledge in '58 through '61 they would stay about the same, a little over two million.

Q. A little over two million?

A. Yes.

Q. The opening of this Shopping Bag Store a mile and a quarter to a mile and a half away, in either 1958 or 1959, apparently did not affect your sales volume.

A. They did slightly during the course of the first few months they were open. The first two or three months they affected it slightly but it was a growing area and as an [fol. 1086] overall picture they didn't affect the volume.

Q. How did your prices in your store there at Glen Oaks compare with the Shopping Bag prices?

A. Favorably. We were on a par.

Q. Paragraph 2 of your statement says that in order to continue in business a grocery retailer must keep well in-

formed on every change in marketing conditions in the Los Angeles metropolitan area. What portions of Los Angeles County and Orange County have you studied in connection with your operations?

A. Well, primarily my immediate concern, the areas that affect my own locations. And naturally going on further in traveling about and reading different publications and so forth I gain a little knowledge what is going on in the rest of the world.

Q. From your studies and your reading of the trade papers have you found out about the discount houses opening up in the Los Angeles metropolitan area?

A. Yes, very much so.

Q. What have you learned about that?

A. Well, this is also just my own opinion. I am not real concerned with discount operations. They don't seem to— They might attract to begin with but they don't seem to hold the consumer like a regular supermarket does.

Q. About how many discount houses with food operations [fol. 1087] would you say that there were in the Los Angeles metropolitan area?

A. Food units?

Q. Yes.

A. Well, guessing I would say about between 18 and 25.

Q. Is this a development which has occurred since 1960?

A. Yes. The majority of them.

Q. In this same period have you observed that bantam stores have been opening up in this Los Angeles metropolitan area?

A. There was an influx of bantam stores, yes.

Q. In the period 1960 to date?

A. Well, I would say from '59, the peak would probably be from '59 through '60. In my opinion they have tapered off since that time.

Q. About how many of those do you believe there might be in the Los Angeles metropolitan area?

A. That would be real hard to answer because I don't keep that close a watch on that.

Q. Would you say there are quite a few of them?

A. Yes.

Q. Since 1960 have you noticed from your readings in

the trade papers of the failures of some of the major chains?

[fol. 1088] A. Well, one of the major chains, yes.

Q. Which one is that?

A. Fox.

Q. That went into bankruptcy?

A. I have heard all kinds of stories. I am not really up on what did happen.

Q. Do you know whether a lot of the Fox Stores were sold off to single store operators and small chains?

A. I understand there are a lot for sale. I don't actually know of one of my own knowledge that was purchased but I have heard rumors and so forth, but no actual facts.

Q. Have you heard that Food Fair, which is the sixth largest chain in the nation, has entered the market and taken over the operation of the remaining Fox Stores through bankruptcy?

A. Yes, that is something I have heard, also unconfirmed.

Q. Have you heard or read in your readings of the trade papers of what happened to McDaniel's?

A. Yes.

Q. What did you read?

A. Well, again it is just something I read or heard, that they also went bankrupt and were taken over by different operators. I know Food Giant took some of them, I believe Hughes Markets took some of them.

[fol. 1089] Q. And some of them were sold to single store operators?

A. That I have no knowledge of.

Q. What have you read in the trade papers about Yor-Way?

A. I know Yor-Way went under quite some time ago.

Q. Bankruptcy?

A. Well, when you ask me bankruptcy——

Q. All I want to know is what you read or recall reading, Mr. Palmer.

A. Well, this has been quite some time back. Whether they closed voluntarily or went into bankruptcy I don't recall.

Q. Did you read of a number of their stores being sold to small chains and single store operators?

A. I can't say that I have, I can't say that I haven't. That was out of our area. I didn't pay a whole lot of attention to it.

Q. Basically you confine your attention to your competitive area, do you not?

A. Yes.

Q. Paragraph 3 of your statement, Mr. Palmer, states that on the basis of your continued study of retail grocery merchandising in the Los Angeles metropolitan area you would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. What was the study on which that conclusion was based?

[fol. 1090] A. Well, my own study would be the minimum markets, you refer to them as bantams, that came in with a flurry there and went out the same way. And the fact that statistics that I have come across in trade journals and trade papers and so forth that show the different graphs from '48 to '58, and so forth, that show the independent operator diminishing.

Q. That hasn't occurred in any of the areas with which you are primarily concerned, has it?

A. Well, yes, it has. If you are going to count markets like we were talking about, such as Trade Rite and so forth. Now, this sort of market I have seen closed and reopened and change hands and so forth. But I couldn't right offhand give you names and addresses and so forth.

Q. Trade Rite is open right now, isn't it?

A. Yes. I just use that as the type of market I was referring to, not the Trade Rite Market itself.

Q. You have sold and bought stores yourself in the same period, haven't you?

A. I bought one and sold two, yes.

Q. In the same period in which you state that the number of single store grocery retailers operating in the area declined you have observed also, have you not, a number of new concerns entering the area?

A. You mean as single store operators?

Q. Starting as single store operator, yes.

[fol. 1091] A. Well, I would say that there has been. Again I can't specify where the addresses are.

Q. Do you know when Joe Hughes started Hughes Markets?

A. Not the exact time, no. Probably when, 1962 or '3?

Q. That was with a one-store operation, wasn't it?

A. Well, I could be wrong but I don't believe it was a one-store operation.

Q. Do you have any idea how large the Hughes chain is today?

A. Fourteen stores, to the best of my knowledge.

Q. In this same period you got started as a single store operator.

A. Yes.

Q. And you have grown into a chain which does a business of several million dollars a year; isn't that right?

A. Correct.

Q. Are you familiar at all with the operation of Pantry Markets?

A. Yes.

Q. Do you know Ted Wood?

A. Slightly.

Q. A good operator, isn't he?

A. Very good.

Q. Do you know when he got started?

A. Not exactly, no.

[fol. 1092] Q. How long have you know him?

A. Probably five or six years.

Q. That was after he got started in his Pantry Markets?

A. Yes.

Q. Do you know what has happened to the Pantry Markets?

A. What has happened to him?

Q. I mean have they been able to grow and expand?

A. Yes.

Q. How large a chain is that now, do you know?

A. I believe ten units.

Q. That is based on your study of the industry, reading in the papers?

A. Well, yes.

Q. Do you know Joe Goodnight who was with Alpha Beta up until 1958 or '59?

A. Yes.

Q. Were you acquainted with him while he was with Alpha Beta?

A. No.

Q. Has he been able to start a business since '58 or '59?

A. I am not exactly sure of the starting date but I know he has been able to start a business.

Q. Do you know whether or not that business has been able to grow and expand?

[fol. 1093] A. Yes, I know it has.

Q. Do you know how many stores it has right now?

A. Seven units, I believe.

Q. In the same period other concerns have grown and expanded, have they not, Mr. Palmer?

A. Why, certainly.

Q. Are you familiar at all with the Shoppers organization?

A. No, not personally familiar.

Q. Would you look at Paragraph 3, Mr. Palmer, and tell me on the basis of your experience and your study of the industry what effect the merger of Von's and Shopping Bag has had on this decline that you refer to in the number of single store operators.

A. What effect it has——

Q. Has the merger had any effect on the decline in the number of single store operators that you refer to in that Paragraph 3?

A. Well, I couldn't truthfully point out any single factor that would be a reason for anyone not being able to continue in business. It would be awful hard for me to say that anyone caused it directly.

Q. The grocery business is like very other business, the good operator succeeds if he is lucky and the bad operator sometimes stay in business and sometimes fail; isn't [fol. 1094] that right?

A. Well, everything being equal, I would say, yes, that was right.

(A short recess was taken.)

Mr. Alsup: Q. Are you a member of the Southern California Grocers Association?

A. Yes.

Q. Do you receive their publication, the Southern California Grocers Journal?

A. Yes.

Q. Over the past year have you seen what they call their "Man of the Week" profiles about various leaders in the industry?

A. No, I missed that.

Q. You haven't seen any article on Joe Hughes or Joe Goodnight?

A. I seen the article on Joe Hughes. I don't recall the one on Goodnight.

Q. Do you recall one on a man named Yosh Inadomi?

A. No.

Q. Are you acquainted with Mr. Inadomi, by any chance?

A. No, I am not. It sounds like a produce buyer.

Q. And a very successful grocer, too.

This statement in Paragraph 4, Mr. Palmer, that Country Cousins is trying to get into the shopping centers [fol. 1095] which are preferred sights for supermarkets but it has been unable to do so since Country Cousins does not have the established name of an area-wide chain. Was that said before you had negotiated this lease on the Strathern Shopping Center?

A. I don't recall exactly whether it was before or after, but the Strathern Shopping Center cannot be called a major desirable shopping center. It wasn't that type that I was referring to.

Q. Did you know that Von's attempted to negotiate a lease to get the store in that center and were told that the developer preferred you?

A. No, that is news to me.

Q. In your studies of the grocery business, and your reading of the trade journals, Mr. Palmer, have you seen various articles that some of the grocers, the larger chains, have become a little bit disillusioned with shopping centers as good locations?

A. Yes.

Q. There are other locations besides shopping centers which in your opinion would be preferable?

A. Well, preferable to some shopping centers and not so to others.

Q. That is being in a shopping center is no guarantee of having a good operation, a successful store; isn't that correct?

[fol. 1096] A. Yes. It is not a guarantee.

Q. Prior to the merger of Von's and Shopping Bag Shopping Bag had stores in various shopping centers, did it not?

A. Yes.

Q. And Von's had stores in some shopping centers and both had stores that were not in shopping centers.

A. Yes, I would say that's right.

Q. Would you explain to me, Mr. Palmer, how the merger of Von's and Shopping Bag has affected the ability of the single store operator, or small chain, in any way to get into a shopping center?

A. Well, again I will have to answer I don't believe it is any one single factor that affects this change. Like I pointed out before, if you are a major name in a major area it is just common sense that that is the name that the developer would like to have in his shopping center. Now, whether Von's-Shopping Bag caused this or any one of the numerous other chains caused it, it wouldn't be for me to say.

Q. That was the situation before 1960, wasn't it?

A. Yes.

Q. And that was before the merger of Von's and Shopping Bag?

A. Yes, that same existed.

[fol. 1097] Q. Are you aware of the bills which have been pending in Congress attempting to get federal lease guarantees for small operators and smaller chains so that they can get into shopping centers?

A. No, I am not aware of it.

Q. You haven't read anything about any of those bills in these trade papers?

A. No, I haven't.

Q. In his statement Mr. Ted Von Der Ahe referred to those bills and said that he felt it would be desirable if Congress would enact legislation to give the smaller operator the opportunity, if that is what he wanted. Would you agree with that?

A. Well, I would have to know more about it. I couldn't say "Yes" or "No" just to that.

Q. This is an area where Congress might help the smaller operator, isn't it?

A. Yes.

Q. It is an area where breaking up the merger of Von's and Shopping Bag wouldn't help the smaller operator; isn't that correct?

A. Again I couldn't say whether that would be correct or not. I would say it would tend to help the smaller operator.

Q. What is the basis of that statement, Mr. Palmer?

[fol. 1098] A. Well, it is real hard to sit here and explain the whole thing but I think it is common knowledge that the more that any one consumer can buy from any one supplier the better the chance he has of making his own deal. And the cheaper you can buy the cheaper you can sell, and it is going to hurt the fellow that can't buy in those quantities and sell as cheap as the one that can buy in those quantities.

Q. You are a member of Certified Grocers, aren't you?

A. Yes.

Q. Can you name for me a single chain doing business in that Los Angeles metropolitan area that has the buying power of Certified Grocers?

A. There isn't one.

Q. Can you name a single chain in this area doing business in this area which has the buying power of Orange Empire?

A. I am not familiar with Orange Empire's operations so I couldn't say.

Q. You haven't read anything about that in any of the trade papers?

A. I have read about Orange Empire, certainly. But as far as their volume, they have 38 units, I believe, in the entire, and they go into Arizona, Texas, and their volume is all lumped in one sum. So I couldn't tell you what they do in Southern California and what they do in Texas.

[fol. 1099] Q. As a member of Certified you are one of the owners of Certified Grocers, are you not?

A. Well, I have stock in Certified Grocers, yes.

Q. And Certified Grocers is owned by the retailers such

as yourself who are members of Certified Grocers; isn't that right?

A. Yes, that's right.

Q. In Paragraph 6, Mr. Palmer, you state that single store operators and the small chains such as yourself do not have their own highly developed distribution systems. Do you have a warehouse?

A. Yes.

Q. Where is that located?

A. Newhall.

Q. Do you warehouse some of the groceries in this warehouse that you buy?

A. Yes.

Q. Do you distribute from that warehouse to your other stores?

A. Yes.

Q. Do you have a trucking facility to distribute the goods?

A. Yes.

Q. Do you also take deliveries at your store from Certified Grocers?

[fol. 1100] A. Well, in our case Spartan Grocers are the largest supplier.

Q. And you take deliveries at your stores from Spartan?

A. Yes.

Q. And also from Certified?

A. Very seldom from Certified. You probably know Spartan and Certified are one and the same.

Q. Yes. But you do sufficient volume, do you not, to be serviced by Certified?

A. Yes, certainly.

Q. Why do you prefer to be serviced by Spartan?

A. Well, I was a Spartan member before Certified and Spartan became one, and I just continued on.

Q. Certified and Spartan warehouses are very large, are they not?

A. Yes.

Q. Are they larger than that of Von's?

A. I have never seen Von's warehouse so I hesitate to answer.

Q. These warehouses of Certified and Spartan are serviced by railroad shippers, are they not?

A. Yes.

Q. And Certified and Spartan operate large trucking facilities?

[fol. 1101] A. Yes.

Q. And Certified is able to buy in heavy volume directly from the producer and deliver the product to the store of its members; isn't that right?

A. That's right.

Q. Would you now look at your Paragraph 6 and read the last sentence and tell me how the warehouses operated by Von's and other large chains that you refer to give these chains an advantage over independents and small chains in terms of inventory control.

A. Well, you are talking strictly of dry groceries and your Certified and Spartan compared to Von's warehouse. I was referring mainly to produce, meats and non-dry grocery items.

Q. I think you refer to that in your Paragraph 7, Mr. Palmer. I am asking you to look at your last sentence in Paragraph 6.

A. Well, the entire paragraph also was meant to cover the whole operation, not just dry grocery operations. I can't see where it points out dry grocery as an individual item.

Q. I see. So that when you refer to the advantage over independents and small chains in terms of inventory control you are basically thinking of meat and produce and milk?

A. Well, I would say non-dry groceries, milk, produce, [fol. 1102] dairy foods, bread deliveries and so forth. Items that are not covered by co-op buying, that is what I was referring to mainly.

Q. Can't you get your bread through Certified?

A. There is one bread billed through Certified.

Mr. Knight: He is not a member of Certified.

The Witness: Or through Spartan.

Mr. Alsup: Q. Is bread an item that a concern like Von's would store in its warehouse?

A. No, not necessarily store in a warehouse. To be spe-

cific, I tried to get a deal from a large bakery a couple of days ago on the same setup that a chain has and they turned me down. They just flat out refused to give me the same identical deal that I am assured that a competitor of mine has.

Q. Do you relate that to inventory control that you refer to in Paragraph 6?

A. That is part of inventory control, yes.

Q. As a single store operator, before you became a chain operator, Mr. Palmer, didn't you have complete inventory control?

A. Did I have complete inventory control?

Q. Yes.

A. I guess it is as complete as can be. I don't imagine anyone has complete inventory control.

[fol. 1103] Q. Did you find that as you grew larger and got into a four or five store operation that your problems of inventory control became greater?

A. Yes.

Q. Is that why you built your warehouse?

A. No.

Q. What was the reason that you built your warehouse?

A. Well, I didn't build the warehouse, I am leasing the warehouse. The reason was to try in a better way to compete with existing competition.

Q. How did the leasing of that warehouse enable you better to compete with existing competition?

A. Well, we are now able to buy larger quantities. If we want a car, we are on a spur track. If we could handle a carload of something we can buy a carload direct the same as our competitor can and try to stay competitive.

Q. When you say, "a carload of something," what are you referring to?

A. I am referring to dry foods and paper goods, canned goods. Grocery items, staple items, of course.

Q. And you feel this gives you a competitive advantage over the Shop Easy Store which your Montrose Store competes with?

A. Over a store of that size I would say yes.

Q. Does it give you a competitive advantage over this [fol. 1104] Trade Rite Store that you mentioned?

A. Yes.

Q. Would it give you a competitive advantage over this Country Store that you mentioned?

A. Yes.

Q. Tumble-In?

A. Yes.

Q. And the Thrifty Shopper?

A. I can't say for Thrifty Shopper because I am not sure how many units they have. That is a new market and kind of a hush-hush setup. I don't know how they operate.

Q. Does this give you a competitive advantage over every single store operator?

A. No.

Q. Why is that?

A. Well, there are some very large single units that buy the same way. The stores that you have mentioned happen to be what are commonly called the poppa and momma class. But there are some awfully large single operators also.

Q. That is any single operator operating a large supermarket can do just as you do with a warehouse; is that correct?

A. That's correct, to the best of my knowledge.

Q. When did you lease this warehouse?

A. 1961, I believe.

[fol. 1105] Q. Prior to that time you didn't bother to lease a warehouse?

A. No.

Q. Although you had a large supermarket operation and could have done so; is that correct?

A. Yes.

Q. Looking at your Paragraph 6 again, Mr. Palmer, Shopping Bag had a warehouse before the merger, did it not?

A. Yes.

Q. And Von's had a warehouse before the merger?

A. Yes.

Q. Can you tell me in what respect the merger of Von's and Shopping Bag gave them an advantage over independents and small chains in terms of inventory control that they did not have before the merger?

A. Well, the words "inventory control" I think is being

used wrong. It is not the way I meant it at the time. I will have to go back to the same thing I said before.

The man that can buy ten is going to get a better break than the man that can buy one. I am referring now to non-dry grocery items. I mean this has nothing to do with Certified, Spartan or Orange Empire. I am referring to actual experiences that I have had.

I have been on the produce market for years, daylight in the morning, and I used to know Von's buyers and Shop-
[fol. 1106] ping Bag's buyers well. If we both happen to have, to cite an example, corn on an ad and Von's needed corn, all the corn that was in the market, they would get all the corn that was in the market. I will have to go out and grow my own or buy it back from them. And the same thing happens in the fresh meat buying. If we both happen to hit the same item the same week, which is common in this business, because corn is cheap everybody knows it, and when beef is cheap everybody knows it and there is no secret between one operator and another.

But maybe I am talking too much, but you got me started.

Q. No.

A. If Von's had 30 stores or 40 stores and Shopping Bag had 28 stores, then 28 stores can't control an entire output of corn in the Los Angeles Market whereas 70 or 75 stores can really put a dent in it. Now, where does that leave a fellow with four or five stores that needs corn for his customers? That's all I am trying to say.

Q. That is what you mean in Paragraph 6?

A. Words to that effect, yes.

Q. Joe Goodnight, whom you say you know, has given an affidavit in which he says that a single store operator, or the small chain can do better in the purchase of produce and meat than the large chain because he can wait for the
[fol. 1107] break in the market in the case of produce and be more selective in quality and he can do the packers a favor by buying small quantities that a packer can't sell to a chain. Would you disagree with that?

A. Partially, yes. It is two different situations we are talking about. As Joe pointed out, if someone has four or five boxes of apples, that, naturally, Von's couldn't make a pie with that many boxes of apples. He would be glad to

take them off his hands. He might give them a quarter or so to move them. But that isn't where the volume lies, in these odds and ends. I might add that Joe just changed produce buyers, also.

Q. Are you through?

A. Yes.

Q. Joe said that with respect to meat the small single store operator or the small chain can often pick up good quality at a better price because he can help the packer with his shorts. Has that been your experience?

A. Well, with the shorts, yes. As long as you define it.

Q. The single store operator doesn't have to buy in a quantity, does he?

A. Well, now, I am not—In the first place, I don't profess to be a criterion. This is just my opinion.

Joe might be right, anybody might be much more cor-
[fol. 1108] rect than I am. But this is just my opinion today and I think that is what you called me down here for.

Q. This is all we want, is your opinion.

A. I am not speaking as a single store operator and I am not speaking as a major chain operator. I am speaking as a fellow in between.

That to cite the ad item again, if we have corn, we will go back to that, on an ad we will need three or four hundred crates of corn. Well, if we happen to bump into a major chain that is on the same ad these three or four hundred won't be available. If a single store operator needed three or four, or two or five, I am sure he could get those. But I am speaking as a man that is right in the middle.

Q. You are speaking as a man in the middle but you started out as a single store operation and I gather you went down to the produce market yourself during that time; isn't that right?

A. Why, yes. I would say that would be true of 90 per cent of the operators starting out as a single store operation.

Q. And you were able to get good quality produce at a fair price, were you not?

A. Certainly.

Q. As good a price as any of the chains?

[fol. 1109] A. I wouldn't say that, no. You said a fair price.

Q. Do you have any basis for concluding that the chains were getting a better price than you when you were buying as a single store operator?

A. When I was buying, yes.

Q. What is the basis for that?

A. Well, Just out and out I would either see bills or I would be told by a salesman. Well, I was paying $5, for instance, and I was buying two or three boxes of something and I would argue with a fellow that I wanted a quarter or a half and he would show me bills, "So and so chain paid four and a half. You are only paying a half more. They took 300 and they are paying four and a half."

Q. When you became a single store operator buying three or four cases were you able to inspect the quality and did you inspect the quality?

A. Yes. I did then and still do. The same as they are able to.

Q. You said you were acquainted with the Von's and Shopping Bag buyers and they were buying in large quantity, were they not?

A. Yes.

Q. Is it your opinion that the person buying in the large quantities of that type suffer more spoilage?

A. No. They have real capable buyers. All that I [fol. 1110] have ever run across knew their business real well.

Q. And they inspect the produce very carefully when they buy in these large quantities; is that your testimony?

A. They inspect a certain number of packages in a lot that they are buying and the supplier knows that the merchandise has to be the same as he has shown otherwise back it comes. That is my opinion.

Q. That is based on your study of the industry?

A. That is based on my time in the industry.

Q. Do you feel that the investment you have in your bowling alley gives you a competitive advantage over other grocery concerns in the area which don't have bowling alleys?

Mr. Hughes: We object to the question because it is irrelevant.

The Witness: No.

Mr. Alsup: Q. Do you have any idea whether or not Von's gets a better return on its investment in Jerseymaid than it would have if it had an equivalent investment in bowling alleys?

A. No, I couldn't answer that. I have no idea.

Q. What dairy concern do you do business with?

A. Knudsen, Manfull and Challenge.

Q. Are Knudsen and Challenge well advertised brands?

A. Yes.

Q. Do they have equal public acceptance, in your opin-
[fol. 1111] ion, to that of Jerseymaid?

A. Yes.

Q. Is there anything that Jerseymaid can do for Von's that Knudsen and Challenge can't do for you?

A. Well, I am not at all familiar with Jerseymaid's operations so I wouldn't be the one to answer that.

Q. The price at which you sell your milk is fixed by state law; isn't that correct?

A. Yes.

Q. And the price at which Von's sells Jerseymaid is fixed by state law?

A. Yes.

Q. Have there been any of these milk depots opened in your areas?

A. Yes, there has.

Q. Has that injured you from a competitive standpoint?

A. Not to any great extent, no.

Q. These milk depots can sell milk cheaper than the grocery stores; isn't that right?

A. I believe if they have produce on the same premises they can, otherwise they would have to maintain the state minimum.

Q. Is that your understanding?

A. Yes.

Q. If you will read Paragraph 9, Mr. Palmer, of your
[fol. 1112] statement, please. Have you read it?

A. Yes.

Q. I will ask you to look at a document which has heretofore been identified as Fairbank Exhibit No. 1. Is that one of the defendants' exhibits which was shown to you before you signed this statement?

A. I couldn't say, really.

Q. Did you see any defendants' exhibits before you signed this statement?

A. Yes.

Mr. Alsup: Counsel, can we stipulate that this is one that was shown to him?

Mr. Hughes: Yes, this is.

Mr. Alsup: Q. Will you accept that stipulation, Mr. Palmer?

A. Yes.

Q. You will notice in your Paragraph 9 of your statement, Mr. Palmer, no reference is made to the market share of the top 3, 4 or 5, or what happened to it in the years referred to. Isn't that correct?

A. Yes.

Q. Can you think of any reason why the top 3, 4 and 5, which you were shown on this exhibit, were ignored in your Paragraph 9 and reference was made only to the top 8, 9, 15 and 20?

[fol. 1113] A. The top 4 and 5 in this area?

Q. Will you look at the heading of the exhibit, Mr. Palmer?

A. No, I can't say why.

Q. Was this statement prepared and exhibited to you before you were talked to?

A. No.

Q. It was after?

A. Yes.

Q. After it was prepared it was sent to you and you made some corrections on it and sent it back and it was retyped; is that correct?

A. No. It was brought out in person.

Q. Looking at this chart, Mr. Palmer, would you agree, based on your continued study of the retail grocery industry, with what is shown in this chart that the share of the top 5 declined between the years 1952 and 1960?

A. According to the chart it declined.

Q. You were willing to accept the chart as authority for your statement as to the top 8, 9, 15 and 20, were you not?

Mr. Coyle: You are assuming that is not in the statement, Mr. Alsup.

Mr. Alsup: Q. The statement says you are in agreement with the chart?

[fol. 1114] A. Yes.

Mr. Coyle: It does not. It says he is in agreement with the showing of the chart, the top 8, the top 9, the top 15 and the top 20. It doesn't say whether he is in agreement or disagreement with the showing of the chart as to the top 3 and top 4.

Mr. Alsup: Q. Do you accept counsel's statement as your own, Mr. Palmer?

Mr. Coyle: I am not making his statement, I am stating what Paragraph 9 says.

Mr. Alsup: I am asking Mr. Palmer.

Q. Do you accept that statement?

Mr. Coyle: Read Paragraph 9. He doesn't have to accept my statement. Paragraph 9 says what it says.

The Witness: Well, Paragraph 9 was taken from charts that were shown and also from personal readings and experience. Like I say in Paragraph 9, that I do think the charts are right.

Mr. Alsup: Q. Do you think they are right as to the top 3?

A. Well, I haven't studied the top 3.

Q. Do you think the chart is right as to the top 4?

A. Well, I would say what is on the chart is right because someone else studied it and worked out the chart. I would say offhand that the chart is correct.

[fol. 1115] Q. Would that conform with your understanding based on your continued study of the retail grocery industry?

A. My study of things in this type of understanding is based on charts and documents such as these charts.

Q. And you would agree then that the share of the top 3 declined in the period 1952 to 1960; is that correct?

A. If that is what the chart shows I would agree with it, yes.

Q. And the share of the top 4 declined between 1952 and 1960; isn't that right?

A. That's also shown on the chart.

Q. Does that conform with your continued study of the retail grocery industry as is referred to in Paragraph 9?

A. You mean as of this time?

Q. Yes.

A. I couldn't say now. I couldn't say whether they have continued to drop or have increased, without further checking.

Q. But based on your study, between the years '52 and '60 you would agree that that is a correct reflection of a drop in the market of the top 3, 4 and 5; is that correct?

A. That's correct.

Q. Based on your continued study of the industry, Mr. Palmer, can you testify whether or not the companies which made up the top 20 in 1950 were the same ones which made [fol. 1116] up the top 20 in 1960?

A. No, I couldn't say offhand.

Q. Could you say that there are some in the top 20 now who weren't even in existence in 1950?

A. Yes.

Q. Which ones?

A. Again I couldn't say offhand.

Q. Would you say Hughes?

A. It could be possible.

Q. Would it be possible on Shoppers?

A. Again I would just be guessing.

Q. Based on your continued study of the industry in this area can you tell us whether or not the top 5 in 1950 were the same companies that were the top 5 in 1960?

A. No, I couldn't say right offhand if they were or weren't.

Q. Looking at that chart again, Mr. Palmer, and based on your continued study of the industry in this area, would you agree with what is depicted there, that between 1958 and 1960 the market share of the top 20 declined?

A. This chart wouldn't give an exact answer to that either.

Q. I want your knowledge based on your study of the industry. Do you know whether or not the share of the top 20 declined between 1958 and the middle of 1960?

[fol. 1117] A. I would say, no, it did not decline.

Q. So you would say the chart is wrong?

A. Yes, that is my opinion.

Q. So when you state that you were in agreement that this exhibit showing in the period 1950 and 1958 the market share of the 8 largest chains increased, you are accepting only a part of the chart; is that correct?

A. You said the entire top 20.

Q. No. I am talking about the market share of the top 20, the very top line on this chart.

A. Well, this chart shows a decline for '58 to '60, yes.

Q. Based on your continued study of the industry would you believe that is correct?

A. Yes.

Q. And the chart shows a decline between 1958 and 1960 of the top 15; isn't that correct?

A. Correct.

Q. And based on your study would you agree that is what occurred?

A. Based on the chart, yes.

Q. I want your knowledge based on your study of the retail grocery industry.

A. I can't answer a question like that just out of a clear sky. I can probably in my own office answer you but [fol. 1118] not here.

Q. Did you have something to refer to in your office when you agreed to Paragraph 9 of your statement?

A. I don't recall whether I referred to anything or not, or I just took the chart for granted.

Q. Let us turn to another problem. In Paragraph 11, Mr. Palmer, it states that you would testify that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant were among the leading firms in the area; is that correct?

A. Yes.

Q. Are those the major firms which you refer to in the third line of Paragraph 15 of the same statement?

A. Well, not necessarily these individual companies merging, but merging with maybe out-of-the-area companies or it could be such a thing as an inter-area merger.

Q. I suppose anything is possible. Are you conjecturing and speculating at this point?

A. No. I am referring—Well, to be more specific, the Alpha Beta merger with the Acme Stores. That is from one coast to another.

Q. The Alpha Beta merger with Acme occurred after the merger of Von's and Shopping Bag, did it not?

A. Well, again I wouldn't know right offhand. I would have to check that.

[fol. 1119] Q. Prior to its merger or acquisition of Alpha Beta Acme had not done business in this area; is that correct?

A. That's correct, to my knowledge.

Q. This was the means by which it entered business in the area; is that correct?

A. Yes.

Q. Is Acme also known as American Stores?

A. I couldn't say.

Q. Do you know whether it is the fourth largest chain in the nation?

A. I believe it is.

Q. Do you know whether the Department of Justice has challenged that merger or acquisition in any way?

A. I have no idea.

Q. You refer to Acme entering the area by acquiring Alpha Beta. Paragraph 15 says that if this merger is allowed there will probably be subsequent mergers between and involving the other major chains. There must have been some basis for your conclusion when you used the word "probably." I would like to know what you had in mind.

A. Well, probably at the time Fox was dickering with different Eastern corporations to merge with or sell out to.

Q. Fox at the time was in bankruptcy, was it not?

A. 1960?

Q. You made this statement in 1962, did you not?

[fol. 1120] A. Well, yes. But I am still not sure whether Fox was in bankruptcy or not at the time.

Q. Aren't you sure that Fox was in bankruptcy in 1962?

A. No, I am not sure. What part of '62 was it?

Q. It is my understanding that it was in Chapter X and XI through '62 and part of '61.

Mr. Alsup: Was it not, Mr. Bates?

Mr. Bates: Yes.

The Witness: That could be so. Like I say, I am not too familiar with dates. But my thinking along that line was that if this is allowed and people can merge and go on and

on merging it will end up with three or four major operators controlling the entire market. And that is still my opinion.

Mr. Alsup:

Q. Do you have any knowledge whatsoever that Ralphs has any intention whatsoever of merging with any other company?

A. No.

Q. Do you have any knowledge whatsoever that Safeway has any intention whatsoever of merging with any other company doing business in this area?

A. No, no.

Q. If I ask you the same question as to Market Basket would your answer be the same?

A. Yes.

Q. If I ask you the same question as to Thriftimart [fol. 1121] would your answer be the same?

A. It would have to be the same. But that isn't what I was referring to in the original statement.

Q. No. What you were referring to is that if this merger is allowed there probably will be subsequent mergers between and involving the other major chains. And I am asking you to tell me what other mergers will probably occur in this area between the other major chains and the basis for that conclusion.

A. When I made that statement I had no definite positive companies in mind.

Q. You were just speculating; is that correct?

A. You can call it that.

Q. Would you call it that?

A. Well, here I would.

Q. You have no knowledge at all to speculate that Alpha Beta might merge with another company doing business in this area, do you?

A. No.

Q. Or Mayfair?

A. No.

Q. Or Food Giant?

A. No, I have no knowledge on any of them.

Q. In that same paragraph 15 you state, Mr. Palmer, that this merger of Von's and Shopping Bag is a major [fol. 1122] stride in increasing the market share of the

large chains. My question to you is: How much did this merger increase the market share of Von's?

A. Well, you understand "market share" on the basis of your Paragraph 9, do you not, Mr. Palmer——

A. Yes.

Q. —to mean a share of the total grocery sales in this area made by a chain?

A. Yes. That is another thing that I can't answer off the top of my hat.

Q. You state here it is a major stride in increasing the market share.

A. And I probably have the figures in my office to show that it's a major share.

Q. Pardon?

A. I probably have the figures in my office that shows it's a major stride. That shows the actual amount of the market share they picked up. I can't answer that right here.

Q. Did you look at those figures in your office before you signed this statement?

A. Yes.

Q. Would it refresh your recollection at all if I suggested that Von's-Shopping Bag's market share in 1960 was somewhat less than 4 per cent?

[fol. 1123] A. Again I couldn't answer without looking it up.

Q. Would you regard 4 per cent as a major stride?

A. Well, added to what they already had it would be a major stride.

Q. Assume that Von's had 4 per cent and assume that Shopping Bag had less than 4 per cent, would you say that the merger of Von's and Shopping Bag was a major stride in increasing the market share of the large chains?

Mr. Coyle: He has already answered that question.

Mr. Alsup: Q. Will you answer the question?

Mr. Coyle: Read back your previous question and his answer.

Mr. Alsup: He can answer the question again. I don't think he has answered it.

Would you read the question, please.

(The reporter read the pending question.)

The Witness: Yes, I would.

Mr. Alsup: Q. This merger of Von's and Shopping Bag didn't increase the market share of Safeway in any way, did it, or of any other concern in the area other than Von's; isn't that right?

A. I would say that's correct.

Q. What do you understand the words "tend to create a monopoly" to mean, Mr. Palmer?

A. Tend to create a monopoly means just as it states. [fol. 1124] Q. Pardon?

A. To dominate whatever line of business the company happens to be in. If there is no competition then there is a monopoly.

Q. How many grocers, independent grocers, separate grocery concerns are doing business in the Los Angeles metropolitan area, consisting of Los Angeles County and Orange County, if you know?

A. Well, there is a great many. I haven't got the exact figure.

Q. Would you say several thousand?

A. Yes.

Q. In Paragraph 13 of your statement you state that you would testify that you face very vigorous competition from Von's. Is that a correct statement?

A. Yes.

Q. Has that competition increased or decreased since the merger?

A. Increased.

Q. In Paragraph 15, however, you state that this merger will have the effect of substantially lessening competition. Would you explain the difference between 15 and 13?

A. Well, 13 states that I faced vigorous competition from Von's on a competitive market basis. 15 also refers [fol. 1125] to competition, but the way it was meant, and probably still reads, that the competition would be lessened by lesser outlets, lesser units, not by actual physical lessening of competition in price matters and so forth.

Q. That is you testify with respect to Paragraph 13 that you have faced more vigorous competition from Von's since the merger; that is correct, isn't it?

A. That is correct.

Q. And when you say in Paragraph 15 that this merger of Von's and Shopping Bag will have the effect to substantially lessen competition, what you are saying is that there may be fewer grocery stores in the area in the future?

A. Yes.

Q. And yet you haven't been able to list any in your area, have you?

A. Well, no, not specifically by name and address, no.

Q. Do you know any grocery stores that have gone out of business since the merger?

A. Oh, I have known grocery stores that went out of business before the merger and after the merger. They will always be going out of business.

Q. And they will always be entering the business, won't they?

A. That's right.

Q. And many have since the merger, haven't they?

[fol. 1126] A. I can say so, yes.

Q. In Paragraph 14, Mr. Palmer, you state you would testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. Which ones did you have in mind when you made that statement?

A. Well, Fox was one, the Mayfair chain is another. These are things that don't come to me right here offhand either. These are names that are—that I can't recall right offhand.

Q. Did you recall them when you made the statement?

A. Yes.

Q. You had some documents before you?

A. Yes.

Q. What were those documents?

A. Well, trade journals, trade papers and so forth. Probably a little more at ease there than I am here and could think a little straighter.

Q. You referred to Fox. From your study of the industry, Mr. Palmer, isn't it correct that Eddie Fox started out in 1954 after leaving Mayfair to build a giant chain?

A. Yes, that is what I have heard.

Q. And that is what you have read, isn't it?

A. Yes.

Q. And he made a number of acquisitions, did he not?

A. Yes.

[fol. 1127] Q. In your reading of the trade papers didn't

you ascertain that the reason for his bankruptcy is that he expanded much too rapidly with inadequate capital?

A. Yes.

Q. You referred to Mayfair. Have you read that Mayfair has made acquisitions in this Los Angeles metropolitan area since 1948?

A. Yes.

Q. Have you read that Mayfair has sold stores since 1948?

A. Yes.

Q. If I should suggest to you that Mayfair has sold more stores in this area than it has bought would you agree with that conclusion?

A. You could be right, yes.

Q. You earlier testified that Von's Stores were for the most part located in the west and south; isn't that right?

A. Right.

Q. And the Shopping Bag Stores were for the most part located in the north and east; isn't that right?

A. For the most part, yes.

Q. Thinking of the major chains in this area can you think of any that could logically merge without having a large number of overlapping store sites?

[fol. 1128] A. Well, that is also pretty hard to answer on the spur of the moment without maps and so forth to refer to.

Q. From a logical standpoint you would agree that Safeway——

A. I would agree logically, yes, that you are right.

Q. It is not likely for other major chains to merge where they would have a great many overlapping store sites. That wouldn't be good business, would it?

A. Well, now, overlapping store sites have almost become a thing of the past, like gas stations. There is hardly such a thing as an overlapping store site any longer. As long as they are not in the same parking lot they cease to be overlapping. So that is kind of hard for me to say what their thinking would be on it.

Q. Based on your experience in the industry, your reading and your continued study, would you say that the average housewife in Los Angeles and Orange Counties has a wide variety of different stores from which to choose in deciding where she is going to shop?

A. Very much so.

Mr. Alsup: I have no further questions.

(A short recess was taken.)

Cross-examination.

By Mr. Hughes:

Q. Mr. Palmer, your stores are all up at the same [fol. 1129] section of Los Angeles County, except for the Thousand Oaks store, arn't they?

A. Yes, same general area.

Q. Why did you pick that marketing area to build your stores?

A. Well, at the time there were—It was lack of competition. There were no markets up there. So in moving from one location to another it was the influx of the population.

Q. Did you choose your store sites in areas where the population was expected to grow in the near future?

A. Yes.

Q. Is the population density around your Newhall store heavy at the present time?

A. No.

Q. Do you expect it to grow?

A. Yes.

Q. Was there much population in the vicinity of your Sylmar store when you went there in 1954?

A. No.

Q. Has that area grown since?

A. Yes.

Q. Would that explain why there was only one market, Phil's Market, prior to your entrance?

A. Yes, that's why.

[fol. 1130] Q. Mr. Alsup went into your Sylmar store figures from 1955 through 1962 and you had a growth from $500,000 to two million in 1961. Was most of this growth due to influx of population?

A. Yes.

Q. You stated that in 1962 your sales in that store were one and three-quarter million; is that correct?

A. Correct.

Q. Why did your sales drop? To what do you attribute that drop in that year?

A. Increase of competition. It will be farther off this year.

Q. That was Alpha Beta and Boy's?

A. Yes, that's it.

Mr. Alsup: May we go off the record a moment?

Mr. Hughes: Sure.

(Discussion off the record.)

Mr. Hughes: Q. At the time that Shopping Bag came into the Sylmar area in '58 or '59 the population was still expanding rapidly; is that true?

A. Yes.

Q. You mentioned this Strathern Shopping Center and you stated that it was not exactly the type of shopping center you had in mind. What type of shopping center was that?

A. Well, it's not an existing shopping center. It was [fol. 1131] a proposed shopping center out in the Simi Valley. This is also in Ventury County. Does this have anything to do with this?

Q. In Ventury? I will strike it.

Mr. Coyle: I will object to all the questions on the Strathern Shopping Center.

Mr. Hughes: I move to strike all of that previous testimony on the Strathern Shopping Center.

Q. Mr. Palmer, you mentioned your inability to get a deal from a bakery. Do you recall that statement?

A. Yes.

Q. Can you give us the details behind that?

A. We are also in Ventura County again.

Q. We will strike the whole thing. Do you know if Von's is in the bakery business in any way?

A. Yes, I believe it is my opinion that they are.

Q. What do you know about their bakery operations?

A. Well, they have both their Confection line and in the former Shopping Bag Markets they maintain the Van de Kamp bakery along with their own Perfection bakery. And to the best of my knowledge the newer Von's Stores are also using Van de Kamp and their own Perfection bakery.

Q. Von's does not operate Van de Kamp Bakeries?

A. Do they operate Van de Kamp Bakery?

[fol. 1132] A. The bakery itself.

A. No, not to my knowledge. They are operated the same as all Van de Kamp's, independently.

Q. But this Perfection bread you mention, is that made by Von's?

A. In my opinion it is their own.

Q. Do you believe that Von's has any advantage in baking their own bread?

A. Well, yes. To the point of any bakery in the retail baking industry that is bound to show a profit to stay in business. I don't believe that they can do anything with their own bakery that competition can't meet or stay with. That is my honest opinion.

Q. You testified that at your warehouse you had carload deliveries of some dry grocery products. Where were these carload deliveries from, from what suppliers?

A. Well, Proctor and Gamble—You want specific manufacturers?

Q. That's right.

A. Proctor and Gamble, Butter Kernel Candy Company of Minnesota, Vanity Fair Paper Corporation, New Jersey I believe.

Q. Any others?

A. Well, you are talking specifically of rail cars now, or truckloads?

Q. What about truckloads?

[fol. 1133] A. Well, there are numerous truckloads.

Q. Are these carload lots ordered through Spartan or Certified?

A. No, they are ordered direct.

Q. Why did you order them direct?

A. Well, to obtain the price advantage over the Spartan or Certified price.

Q. You can get a price advantage over Spartan or Certified's price?

A. Yes.

Q. Do you assume that all chains can get this when they order direct?

Mr. Alsup: I object to the form of the question on the

ground that it calls for a conclusion and no foundation has been laid.

Mr. Hughes: Q. To your knowledge do other chains get this advantage when they order direct?

A. Yes.

Q. On a carload of Proctor and Gamble soap products?

A. Yes.

Q. Could you estimate how much you would save by ordering direct rather than through Spartan or Certified?

A. Well, the saving amounts to approximately two per cent of the cost of the car.

(Discussion off the record.)

[fol. 1134] Mr. Hughes: Q. Mr. Palmer, in your testimony you referred to shorts in meats and the ability or inability of a chain of your size to purchase these shorts at a savings. Do you ever purchase these shorts yourself in meat?

A. No.

Q. Why don't you purchase them?

A. Well, usually the quantity isn't sufficient to do us any good.

Q. You mean too large or too small?

A. Too small.

Q. I would like to refer again to Fairbank Exhibit 1. Would you observe on that the time at which it begins and which it ends for any line for the top 20, the year?

A. The year that it begins? 1950.

Q. Through when?

A. Through 19 approximately '60. It doesn't go all the way over. 1950 through '60.

Q. Can you explain that dip in 1959? Can you recall the marketing conditions in 1959 that would affect the top chains?

A. Yes. There was—The month of January, to the best of my recollection, the entire month of January, the greater part of February, there was an industry-wide strike by the clerks union which closed the greater majority of contract bound markets in the entire area. There were some [fol. 1135] open but the great majority were closed.

Q. Do you believe that most of the top 20 chains in the area would have been contract bound chains?

A. Yes, I would say so.

Q. Does that help explain that dip in 1959?

A. Well, yes, it would explain. Well, I can't say definitely but I know the entire month of January and I believe the month of February were both affected by the strike. It would be two months.

Q. How long would it take for a chain to recover from that strike?

Mr. Alsup: I object to the question on the ground that it is confusing and ambiguous.

Mr. Hughes: Q. Do you understand the question?

A. How long would it take a chain to recover from a strike? Well, to get back in normal operation after the strike was settled I would say a matter of ten days to two weeks.

Q. How long would it take a chain to recover its lost sales, if ever?

Mr. Alsup: I object to the question on the grounds it is confusing, ambiguous and entirely speculative and no foundation has been laid.

Mr. Hughes: Q. Would you answer the question?

A. I couldn't say. I imagine each location would vary [fol. 1136] as to that.

Q. Referring to Paragraph 13 of your statement, you testified that you face very vigorous competition from Von's. Is this statement in the present tense?

A. Yes.

Q. In Paragraph 15 you state that this merger will have the effect of substantially lessening competition and tend to create a monopoly. Is that statement in the future tense?

A. Yes.

Q. Can you explain the difference between Paragraphs 13 and 15?

A. Well, in 13 I am referring to the stand that Von's has taken since the merger. They have cut prices, which I think is common knowledge. They sell under any other competition that we have. And 15 refers to the lessening of competition in the sense that there won't be as many to compete, not the price setting structure that I referred to.

Q. Is Von's price structure different now than it was before the merger?

A. Yes, it is my opinion that they are.

Q. In what way are they different?

A. They are lower. Their price structure, their percentage mark-up is lower than it was before the merger.

Q. Can you recall the time at which the chain changed [fol. 1137] its price policy?

A. I believe it was early '62, to the best of my remembering.

Mr. Hughes: This is a copy of the Los Angeles Times dated July 13, 1961, a two-page ad of Von's in part I, which is appearently Pages 18 and 19.

(The ad referred to was marked by the notary public as Palmer Exhibit No. 1 for identification, and is attached hereto.)

Mr. Hughes: Q. Mr. Palmer, do you follow the Los Angeles Times advertisements by retail grocery chains?

A. Yes.

Q. Do you recall this particular ad which is before you by Von's and Shopping Bag?

A. Yes, I have seen it.

Q. Do you recall giving me this newspaper?

A. No, I don't actually recall giving it to you, no.

Q. Do you recall the conversation which we had concerning the prices shown in this newspaper?

A. Yes.

Q. I direct your attention to several prices and I ask you to read the headline first, please, Mr. Palmer.

A. "Von's and Shopping Bag Slashes Food Prices Permanently. Over 1,000 Regular Prices Slashed. Now a New Low Price."

[fol. 1138] Q. Were these actually slashed prices?

A. Yes.

Q. Is this about the first time that Von's cut its prices?

Mr. Alsup: From when, Mr. Hughes?

Mr. Hughes: Subsequent to the merger.

The Witness: I couldn't testify as to what Von's did before the merger.

Mr. Hughes: Q. Did Shopping Bag do any price slashing such as this prior to the merger?

A. No.

Q. Are there any prices on this page which are actually below cost prices?

Mr. Alsup: If you know.

Mr. Hughes: Q. I direct your attention to "coffee."

A. Well, now this goes back to July of '61 and I would have to check prices at that time before I could answer.

Q. Or sugar?

A. I still couldn't say what sugar cost at that time.

Q. The cost of Perfection bread?

A. That I definitely couldn't say.

Q. Do you sell a loaf of bread for 19 cents?

A. No. Also at that time I don't recall what we were selling bread for. When I answered "No," I am talking of [fol. 1139] today's market. I don't really believe that the items that you are pointing out in there are below cost, but they are substantially below a normal mark-up, up until this time. As this shows, this shows the previous price and this shows the new price, and in my opinion this is the normal mark-up and this is the Von's-Shopping Bag mark-up.

Q. Have the prices risen since July 13, 1961?

A. Some commodities have, some have not.

Q. Do you believe Shopping Bag could have had these prices prior to the merger?

Mr. Alsup: I object to the form of the question on the ground that no foundation has been laid.

Mr. Hughes: Q. Did Shopping Bag ever have prices comparable to these prices prior to the merger?

A. I never recall seeing Shopping Bag's ad such as this, no.

Q. You cannot recall at this time the mark-up on these items?

A. Well, the mark-up, yes. I can't testify as to the cost of these items at that time. Like I stated, the normal mark-up on July 30th—or July 12th, excuse me, would be on this particular item this figure.

Q. Would you read the Figure?

A. 83 cents.

Q. On Giant Tide.

[fol. 1140] A. On Giant Tide. On the 13th, after they

slashed their prices permanently, they dropped the same item with the same cost to 79 cents.

Q. What was your response to this ad?

A. Well, we followed suit immediately because this started an industry-wide campaign that it was just the thing to do. Everyone followed suit.

Q. Has that campaign continued since that time?

A. Yes.

Q. How has it affected your business?

A. Well, volumewise, like I say, we followed suit and cut our prices. Volumewise I can't say that it has affected the volume greatly. But naturally it has affected the mark-up and our ability to maintain proper help and we had to cut our existing overhead accordingly to make up for this cut in profit.

Q. Does your store still operate as efficiently as before?

A. Well, you get used to anything. Not as efficiently as before, no. They operate.

Mr. Hughes: I would like to mark for identification a copy of the statement of Paul Palmer.

(The document referred to was marked by the notary public as Palmer Exhibit No. 2 for identification, a carbon copy of which is attached hereto.)

[fol. 1141] Mr. Hughes: That is all.

Redirect examination

By Mr. Alsup:

Q. Mr. Palmer, you were reading the trade papers pretty carefully in that period of July 1961, wern't you?

A. Yes.

Q. And you saw articles in the trade papers where Ralph's took credit for this price reduction, did you not?

A. No, I can't say that I did.

Q. Did you see any articles where Mayfair took credit for this price reduction?

A. Maybe I misunderstood. Are you talking of the trade papers or the advertisements in newspapers?

Q. The trade papers.

A. The trade papers, no, I didn't.

Q. Did you see any ads in the newspapers on or about this time where Ralph's took credit for being the leader in reducing prices?

A. Oh, yes, we all took credit for it the following week.

Q. Everybody did; isn't that correct?

A. Like I say, the following week we all took credit for it.

Q. And what is the normal mark-up, Mr. Palmer?

A. Dry grocery mark-up, is that what we are referring [fol. 1142] to?

Q. Well, you referred to a normal mark-up in referring to this exhibit. What were you referring to?

A. Well, specific items. Each item—not each item but a group of items carries a specific mark-up and a different group will carry a different mark-up. If I knew what you were referring to I could answer.

Q. What was the normal mark-up on a box of Tide?

A. About 14 per cent.

Q. And what was the mark-up that Von's reduced it to?

A. About six percent.

Q. What was the normal mark-up on the sugar that you referred to?

A. The mark-up on sugar is normally about six per cent.

Q. What was the mark-up that Von's reduced it to?

A. Very close to cost.

Q. What do you try to achieve as a gross profit on all of the items sold in your grocery store?

A. Eighteen per cent.

Q. Eighteen per cent? After this price reduction, which occurred in July of 1961, what was your overall mark-up?

A. Well, our latest shows barely over sixteen.

Q. What were your gross sales in 1961?

A. That I would have to just approximate. I couldn't [fol. 1143] give you exact figures.

Q. Would you give me an approximation?

A. In '61 we had two additional units. I would guess our sales were approximately $8,000,000.

Q. In '61?

A. Yes.

Q. What were they in '62?

A. '62 another approximation would be six and a quarter million.

Q. And if you added the sales of the other two units what would you estimate they would have been in '62?

A. In '62 we had the same number of units with the exception of this small one for the last six-month period. It would only be one small unit missing in '62 for a six-month period.

Q. Can you project the figures that would be comparable to '61?

A. I would say six and three-quarter million.

Q. What were your gross profits of your operations in 1961?

A. Well, like I said before 18 per cent, approximately.

Q. What were your gross profits from your operations in 1961?

A. To the best of my knowledge they were still around 18 per cent.

[fol. 1144] Q. And you indicated your gross profits in 1962 were roughly a little over 16 per cent.

A. Barely over 16, yes.

Q. What were your net profits in 1960?

A. This I would have to look up. I would just be guessing.

Q. Would you be guessing as to your net profits in '61?

A. Yes.

Q. Would you be guessing as to your net profits in '62?

A. Yes.

Q. Do you know whether your net profits in '62 were less than they were in '61, or more?

A. I would say they were less. I believe they were less. Again I would much rather give you facts than guesses.

Q. How about '61 compared to '60?

A. I believe about the same.

Q. So that this price reduction which occurred in July of 1961 ran for approximately six months in 1961 and didn't reduce your net profits in 1961 over net profits in 1960?

A. I can't answer you for the reason that you are asking because I have other interests other than the grocery business that all are figures in net profits. When you ask me what our net profit was for '61 and '62 I would have to [fol. 1145] have it broken down as to grocery operations before I could answer you so it would have any bearing on this case.

Q. When you said your grocery profits in 1961 were 18 per cent and your gross profits in 1960 were 18 per cent were you referring to these other business operations?

A. No, I was referring to the grocery business.

Q. You were referring to the grocery business?

A. Yes.

Q. So that this price reduction had no effect whatsoever then on your gross profits in 1961 as compared to 1960; is that correct?

A. I believe that to be correct, yes.

Q. You said that you cut overhead and became more efficient in order not to take a cut in profits; is that correct?

A. I said we cut the overhead. I doubt very much if we became more efficient.

Q. Do you know if other grocery concerns in the area cut their overhead and met the new prices that were then established?

A. Yes, I know they met the new prices and I read where they cut their overhead to absorb this.

Q. Do you feel that grocery profits were a little bit out of line prior to 1961, Mr. Palmer?

A. No, I don't.

[fol. 1146] Q. Can you think of any comparable business, Mr. Palmer, where a man can start out as you did, with the investment that you had, and in the limited time that you have been in business at your age build up the substantial net worth that you have earlier testified to?

A. That can't all be credited to the grocery business.

Q. What else do you attribute it to?

A. I have had very good luck in real estate.

Q. How much of it do you attribute to the grocery business?

A. A third.

Q. That is still a substantial amount, isn't it, Mr. Palmer? You have been a very successful grocer, have you not?

A. Well, that's—I am still here, let's put it that way.

Q. I can tell you this, there are a lot of lawyers and judges that would like to have built up that net worth, Mr. Palmer, in a comparable period of time. I think government counsel will stipulate to that.

From your reading of the trade papers at about this time in July 1961 did you observe a number of articles which

indicated that grocers were getting terribly concerned about the effect of the low prices of the discount houses?

A. Yes.

[fol. 1147] Q. Did you read a number of articles which indicated that it was necessary for the chains and single store operators to reduce their prices in order to meet this new competitive threat posed by the discount houses?

A. Yes.

Q. And by this price reduction which occurred there in 1961 did the chains and single store operators become more competitive with the discount houses?

A. Well, yes.

Q. You testified, Mr. Palmer, that you picked the various areas in which you located your stores because at that time there was a lack of competition in the area; is that correct?

A. That's correct.

Q. Was that true when you picked your Montrose store in 1960?

A. Yes.

Q. There were two Shopping Bag Stores within a mile of that location, were there not?

A. Yes.

Q. And there was at least one Safeway Store within a mile of that location?

A. Well, Safeway, call it a mile.

Q. That is what you called it before. Were there any other stores in that area?

[fol. 1148] A. No major markets, no.

Q. But you felt that you could come into this area and compete with Safeway and Shopping Bag, did you not?

A. Yes.

Q. And you did successfully, did you not?

A. Yes.

Q. And when you picked your Newhall location there was a Safeway Store only a mile and a quarter away; isn't that right?

A. Yes.

Q. And you felt that you could compete effect*lyve* with with Safeway in this area, did you not?

A. Yes. A very small Safeway Store, I should add. It is one of the older models.

Q. I think you testified that various of the Shopping Bag

Stores have a Van de Kamp concession in them; is that correct?

A. Yes.

Q. And that is true of a number of small chains and single store operators, they have Van de Kamp concessions, too, don't they?

A. Yes.

Q. And various single store operators and small chains have their own bakery, do they not?

A. Well, I couldn't testify one way or the other to [fol. 1149] that.

Q. Are you familiar at all with a Robert's Market in Sierra Madre?

A. No.

Q. So far as you know, the profit, if any, that Von's gets out of its bakery would be no greater than if had the same amount of money invested in a bowling alley, would it?

A. Well, I hope they get more out of a bakery than you can get out of a bowling alley.

Q. What did you say your investment was in your bowling alley?

A. Five and a half to six hundred thousand.

Q. You testified that you make a two per cent saving in buying a carload of products, say from Proctor & Gamble, over what you would have to pay if you bought that item through Certified; is that correct?

A. Yes.

Q. Have you computed how much of that two per cent savings is reduced by reason of the investment that you have in your warehouse?

A. Well, yes and no.

Q. Will you tell me how much "yes" and how much "no"?

A. Well, the turn-over is great on these items. It is the main reason for buying them in this quantity. Your money isn't tied up too long. So if you wanted to be right down [fol. 1150] to day by day or week by week you could probably show where the savings was meager, if any. But fast moving items that turn over in a short length of time we don't compute it that way.

Q. How much does your warehouse cost you in rent?

A. Oh, it's a very small amount, like $185 a month.

Q. You testified in Paragraph 13 that you were using the phrase that you face vigorous competition from Von's in the present tense; is that correct?

A. Yes.

Q. And this merger is more than three years old at this stage of the game. You have faced vigorous competition ever since the merger occurred, haven't you?

A. Yes.

Q. Have you seen any lessening of competition generally in this area since the merger?

A. No.

Q. After the price reduction referred to in the newspaper article of July 13, 1961, would you say that competition in this area generally increased or decreased?

A. I would say that it is about the same as it was.

Q. Doing business in this area, Mr. Palmer, are some very large national grocery chains, are there not?

A. Correct.

Q. One of them is A & P, which is generally recognized [fol. 1151] in the industry as the largest grocer retailer in the United States; isn't that right?

A. That's correct.

Q. And another national chain doing business in this area is Safeway Stores, and that is generally regarded in the industry as the second largest retail grocery concern in the United States; isn't that right?

A. That's right.

Q. And also doing business in this area is Acme, and that is generally regarded as the fourth largest chain in the United States, isn't it?

A. I believe you are right.

Q. Now having acquired the bankrupt Fox Stores, Food Fair is doing business in this area, isn't it?

A. Well, I couldn't testify to that because all I have heard is hearsay.

Q. You know that Mayfair, which does business in this area, also does business in several other Western states, doesn't it?

A. Yes.

Q. It is a much larger operation than Von's and Shopping Bag, isn't it?

A. I would say on the entire scope they are, yes.

Q. And also doing business in this area is Lucky, and that is generally recognized in the industry to be a multi-

[fol. 1152] state chain, is it not?

A. Well, whether or not it is a franchise chain, I couldn't testify to that either.

Q. Don't you know from reading the various trade publications that Lucky does business all over California and in Washington?

A. Yes, I know they carry the Lucky name all over California. I don't know about Washington.

Q. So far as you know Von's is a local, regional chain; isn't that right?

A. Yes.

Q. Started by people in 1930 as a single store operation; isn't that right?

A. I don't know their entire background.

Q. But so far as you know they operate only in the Southern California area; isn't that right?

A. Yes.

Q. Do you have any idea what the financial resources and assets of A & P are?

A. No, not offhand.

Q. Would you say they are very substantially greater than those of Von's

A. Yes, I would.

Q. Would you say the same as to Safeway?

A. Yes.

[fol. 1153] Q. Would you say the same as to Acme?

A. Yes.

Q. I think, referring to Fairbank Exhibit No. 1, you indicated that the strike which occurred in January and February, you said, of 1959, explained the dip in the share of the market of the 20 largest chains. Do you recall that?

A. Yes. I didn't mean to say that explained the entire dip. I was asked what could have contributed to that dip and in my opinion that could have helped.

Q. Would you agree, though, that that strike wouldn't acount for the fact that their market share in 1960 was less than their market share in 1958?

Mr. Coyle: He has already answered that. He said he

didn't know how long it would take to recover from that loss.

Mr. Alsup: Let the witness answer that question. Would you read it, please.

(The reporter read the pending question.)

The Witness: I wouldn't know what to attribute that to. I wouldn't know how much they lost during that strike that they didn't get back or what other factors come into it.

Mr. Alsup: Q. I think you testified, did you not, that it might take them two weeks to get back to normal operations after a strike?

A. Yes, to normal operations, to get their stores back to normal operations. But I can also testify that we picked [fol. 1154] up a lot of volume that we never lost after the strike.

Q. You wern't closed down during that strike?

A. No.

Q. All of the major chains have to negotiate with Joe DeSilva's Retail Clerks Union, do they not?

A. Right.

Q. And this creates a problem for the major chains which is not faced by the single store operators; isn't that true?

A. No. To the best of my knowledge it is faced by everyone in the industry unless it be a family operated market. Anyone that hires help.

Q. But the single store operators were not closed down like the major chains?

A. This was union strategy. That didn't mean that they didn't have to sign the contract.

Q. But they remained open during the strike; isn't that right?

A. Yes.

Mr. Coyle: Let us get the record straight. Did the chains close their operations or was it the unions that went on strike? I heard that it was the chains that closed their operations down, that it was a lock-out.

The Witness: Yes, some chains were open. You can't say that they were all closed down.

[fol. 1155] Mr. Alsup: Are you testifying to a lock-out,

Mr. Coyle? If you want to say that I would like to cross-examine you.

Mr. Coyle: I want to get the facts on the record, though.

Mr. Vaughn: Your affidavit of Mr. DeSilva indicates that it was a strike.

Mr. Alsup: Q. You said, when you referred to a substantial lessening of competition in Paragraph 15 as a consequence of this merger that you were using the future tense because you thought there might not be as many to compete in the future; is that correct?

A. Yes.

Q. Have you, on the basis of your study, or any study that you have made, seen any lessening of the number of competitors in this area since the merger occurred in March 1960?

A. No. I have answered that before. No.

Q. So that you are looking into the long future and speculating about the possibility that there might be other mergers; is that correct?

A. Correct.

Mr. Alsup: I have no further questions.

Mr. Bates: I have no questions.

Mr. Hughes: Mr. Palmer, is it agreeable with you that [fol. 1156] we may submit your deposition without your signature, if it is agreed by counsel that it is correct?

The Witness: Yes.

Mr. Vaughn: It is agreeable with counsel for the defendants.

Mr. Bates: It is agreeable.

[fol. 1157] Testimony of Kenneth Richey

If subpoenaed to testify, Kenneth Richey would testify as follows:

1. He is the manager of Covina Farms Market, 731 North Grand Avenue, Covina, Los Angeles County, California. He has been in the grocery business for about 15 years and has managed Covina Farms Market for the past 6 years. Mr. Ray Okura is the owner of Covina Farms Market. In 1959

Covina Farms Market had gross sales of approximately $1,250,000. He would state that 1959 was an unusually good year, since the strike in January 1959 gave Covina Farms Market about $500,000 in extra business.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles Metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, Mr. Richey closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. Covina Farms Market subscribes to the "Black Book" and "Grocer's Weekly Guide," booklets similar to the "Key Services," and he follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publi- [fol. 1158] cations, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age," and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles Metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result, fewer grocery stores are needed in the area to serve a comparable number of people.

5. He would testify that a single store operator cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big

chain store in his shopping center as an attraction to [fol. 1159] other tenants. As a result, single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

6. He would agree with Mr. Claude W. Edwards, president of Alpha Beta Acme Markets, Inc., a Von's industry witness, that it is far preferable to build your own grocery store from the ground up than it is to buy one already operating. However, he would testify that the cost of building and financing a new store is prohibitive, and to build one the size of the average large chain supermarket today would be impossible for an independent retailer with limited financial resources. With very few exceptions, only the large chains can build such stores today, and a single store operator generally gets started by buying an existing store.

7. The large chains have as much flexibility in buying supplies, in advertising and in pricing as do the single store operators. Almost every large chain belongs to Certified Cooperative and also buys direct. Therefore, they have every advantage of an independent and in addition they have their own direct buying organization. The large chains can and do advertise in local papers and in metropolitan papers, changing their advertisements and prices on short notice. An independent cannot be more flexible in [fol. 1160] advertising than this. As for flexibility in pricing items, he would state that if he does not meet the advertised prices of the chain store, he will not sell his groceries.

8. He would also state that in an effort to compete with the chains some single store operators must give credit, delivery services and other personal attention. However, giving credit is not within the ability of the average independent since the independent cannot get credit from his suppliers to cover his purchases and the extension of credit requires a great deal more capital than the average independent has at his disposal. Further, the cost of maintaining a truck and employing a delivery boy would necessitate higher prices. This might attract some customers but would lose others and the relative merits of such advantages are marginal.

9. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advan- [fol. 1161] tage over independents and small chains in terms of inventory control.

10. He would also testify that Covina Farms Market purchases from Certified Cooperative and Orange Empire Cooperative and this enables it to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major perishable products as fresh dairy, meat, and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution system. Thus, they have combined the advantages of the cooperative with direct purchasing and a highly developed distribution system. In addition, some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid.

11. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles Metropolitan area, he is in agreement with the picture presented in defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.5 per cent to 41.7 per cent; the market share of the [fol. 1162] 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these

figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

12. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

13. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair, and Food Giant, were among the leading firms in the area.

14. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consoli- [fol. 1163] dated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's-Shopping Bag."

15. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

16. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distributions throughout the Los Angeles Metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantage over the small grocery. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition

and tending to create a monopoly in the sale of groceries and related products in the Los Angeles Metropolitan area.

[fol. 1164] SUPPLEMENT

P.1—Strike $500,000; insert $250,000,000.

P.3—Strike 1950; insert 1956.

Addendum—Mr. Richey has not noted a net decline in independent market operations in the Covina area with which he is most familiar, however, he is of the general belief that independent operations have diminished in the Los Angeles area.

P.4—Strike "He has observed—" and insert "He believes that the—"

P.5—Strike the phrase in the middle of the paragraph "Triple A financial status" and insert "substantial financial worth." Strike the next sentence, "As a result—centers" and insert, "As a result, single store operators cannot get locations in new shopping centers." Strike the words in the last sentence "by the chains with Triple A financial status" and insert "—between larger chains".

P.7—Strike the sentence "Almost every large chain—direct." and insert "Almost every large chain belongs to a buying cooperative."

P.8—Strike the sentence "However, giving credit—disposal." and insert "However, giving credit is not within the ability of the average independent since the billing period with suppliers is less than the billing period the retail customers would demand." You may leave in "The [fol. 1165] extension—disposal."

P.9—Strike from the last sentence "inventory control." and insert "flexibility in deliveries of merchandise."

P.10—Strike the word "dry" from the first sentence.

P.12—Strike "that they were—expansion" in the second sentence.

P.15—Strike 1958; insert 1956.

P.16—Strike "and tending to—area." in the last sentence and insert "among the chains and aggravate the status of the independent market operators."

[fol. 1166] Deposition of Kenneth K. Richey, taken on behalf of the defendants, at 433 South Spring Street, Los Angeles, California, at 9:00 A.M., Friday, April 19, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.

Kenneth K. Richey, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Bates:

Q. Mr. Richey, would you state your present residence address for the record, please.

A. 18615 Greenhaven, Covina.

Q. How old are you, Mr. Richey?

A. Thirty.

Q. How long have you been in the grocery business?

A. 1947.

Q. Where did you first start?

A. Boy's Markets.

Q. In what capacity?

A. Box boy.

Q. How long did you stay there as box boy?

A. As a box boy about six months.

Q. Then relate your experience.

A. I became an apprentice clerk, worked for Boy's until [fol. 1167] 1952, a little over five years.

Q. What was your capacity with Boy's Market at the time you terminated your employment with them?

A. Journeyman clerk.

Q. Then where did you go to work?

A. Walker's Markets.

Q. In what capacity?

A. Clerk.

Q. What market did you work in?

A. It was on lower Azusa Road in Temple City.

Q. How long did you remain there?

A. I remained with Walker's organization for three years.

Q. What was your capacity at the time you terminated your employment with Walker?

A. Assistant manager.

Q. Then where did you go?

A. Covina Farms.

Q. When you commenced working for Covina Farms what was your capacity?

A. Manager.

Q. Is that the same job you have today?

A. Correct.

Q. What year did you start?

A. '56.

[fol. 1168] Q. You have worked there then approximately six years?

A. Six and a half.

Q. Mr. Ray Okura is the owner of that market, is he not?

A. That is correct.

Q. It is a corporation named Covina Farms Market, Inc.?

A. Yes.

Q. Does Mr. Okura take an active part in the business?

A. Yes.

Q. You work directly under his supervision?

A. That's correct.

Q. What is the nature of the business out there? Aren't you primarily a produce concern?

A. No.

Q. A produce market?

A. No. At one time it was strictly produce?

Q. At what time?

A. '55.

Q. Then did you put in meats and dry groceries?

A. Correct.

Q. When did you do that?

A. '56.

Q. What per cent of your business, volumewise, would you say is produce at the present time?

A. Oh, I would say about 20 per cent.

[fol. 1169] Q. What percentage would be dry groceries?

A. Sixty.

Q. And meat and dairy products the balance?

A. I beg your pardon?

Q. Meat and dairy products the balance?

A. Dry grocery—You are separating dairy from dry grocery?

Q. Yes.

A. I would say then it would probably be 55 per cent dry groceries and 25 per cent meat and dairy.

Q. Do you recall what month in 1956 you first started?

A. September.

Q. As near as you can recall, Mr. Richey, what was the gross volume of sales in the Covina Market in that year of '56?

A. For the total year?

Q. Yes.

A. We only had three months of operation with the grocery department and I was only there for a period of, it would have been four months in '56.

Q. Let us go to the year 1957, the first full year in which you were there, and give me an approximation of the gross volume that year.

A. I'd say the total gross volume was probably three quarters of a million.

[fol. 1170] Q. Under your management, and probably due to your efforts and hard work, you have seen a steady increase in the volume of that business since '56, haven't you?

A. We have had an increase, yes.

Q. In 1958 what would you say the volume was?

A. I would say approximately the same as '57.

Q. 1959?

A. There was a considerable increase because of the strike. I would say probably we did a million and a half that year. Also we remodeled and enlarged the store at the same time.

Q. What did the enlargement consist of?

A. Doubling the sales area.

Q. 1960?

A. About a million and a quarter.

Q. It dropped down a little bit after the strike?

A. Correct.

Q. Do you attribute the decline from a million and a half to a million and a quarter to the strike?

A. Well, there was one month there it was considerably larger. So it would be definitely the decline would be because of the strike.

Q. The 1962 gross is approximately $1,320,000, isn't it?

A. Approximately.

[fol. 1171] Q. Over the years as your volume of sales increased your profit also increased dollarwise, did it not?

A. Yes.

Q. Do you recall how much it cost Mr. Okura to remodel the building and enlarge it?

A. No, I don't. I don't know the actual cost.

Q. Do you know that when Mr. Okura started that business in 1955 that he invested approximately $15,000?

A. Yes.

Q. Do you know what the approximate net worth of the business was at the end of 1962?

A. Did you want that less what he owes on it or just the net worth?

Q. Yes, the approximate net worth.

A. I would say around a quarter of a million dollars.

Q. So that it would be fair to say that during the time that you have been managing the operation out there, from '56 to the present time, that it has been successful?

A. Yes.

Q. And it also would be fair to say that during all those years from '56 up to the present time that you have had an increase in the volume of sales and in the profits?

A. Yes.

Q. Mr. Richey, what do you consider to be the draw area for your store, in terms of miles from the location?

[fol. 1172] A. I would say about a five mile radius.

Q. Will you name for me those concerns in the grocery business that you consider to be your competitors in that five mile radius area?

A. Alpha Beta, Market Basket, Buy Fair, Food Giant, Safeway, Lucky, Von's, Sunrise, Ralphs, White Front, ABC, Moore, Center Market.

Q. Can you designate which one of these you have named is a single store operation or an independent?

A. Center Market. Oh, they are two units. Buy Fair has five.

Q. What about Moore?

A. I don't know how many units they have.

Q. More than one?

A. I believe so. It is a subsidiary of Thriftimart.

Q. What about Sunrise, is that more than one?

A. They have two units. Also Mayflower Markets.

Q. Mayflower or Mayfair?

A. Mayflower. They have two units.

Q. There are none of these that you list as competitors to Covina Farms Market which is a single store or an independent operation?

A. That's correct.

Q. What is the present area of your store, sales area? [fol. 1173] A. The sales area is approximately 7500 square feet.

Q. Prior to that you would say it was about 3250?

A. Approximately 3500.

Q. In your statement at one or two places you referred to a continued study of the retail grocery market that you made in the area. Has that study largely been in the area in which you are in business?

A. That is correct.

Q. It would be within this five mile area that you say is your draw area for the Covina Store?

A. Basically.

Q. What study have you made concerning the marketing conditions in that area?

A. Oh, we watch pricing, advertising, merchandising, area growth, shopping trends and habits, advertising.

Q. What publications do you refer to when you say you watch these things? Do you refer to publications that you read?

A. Local news and just general survey.

Q. Do you subscribe to any particular publications that afford you the information that you have just stated?

A. As far as I know there is nothing that gives you just a local picture. You could pick part of it out of the Bulletin, Grocers Journal, but there is nothing that deals specifically with a small area like that. It is more generalized. [fol. 1174] Q. You have made no study then, I take it, as to the marketing conditions, say down in Orange County?

A. Nothing other than what we read in the trade magazines.

Q. And the same was true of, say, the San Fernando Area?

A. Correct.

Q. And the Santa Monica area, the Long Beach area?

A. True.

Q. It would be fair then to say that you don't claim to have any special knowledge of marketing conditions in any other area except the five mile radius that you are working in at the present time?

A. Correct.

Q. Directing your attention to the year 1956, do you know the number of single store operations or independents in Los Angeles County and Orange County in that year?

A. Do I know the number?

Q. Yes.

A. No.

Q. Do you know the number of single store operations that were in your draw area in the year 1956?

A. Yes.

Q. How many?

[fol. 1175] A. Including our market there were four.

Q. How many were in that draw area in 1960?

A. Two.

Q. Including yourself?

A. Yes.

Q. And in 1962?

A. Still two.

Q. I believe we did not list by name an independent or single store operator.

A. You asked me the ones that I consider competitive. The single unit is J.O.B. Market.

Q. You don't consider J.O.B. to be a competitor of yours?

A. No.

Q. Is it within the five mile area?

A. Yes.

Q. Why don't you consider it to be a competitor?

A. Location, size, facilities.

Q. What is the size of the J.O.B. Market?

A. I would say it is around 5000 square feet, downtown area, inadequate parking.

Q. Are they engaged in the general grocery business?

A. Yes.

Q. Do they handle produce?

A. Yes.

[fol. 1176] Q. Do they handle meat?

A. Yes.

Q. And dairy products?

A. Yes.

Q. You have said to me that in the year 1956 that in the draw area of your store there were four independent single store operators, including your own, the Covina Farms Market.

A. That's right.

Q. You have also said to me that in the year 1962 there were two independents.

A. Single units.

Q. One of which is your own and the other is J.O.B. Market?

A. Correct.

Q. Who were the other two?

A. John Codd's. Codd's Market.

Q. Where was that located?

A. That was located—What is the name of that street?

Mr. Levinson: The main street in Covina.

The Witness: No, it is not the main street. College Street.

Mr. Bates: Q. How large a store was that?

A. About 5000 square feet.

Q. Do you know who owned it?

[fol. 1177] A. John Codd.

Q. Tell me, if you know, what happened to it. Did it close up or was it sold?

A. It was sold to J.O.B.

Q. Sold to J.O.B.?

A. Yes.

Q. And this is the J.O.B. you referred to before?

A. Correct.

Q. Is it the same store that they are operating now?

A. Same market.

Q. What other store?

A. Haig's.

Q. Where was that located?

A. On Citrus.

Q. Is that also in Covina?

A. Covina.

Q. How big an area was that?

A. Approximately 12,000 square feet.

Q. Did you consider them one of your competitors?

A. Definitely.

Q. Who owned that store?

A. Mr. Haig.

Q. Do you know what happened to it?

A. They sold it.

Q. Who did they sell to?

[fol. 1178] A. Fox.

Q. So that during the period from 1956 to the present the four independent operators that were in your five mile area, Covina Farms Market is still there——

A. Yes.

Q. —the Codd Market, which was sold to J.O.B., is still there——

A. Yes.

Q. —and Haig's Market, which was sold to Fox, is still there and operating?

A. Yes. But it has been sold a couple of times since.

Q. Who owns it now?

A. Center Market.

Q. I believe you previously told me that Center Market was a two-unit chain.

A. That's correct.

Q. Or a two-unit operation.

A. Correct.

Q. Then it is fair to say that during the period that you have been manager of the Covina Farms Market you know of no single operation that has just closed up and gone out of business.

A. There is nothing that has been closed up that hasn't been taken over by another operation.

Q. Then in your statement where you refer to the decline [fol. 1179] in single store operations, these facts that you have just related about the sale of these single operations is what you refer to as decline; is that correct?

A. That and the charts that I have seen on decline.

Q. What charts have you seen on the decline?

A. The ones that were shown.

Q. The ones exhibited to you by the Government attorneys?

A. That is correct.

Q. Are they the only charts you have seen that reflect the situation?

A. Other than trade bulletins.

Q. Did you ever compare the charts shown you by the Government with these other trade bulletins?

A. Just mentally.

Q. Particularly to which trade bulletins do you refer?

A. Grocers Bulletin. It lists weekly the new operations and ones going out of business.

Q. And then, of course, aside from what was shown on the charts exhibited to you by the Government you do not have any information about the decline in Orange County or the San Fernando area or in any other area except your own little five mile radius.

A. That's correct.

Q. Mr. Richey, have you, as manager of Covina Farms Market, made any effort to get into a shopping center?

[fol. 1180] A. We tried it once.

Q. When?

A. About four years ago we tried to get into a shopping center.

Q. What shopping center was it?

A. It was a location east of Ontario. I can't even remember the name of the street now.

Q. Do you remember the name of the center?

A. No, I don't.

Q. Has the center been built?

A. Yes.

Q. Who did you talk to?

A. The owner talked to the developer and the leaser.

Q. Mr. Okura talked to the——

A. Talked to the people.

Q. Is that in Los Angeles County or San Bernardino?

A. That would be in Los Angeles County. No, that is in San Bernardino County. It is just on the line.

Q. Aside from that, that is the only effort I think you said that was made to get into a shopping center?

A. That's correct.

Q. So far as you know none of the other single store operators that you were acquainted with in your area out there made any attempt to get into a shopping center, did they?

[fol. 1181] A. As far as I know personally?

Q. Yes. Do you have any information that Mr. Codd,

for instance—Do you know that Mr. Codd made any effort to get in a shopping center?

A. No, I don't know what Mr. Codd did.

Q. Or any others that you have named for me, you don't know that of your own knowledge?

A. No, I don't know that for a fact.

Q. Mr. Richey, in your statement you say in effect the major chains own their own warehouses and they have large trucking facilities and they buy direct from producers and deliver to their own stores in their own trucks. By reason of that this gives the chains advantages over independents in terms of, and I quote, "Flexibility in deliveries of merchandise." What is your basis for that statement?

A. It is basically they can get their deliveries when they want them, what they want, and they can return merchandise to their warehouses. They can transfer from one store to another on merchandise that doesn't move in particular areas.

Q. Doesn't Covina Farms Market belong to Orange Empire and Certified?

A. Yes, we do.

Q. Doesn't both Certified and Orange Empire own their [fol. 1182] own warehouses?

A. Yes, they do.

Q. And don't both of them have large trucking facilities?

A. Yes, they do.

Q. And both of them also buy direct from the producer, don't they?

A. That's correct.

Q. And both of them in their trucks deliver to the stores of all their members, don't they?

A. Yes.

Q. Will you explain to me wherein the chain stores have any advantage in that situation over the members who belong to Orange Empire and Certified?

A. We have to take our deliveries when they can make them. We cannot return merchandise without a penalty. If something don't sell you just have to keep it and move it.

Q. What is this penalty you refer to?

A. They have a charge for returned merchandise.

Q. Suppose the chain buys from a producer, stores it in his warehouse, moves it out to his store and that merchan-

dise doesn't sell and moves it back to his warehouse. What happens to that? In your opinion does he suffer a penalty because he can't sell specific merchandise?

A. Yes, he would suffer some, but not as much inasmuch [fol. 1183] as the merchandise would go onto a truck returning to the warehouse and possibly even to another store and never returning to the warehouse.

Q. You recognize, don't you, as a man experienced in the grocery business that the chains have considerable expense in running those trucks from the warehouse to the stores?

A. Definitely.

Q. Picking up unsalable merchandise and putting it back in the warehouse?

A. Definitely.

Q. What happens to it when it gets back in the warehouse, in your opinion?

A. In my opinion they would ship it to a store that could move it, a larger volume store, perhaps an area store that could move it.

Q. That is just speculation and assumption on your part?

A. That is an opinion.

Q. Those are the advantages that you say that the chains have over an independent operator?

A. That would be part of it, yes.

Q. What is the rest of it? I would like to have you list for me all the advantages that you can think of because of the ownership of warehouses, trucking facilities and the [fol. 1184] purchase from producers.

A. Delivery time—You are talking strictly in that area, of transportation and purchasing, or are you talking generally?

Q. Suppose you confine your answer to the five mile radius, which is the only area you say you have any information concerning.

A. On trucking? What field are you talking in?

Q. I am talking about your area now. You speak of these advantages that the chains have over independents who belong to certified and Orange Empire and I would loke to have you list for me all the advantages that you referred to in your statement.

A. They have an advertising advantage. They have, as I feel, trucking advantages, getting their delivery times,

the option of returning merchandise without as much penalty, or any penalty to the actual store. Labor advantage, I would assume, inasmuch as they can transfer help from one store to another.

Q. What is your basis for stating they have a labor advantage?

A. They can transfer help from one store to another.

Q. A single store operator doesn't need to do that under any circumstances because he doesn't have a second store; is that correct?

[fol. 1185] A. That is correct. There is no way to do it.

Q. Then why do you characterize that as an advantage?

A. If we have a slow week we've got all of our help and we have to pay them whether it is slow or busy. We cannot transfer them to another store to compensate.

Q. Mr. Richey, in Paragraph 8, I believe it is, of the statement you referred to the market shares of the top 9, 15 and 20 and so forth. You were shown a graph by the Government attorneys which we have designated in this hearing as Fairbank Exhibit No. 1.

Mr. Hughes: What paragraph is this?

Mr. Bates: In the statement that you furnished to me, Mr. Hughes, it is Paragraph 8. I don't know what the paragraph number is in the one that is being read by the witness.

The Witness: Would you repeat that, please, so I can find the paragraph?

Mr. Hughes: Let us go off the record.

(Discussion off the record.)

Mr. Bates: Q. Mr. Richey, are you reading from the only copy of the statement furnished you by the Government?

A. Yes.

Mr. Bates: I would like to have that marked for identification as Richey Exhibit No. 1.

(The document referred to was marked by the notary [fol. 1186] public as Richey Exhibit No. 1 for identification, a carbon copy of which is attached in lieu of the original.)

Mr. Bates: I would like to strike my question and rephrase it.

Q. Mr. Richey, please refer to Paragraph 11 in the statement. In that paragraph you refer to the market shares of the top 8, top 9, top 15 and top 20 grocery concerns in the metropolitan area of Los Angeles.

A. Yes.

Q. You were shown a graph by the Government attorneys which is marked Fairbank No. 1, were you not?

A. Yes.

Q. Had you ever seen that graph before it was shown to you by the Government attorneys?

A. No.

Q. Have you ever seen it since, until today?

A. No. Other than my copy, no.

Q. That is the only graph you ever saw, isn't it, depicting the market shares?

A. Actual graph, yes.

Q. You also in Paragraph 11 referred to a census report of the Bureau of Census of the Government. Did you ever see that report before it was shown to you by the Government attorneys?

[fol. 1187] A. No.

Q. Prior to seeing either of these charts or graphs had you made any investigation of the market shares of the major chains in the metropolitan area of Los Angeles and Orange County?

A. No.

Q. Have you made any investigation since seeing those charts and reports?

A. I have seen a supplementary chart but it wasn't authenticated.

Q. What chart was that?

A. It was a Times survey audit.

Q. Did you make a comparison with that chart and the one that you have before you which has been marked Fairbank's No. 1?

A. Yes.

Q. Were they similar or dissimilar?

A. They were similar.

Q. When did you see that chart?

A. About a month ago.

Q. Can you give me the date of the Times article that you examined?

A. No, I don't recall the date.

Q. You are referring to the Los Angeles Times?

A. Yes.

[fol. 1188] Q. You state this is about a month ago?

A. Yes.

Q. When were you shown Fairbank's Exhibit No. 1?

A. In December of last year.

Q. Were you given a copy of Fairbank's No. 1?

A. Yes.

Q. You retained a copy of Fairbank's No. 1?

A. Yes.

Q. It is on the basis of the retained copy that you compared the statements made in the Los Angeles Times; is that correct?

A. Yes, sir.

Q. Is that the only investigation that you have ever made concerning the relative market shares of the major chains?

A. I have seen other charts from time to time on market percentages?

Q. Are you in agreement with the information as shown on Fairbank's No. 1, based on your continued study of the market conditions in this area?

A. I would have to go along with it from what I have seen.

Q. You would agree then that the market share of the top three major chains in the metropolitan area decreased between the years 1952-1960, would you not?

[fol. 1189] A. The top three decreased.

Q. Yes.

A. I don't believe so.

Q. Will you please examine the chart, Mr. Richey? You say you are in agreement with it.

A. It decreased in '58 and then increased again.

Q. How about the top four?

A. It would be the same thing due to the strike.

Q. It also decreased from '52?

Mr. Hughes: I will object on the ground that the chart speaks for itself.

The Witness: Yes.

Mr. Bates: Q. And also the top five showed a decrease, did they not, between the years 1952 and 1960?

A. Yes.

Q. And the information that you saw in the Times article, to which you have referred, confirmed that decrease as to the top three, four and five?

A. The article I saw only showed current figures, it didn't have a projected chart back to the year of '50. It was only current figures.

Q. Did the current figures in reference to the top three, four and five, which you examined in the Times article, confirm the information that you see on the chart before you? [fol. 1190] A. It showed approximately the same percentage of business as the recent charts.

Q. Mr. Richey, in Paragraph 13 of the statement before you, you state, and I quote: "He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area." Are those named firms the major chains that you refer to in Paragraph 16 of that statement?

A. Yes.

Q. In your Paragraph 16 you state in effect that if the merger between Von's and Shopping Bag is permitted there will probably be subsequent mergers between and involving the other major chains. What is your basis for that statement?

A. There already have been.

Q. Name them.

A. Food Giant-McDaniel's.

Q. You know, don't you, that McDaniel's went into bankruptcy and that such McDaniel's Stores that Food Giant acquired were received by purchase from the Bankruptcy Court?

A. That is correct.

Q. You know that is not a merger in the technical sense, don't you?

The Witness: Didn't we change that to "merger and [fol. 1191] acquisition"?

Mr. Levinson: I don't have a copy. Which paragraph is that?

The Witness: 16.

Yes, that was a purchase, not a merger. It was an acquisition.

Mr. Bates: Q. Do you have any information that Ralphs is going to merge with anybody?

A. No.

Q. Do you have any information that Safeway is going to merge with anybody?

A. No.

Q. Market Basket?

A. No.

Q. Thriftimart?

A. No.

Q. Mayfair?

A. No. However, Alpha Beta did merge with American Stores.

Q. Also in that paragraph, Mr. Richey, you state that the merger between Von's and Shopping Bag would accentuate the large chains' advantage over the independent operators. Would you please list those advantages that you say will be accentuated?

A. They are the same advantages as before, advertising, [fol. 1192] distribution, buying.

Q. Didn't those same advantages exist previously? Let us take Safeway. Didn't the same advantage exist as far as Safeway was concerned before the merger of Von's and Shopping Bag?

A. I would say so.

Q. Isn't that true of Ralphs?

A. I would say so.

Q. And Market Basket?

A. Yes.

Q. Alpha Beta?

A. Yes.

Q. Mayfair and the other major chains you have named? So it is fair to say then that the merger didn't have anything to do with that situation, isn't it?

A. Prior to the merger and since.

Q. The merger didn't have anything to do with the advantages that you say that the chains enjoy. They all had these advantages before the merger; is that true?

A. That's true. They just increase the percentage.

Q. In your area, your five mile radius area, since you started in 1956 there have been some new stores come into that area, haven't there?

A. Yes.

Q. And these new stores that have come in are competi-
[fol. 1193] tion with your market; isn't that true?

A. Yes.

Q. Is it fair to say that the competition in the five mile radius area of your store has increased between 1956 and the present time?

A. Yes.

Q. You haven't noticed any lessening of any kind in the vigor of competition in that area, have you?

A. That's correct.

Q. And also you have no information at the present time with reference to the lessening of competition in the San Fernando Valley or Orange County or any of these other areas?

A. Correct.

Q. Mr. Richey, the dictionary defines the word "monopoly" as, and I quote: "Exclusive possession of the trade in some commodity or the exclusive privilege of selling some commodity in a particular area." Do you accept that as a correct definition of the word "monopoly"?

A. It sounds reasonable.

Q. You use that word "monopoly" in Paragraph 16 of your statement. Was it in that sense that you used the word?

A. Not exactly in that sense. At present if the chains continue to merge and grow it could become a monopoly.

[fol. 1194] Q. Do you have any other definition of the word "monopoly" that you would like to give, other than the one that you concede is correct?

A. No.

Q. In your opinion, as an experienced grocery man in this area, do you believe that Safeway has or ever will have the exclusive right to sell groceries in the metropolitan area of Los Angeles?

A. I certainly hope not, but I don't believe so.

Q. Do you think Ralphs will ever have the exclusive right to sell groceries in the metropolitan area of Los Angeles?

A. No.

Q. How about A & P, do you think they will ever have the exclusive right?

A. No.

Q. Alpha Beta?

A. No.

Q. Of course, you do not hold the opinion that Von's-Shopping Bag would ever have the exclusive right to sell groceries in the metropolitan area?

A. The exclusive right, no.

Q. So isn't it fair to say that your statement that the merger of Von's and Shopping Bag tending to create a monopoly in the sale of groceries and related products is [fol. 1195] just pure speculation on your part and a surmise?

A. It is opinion, strictly opinion, yes.

Q. Do you distinguish between opinion and speculation, Mr. Richey? Aren't they the same thing in your mind?

A. As far as the word "monopoly," the speculation on it, I believe if they continue to merge and grow that there will be a lessening of the competition and more of a trend to control by the larger units.

Mr. Bates: I have no further questions.

Mr. Hughes: For the record, Mr. Bates, in his amendment he did not use the word "monopoly."

Mr. Bates: Mr. Hughes, I have before me a supplement which you handed me last night purporting to amend the statement that previously have been given us and it says at the bottom: "P. 16—strike 'and tending to—area.' in the last sentence and insert 'among the chains and aggravate the status of the independent market operators.'" Is that the only correction that was made?

Mr. Bates: Q. By striking those words, then, you don't intend to claim that this merger is tending to create a monopoly; isn't that correct?

A. I believe that the intention is to decrease the amount of units and companies and more control for fewer concerns.

Mr. Bates: That is all.

[fol. 1196] By Mr. Alsup:

Q. Do you have any idea, Mr. Richey, how many grocery concerns do business in Los Angeles and Orange Counties?

A. Are you talking about units of markets or number of operators?

Q. I am talking about separate grocery concerns.

A. I would say around six to eight thousand.

Q. And some of those are what you consider large chains and a great number of them you would consider small chains?

A. Correct.

Q. And even a greater number of two and three store operators?

A. Quite a few two and three store operators.

Q. And several thousand single store operators; isn't that right?

A. Correct.

Q. When a single store operator acquires a second store that results in a lessening of the single store operators; isn't that right?

A. That is correct.

Q. And that has happened quite a bit in your experience in this industry, hasn't it?

A. Yes.

Q. This John Codd that you referred to, did you know him?

[fol. 1197] A. I know him personally.

Q. Did you know that he was the manager of an Alpha Beta Store before he opened this store on his own at 160 East College Street in Covina?

A. Yes.

Q. That was an Alpha Beta Store, as a matter of fact, wasn't it?

A. That they closed.

Q. Yes. And he was a former employee of Alpha Beta and he took over the store; isn't that right?

A. That's correct.

Q. And a little later he bought a Fox Market at 1052 North Citrus Avenue in Covina, didn't he?

A. That's correct.

Q. And then Mr. Codd got into some financial difficulty because of some other investments outside the grocery business and went into bankruptcy, did he not?

A. He went into bankruptcy. I don't know why exactly.

Q. In this same period that you have been observing the grocery business haven't you observed that the chains really furnish the training and experience for the men who even-

tually leave them and open their own stores to furnish competition to the chains?

A. Partially, yes.

Q. That was true in the case of Mr. Codd, wasn't it?

[fol. 1198] A. That's true.

Q. Do you know Joe Hughes of Hughes Market?

A. Not personally.

Q. You know he used to work for Thriftimart and started his first store in 1952, don't you?

A. I couldn't say for sure that that was the date.

Q. Would it be around that period, according to your understanding?

A. Approximately.

Q. He has been successful, hasn't he?

A. Very much so.

Q. He has built himself a fairly substantial chain of about 14 stores; isn't that correct?

A. Correct.

Q. Are you acquainted with Ted Wood?

A. Yes.

Q. And he was an employee of Alpha Beta for many years, wasn't he?

A. That's correct.

Q. And he left Alpha Beta in 1954 and opened up his first store in the Pasadena area, did he not?

A. That's right.

Q. He has been successful, hasn't he?

A. Yes.

Q. How many stores does he now have in his chain?

[fol. 1199] A. He has, I believe, 11 or 12.

Q. Are you acquainted with Joe Goodnight who left Alpha Beta in '59 or '60.

A. No, I don't know him.

Q. You don't know he had worked for Alpha Beta for about 20 years?

A. I didn't know that.

Q. Are you acquainted with his Michael's Markets?

A. No.

Q. In your study of the grocery business in this area haven't you read about Michael's Markets?

A. I have read about Michael's but I don't know him personally.

Q. You know it is a successful small chain at the present time, don't you?

A. Correct.

Q. And you have seen others enter the business in this period and prosper and succeed, haven't you?

A. Yes.

Q. You mentioned Food Giant merged with McDaniel's. You read the trade papers pretty carefully, did you not?

A. Yes.

Q. And you knew that McDaniel's had expanded very rapidly in the past ten years and got up to a 24 store chain; isn't that correct?

[fol. 1200] A. That had quite a few units.

Q. The trade papers reported that the McDaniel's Stores had expanded much too rapidly on inadequate capitalization and got into financial trouble, didn't they?

A. Right.

Q. Before he went into bankruptcy the head of McDaniel's sold off a number of the stores in this chain to various smaller chains and independents, did he not?

A. Yes.

Q. Some in your area?

A. There are two in the area.

Q. Who bought those?

A. Tony Lombardo bought one, I don't know the name of the fellow that bought the other one. He went bankrupt.

Q. And there is another one out there just off the San Bernardino Freeway that still has a for lease sign on it?

A. That's correct.

Q. And Food Giant acquired out of bankruptcy the remaining 19 stores in the McDaniel's chain; isn't that right?

A. That's right.

Q. Did you read in the paper that the head of Food Giant said these weren't very good stores but there was a shortage of good executives in the grocery business and that is the reason he took the stores so he could get the executives?

[fol. 1201] A. I didn't see that article.

Q. You said that Alpha Beta merged with American. American has now changed its name to Acme, hasn't it?

A. I believe so.

Q. And that is the fourth largest chain in the United States; isn't that correct?

A. I believe so.

Q. And American had not done business in this area prior to its acquisition of Alpha Beta; isn't that correct?

A. That is correct.

Q. And this occurred after the merger of Von's and Shopping Bag; isn't that correct?

A. That's right.

Q. You haven't heard of the Government challenging that acquisition of Alpha Beta by American, have you?

A. No, I haven't.

Q. I think you might have mentioned Fox made some acquisitions. Do you recall that?

A. Yes, I remember that.

Q. They acquired Iowa Pork Shops, did they not?

A. That's right.

Q. And a number of other stores from Ralphs and various other concerns; isn't that right?

A. That's correct.

Q. And that is another case of a company which got [fol. 1202] started about 1954 and expanded into a large chain very rapidly and they were undercapitalized and got into financial trouble; isn't that right?

A. That's correct.

Q. That is based on your understanding from your study of the industry; isn't that correct?

A. That's correct.

Q. How about Yor-Way, didn't the same thing happen to them? Didn't they get started in the early 1950's and expand rapidly by getting a lot of old stores and get into financial troubles because of over-expansion on undercapitalization and go into bankruptcy?

A. That's right.

Q. And their stores were sold off to a number of single store operators and small chains; isn't that right?

A. That's right.

Q. In your study of the industry, Mr. Richey, you observed quite a few changes in the marketing conditions in this area, have you not?

A. That's correct.

Q. In this period since 1960 we have seen an influx of discount houses selling groceries; isn't that true?

A. That's correct.

Q. Have they come into your area?

A. Four units.

[fol. 1203] Q. They are pretty well going all around Los Angeles and Orange Counties, are they not?

A. That's right.

Q. And this creates a new form of competition that the grocers must face; isn't that correct?

A. That's correct.

Q. These discount houses draw from a much wider radius than the ordinary supermarket; isn't that so?

A. That's correct.

Q. And in this same period of time since 1960 you have seen an influx of bantam stores coming into the area, have you not?

A. Not into our immediate area.

Q. But you are familiar with what is happening in Los Angeles County.

A. In the metropolitan area, yes.

Q. There have been a large number of these bantam stores like Pronto and Speedee Mart and Tiny Tim and so on; isn't that correct?

A. Yes.

Q. And that is a new form of competition in the grocery business and it has occurred since 1960; isn't that so?

A. That's correct.

Q. In your time that you have been working in the industry, Mr. Richey, have you noticed that the liquor stores are getting a little bit larger and getting not only a larger [fol. 1204] share of the liquor market but also selling groceries, bread, milk and delicatessen items?

A. Convenience items.

Q. And convenience items. This is a relatively new form of competition, is it not?

A. Yes.

Q. Have you seen in this same period that the drugstores are selling more and more items that the grocery stores used to sell and the grocery stores are selling more and more of the items that the drugstores used to sell?

A. That's correct.

Q. This is a new form of competition that has been entering the area; isn't it?

A. It is not new. It has been going on for quite a while.

Q. It is becoming more and more so, isn't it?

A. Yes. I would say it is becoming more so.

Q. In your study of the trade papers and so forth have you read about what is happening in the East with the large gasoline service station chains putting in grocery departments in their gasoline stations?

A. I had heard about it, yes.

Q. You have read that more and more are trying in the East, have you not?

A. I understood that it was being tried, yes.

[fol. 1205] Q. And if it proves successful you would expect that to expand out into this area, would you not?

A. Probably.

Q. As a matter of fact, you have seen more and more of the gasoline stations in this area putting in their Coke racks and cigarette machines and even some of them starting to sell bread and milk; isn't that right?

A. Bread and milk in the gas stations I haven't seen yet.

Q. But you have seen more and more of the other I have talked about?

A. Beverage, sugar, items like that, yes. Draw items.

Q. You have seen many people enter the market and be successful and expand and grow and you have seen others both large and small, fail, have you not?

A. That's correct.

Q. You have read about King Cole, which was a five-store chain, and it decided to break up into five separate store operations and executives each took a store; isn't that right?

A. I heard something about that. King Cole? No, I didn't hear anything about King Cole. I am sorry, I didn't, not King Cole.

Q. And you read recently, did you not, that Al Goldstein, [fol. 1206] who used to be with Boy's Market has left Food Giant to become a single store operator?

A. Yes, I heard about that. I believe he took a store in Ventura.

Q. I think it was out in Glendale or Burbank.

A. Was it in the Valley? I understood it was in Ventura.

Mr. Alsup: I don't think I have any further questions.

(A short recess was taken.)

Cross-examination.

By Mr. Hughes:

Q. Mr. Richey, on your examination by Mr. Bates we went through the gross sales of Covina Farms Market from 1957 to 1962. 1961 was omitted, I believe inadvertently. Do you have the sales figures for 1961?

A. They would be approximately the same as '60.

Q. You said for '60 it was $1,250,000.

A. Approximately, yes.

Q. In your five-mile draw area, which you described upon examination by Mr. Bates, you named a number of stores with which you compete, and among these are Alpha Beta, Market Basket, Food Giant, Safeway, Lucky, Von's and Ralphs. Do you, in your opinion, believe you are competing solely with the store in your neighborhood or with the chain as a whole?

A. It is more with the store in the neighborhood.

[fol. 1207] But you realize it is a chain store that operates those facilities?

A. That is correct.

Mr. Alsup: Wait a minute. That question is confusing and ambiguous. "A chain store" doesn't operate those facilities in his area. You have named seven separate chains. That is not "a chain." I move to strike the answer so my objection can be recorded.

Mr. Hughes: Q. In your testimony on questions asked you by Mr. Bates, you mentioned certain advantages which the chains had over you. Speaking of just Von's, one chain at a time, do you believe they have these advantages over you?

A. Yes.

Q. Is it your opinion that the local Von's Store within your five mile draw area has these advantages over you?

A. Yes.

Q. These advantages relate to chain-wide advantages?

A. That's correct.

Mr. Alsup: I object to the question on the ground that it is confusing and ambiguous.

Mr. Hughes: Q. Did you understand the question?

A. Yes.

Q. In response to questions from Mr. Alsup you indicated a rather wide knowledge of the grocery industry in the area. [fol. 1208] In these trade journals, which you stated you have read, are they concerned with the Los Angeles metropolitan area more than Covina?

A. Yes. They are not any specific area, it is general.

Q. And you read these journals rather fully?

A. I read them.

Q. Where did you read this Times survey audit that was referred to?

A. It was showed to me by a salesman who had it.

Q. Is that published in the Times or is it a separate paper which comes out?

A. Separate paper.

Q. How often does that audit come out?

A. I couldn't say.

Q. What period of time was covered by that Times survey audit that you referred to on examination by Mr. Bates?

A. That was a current one for the year 1962.

Q. It went through the year 1962?

A. It was just one year. It showed percentages of market share, the top 20 chains.

Q. When was that survey published?

A. I don't know the publication date.

Q. When was it shown to you by the salesman?

A. Approximately a month ago.

Q. Have you seen any other charts on such market share surveys recently?

[fol. 1209] A. No.

Q. Based upon your experience in the grocery industry, and particularly at Covina Farms Market, do you consider sales of certain grocery products at a gasoline station as serious competition?

A. No.

Q. Do you consider sales of grocery products at liquor stores as serious competition?

A. Serious competition? No.

Q. How long a period have liquor stores been selling these grocery items?

A. As long as I can remember.

Q. Is this a new innovation?

A. It is not new but it is becoming more expanded, putting more and more in.

Q. Do you consider bantam stores serious competition to Covina Farms Market?

A. Not Covina Farms Market.

Mr. Hughes: That is all.

Redirect examination.

By Mr. Alsup:

Q. Mr. Richey, in this area there are a number of tiny little markets doing maybe fifty to seventy-five thousand a year business that are referred to as mom and pops, aren't there?

[fol. 1210] A. No, sir, there are not a number. I believe there is only one.

Q. I am talking about the Los Angeles metropolitan area.

A. Oh, yes.

Q. You wouldn't consider them serious competition to an operation like yours either, would you?

A. No, sir.

Q. Does Covina Farms Market compete with the Von's Store at 3rd Street just above Vermont?

A. No.

Q. Or the Von's Store out in the Leimert Park area?

A. No.

Q. It competes with the Von's Store located in your draw area; isn't that right?

A. That's correct.

Q. You referred to certain advantages that the chains have over Covina Farms Market. Did Alpha Beta have that advantage prior to the merger of Von's and Shopping Bag?

A. Yes.

Q. Did Ralphs have that advantage prior to the merger of Von's and Shopping Bag?

A. Yes.

Q. Did Von's have that advantage prior to its merger with Shopping Bag?

[fol. 1211] A. Yes.

Q. Did Lucky have that advantage prior to the merger of Von's and Shopping Bag?

A. Yes.

Q. Did Safeway have that advantage prior to the merger of Von's and Shopping Bag?

A. Yes.

Q. And Food Giant?

A. Also.

Q. And Market Basket?

A. Correct.

Q. One other thing which I neglected to ask you about, Mr. Richey. Have you seen in very recent years the emergence of the so-called milk depots?

A. Yes.

Q. In your area?

A. Yes.

Q. The price at which you sell your milk is fixed by state law is it not?

A. That's correct.

Q. And these milk depots can sell at a lesser price?

A. If they do their own bottling.

Q. And are there any in your area?

A. There is one that does.

Q. It can sell its milk at a lesser price that you can?

[fol. 1212] A. That's correct.

Q. Have you noticed that these milk depots are not only selling milk but they are selling other items as well?

A. That's correct.

Q What are those other items?

A. Bread, ice cream, potato chips—convenience items.

Q. Weiners and some delicatessen?

A. Some deli items, some cereals. It is mostly convenience items.

Q. And this is a relatively new form of competition?

A. In a manner of speaking, yes.

Q. When did this milk depot open in your area?

A. There are several of them. It is two or three years.

Q. And bread and milk and ice cream and weiners, potato chips and deli items are important draw items for a grocery store, aren't they?

A. They are important items. They are not what you would call a draw item.

Q But they represent a substantial portion of the business done by any grocery store, don't they?

A They take a percentage

Q. And a lot of the grocers are crying about how they are being hurt by these milk depots, are they not?

[fols. 1213-1214] A. Some of them are, yes.

Mr. Alsup I have no further questions.

Recross-examination.

By Mr. Hughes:

Q. Is Covina Farms Market crying?

A. No.

Q. Do you consider these milk depots serious competition?

A. They are competition but not serious competition.

Mr. Hughes: That is all.

Mr. Richey and Mr. Levinson, if it is agreeable with counsel for the plaintiff and the defendants would you waive signing this deposition?

The Witness: Would I waive signing it?

Mr. Hughes: Forego signing it.

The Witness: Sure.

Mr. Hughes: If we agree it is correct.

It is agreeable with you?

Mr. Alsup: With the understanding that it will be filed as the testimony of Mr. Richey even though it is not signed.

Mr. Levinson: Yes.

The Witness: Yes.

[fol. 1215] TESTIMONY OF CHARLES I. RUBIN

If subpoenaed to testify, Charles I. Rubin would testify as follows:

1. He is the owner of Road's End Market, 1332 South Glendale Avenue, Glendale, Los Angeles County, California. He has owned and operated this grocery store for the past 29 years. He does not operate the meat or produce sections which are owned by another party. In 1959 his business grossed about $262,000.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of

all advertised grocery prices which his customers are apt to read. Therefore, Mr. Rubin closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the Key Services and follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other trade publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age" and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the [fol. 1216] witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that single store operators cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result fewer grocery stores are needed in the area to serve a comparable number [fol. 1217] of people.

6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has ob-

served that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at these warehouses, and operate large trucking facilities. As a result they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from the Spartan Cooperative (a subsidiary of Certified Cooperative) and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that Spartan does not carry such major products as dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution systems. Thus they have combined the advantages of the cooperatives with direct purchasing and a highly developed distribution sys- [fol. 1218] tem. In addition, some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.5 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that [fol. 1219] they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's & Shopping Bag."

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

13. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field [fol. 1220] since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the

large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 1221] Deposition of CHARLES I. RUBIN, taken on behalf of the Defendants, at 433 South Spring Street, Los Angeles, California, at 9:30 A.M., Tuesday, April 23, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.

CHARLES I. RUBIN, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Vaughn:

Q. Will you state your full name for the record, please?
A. Charles I. Rubin.
Q. Where do you live?
A. I live at 2220 Richland Avenue, L.A. 27.
Q. May I ask your age, sir?
A. I will be 53.
Q. Soon?
A. In May.
Q. Are you the owner of the Road's End Market at 1332 South Glendale Avenue, Glendale?
A. I am the owner of the grocery department.
Q. Grocery only?
[fol. 1222] A. Grocery and liquor only.
Q. Who owns the other departments?
A. Fred Reavis owns the meat and Sam Arzoumanian owns the produce and Chris Knudsen owns the bakery.
Q. When did you first start business at this location?
A. Well, I started originally with myself, my dad and my brother in 1933, November 1st.
Q. At this location?

A. At this location.

Q. I take it that your father and your brother have since left the business.

A. Well, they are both deceased since.

Q. How long since the last one died?

A. Well, he has been out—I took it over individually in 1950 when he became ill and he passed away this year, but he hadn't worked since he became ill.

Q. How large is your store, the store in which you have a grocery concession?

A. You mean the floor area?

Q. Yes.

A. Well, actually I never really measured it. I would say it's about, oh, possibly 40 or 50, approximately. That is just a surmise on my part. I never measured off the area.

Q. That would be about 2000 square feet, something like [fol. 1223] that?

A. I assume. Somewhere in that neighborhood.

Q. This includes all departments, not just yours?

A. No, that just includes my department.

Q. That is just yours?

A. Yes.

Q. How about the size of the store as a whole?

A. The market itself I would say is about in the neighborhood, I am assuming that it is about 100 feet long, but it is very shallow. Our end is about, where I have my department, about 40 feet deep and the butcher runs about the same depth but the vegetable department, the market only goes back, I'd say, 25 or 30 feet.

Q. Would you tell me the names of competing stores in the general vicinity of your store, that is the stores you feel are competing with you and how far away, approximately, they are from your store?

A. Well, we have Cracker Barrel, which is a block, we have—The stores that I feel are competing with me, we have Von's and Shopping Bag, which is, I would say, about a mile and a half; we have Ralphs, that is about a mile; we have Hughes, that is about a mile; and we have King Cole, which is about a half a mile.

Q. Is that all?

A. Well, I would actually say—You mean all the stores [fol. 1224] that are in our neighborhood?

Q. Yes. I would like to know all of them.

A. There is Silver's Market that is, I would say, about a mile and we have Beach's Market, which is approximately that distance.

By the way, we have two Ralphs, one is maybe a mile and one is two miles. Then we have Thriftimart, which is about two blocks above Von's. Then directly across the street from Thriftimart is a little independent called The Holiday. And then there is a market called Stop and Shop, which is a very small independent on Central. That is about a quarter of a mile away.

Q. Is that it?

A. I think, as I recall, that's them.

Q. Let us talk about the Cracker Barrel, a block away. Is that a large supermarket?

A. Yes, it is.

Q. Do you know how many stores Cracker Barrel operates?

A. Well, I know they operate two and it is my understanding that they are opening a third. Whether it is completed or not I am not sure.

Q. Is this Cracker Barrel in a shopping center?

A. Yes. They own the shopping center. It isn't a shopping center. He built the shopping center.

Q. When was that built, do you recall, approximately? [fol. 1225] A. I would say approximately seven years ago.

Q. The Von's, was that a Von's or a Shopping Bag Store?

A. That is a Von's. That is a new Von's.

Q. When was that built?

A. Possibly could be about three years now, two or three years.

Q. That is on what road or street?

A. The Von's?

Q. Yes.

A. That is on Glendale Avenue.

Q. There isn't an old Food Giant across the street from that store, is there?

A. No. There is no Food Giant across the street. There

was a Yor-Way a block away from him which closed. There also was a Thriftimart which closed too.

Q. How about the Ralphs that is a mile away, when was that opened, do you remember?

A. They closed the one closest to us. That was opened, as I recall, prior to our time. It is one of the old, old ones.

Q. Prior to 1933 was that?

A. I think so. As I recall, it was. I am pretty sure.

Q. How about the one two miles away?

A. That, I would say, has been open, I am not sure, but [fol. 1226] it has been open a long time. I would say it has been there a good 15 years or better.

Q. How about the Hughes Market a mile away, when was that opened?

A. The Hughes was opened approximately a couple of years ago.

Q. King Cole a half a mile away, when was that opened?

A. They didn't open. Originally it was an independent and King Cole took it over, and that is going way back, I would say possibly 20 years ago.

Q. King Cole took it over 20 years ago or the independent opened it 20 years ago?

A. The independent was there. Now, I don't recall actually when King Cole took it over.

Q. Do you know that the King Cole chain has disbanded now?

A. Yes, I do.

Q. Their stores have been sold and are now being operated by former executives and employees of the King Cole chain for the most part?

A. That is my understanding.

Q. Do you know who operates that King Cole Market now?

A. There is a fellow by the name of Pete, I believe it is Morris. Now, I am not positive but I think that is what [fol. 1227] it is.

Q. As to Silver's Market, I take it that a single store operator operates that store?

A. Yes, it is.

Q. How long has he been there?

A. Oh, approximately a year.

Q. Is that a new store?

A. It was formerly a Thriftimart.

Q. When did Thriftimart open at that location?

A. Well, I don't know when they opened it, but prior to them a man by the name of Dales used to own it and they took it over from him.

Q. Is that a small store?

A. Just an average size, just standard store. It is not a big store.

Q. Would you classify it as a supermarket?

A. No, I wouldn't.

Q. I take it from its original conception to now has been at least 20 years.

A. Just what do you mean?

Q. Was it first opened by Mr. Dales 20 years ago or more?

A. Yes.

Q. Beach's Market, is that one of the Beach chain stores?

[fol. 1228] A. Yes, it is.

Q. That is a mile away?

A. Approximately.

Q. When was that opened, do you remember?

A. I don't recall when but it has been there quite some time.

Q. How many stores does Beach Grocery Company operate, do you know?

A. No, I am not sure.

Q. The Thriftimart a mile and a half away, when was that opened?

A. That I don't recall either.

Q. Is it new or relatively old?

A. Which Thriftimart were you referring to?

Q. Well, you said that apparently there is one Thriftimart within a mile and a half of you now.

A. Yes. That was opened at a time very close that Von's was.

Q. Which would be roughly three years ago?

A. I would say, or a couple of years ago.

Q. Holiday across the street from that Thriftimart I take it is a single store operator?

A. Yes, he is.

Q. How would you describe his store in terms of size?

A. He has a very small store.

[fol. 1229] Q. A mom and pop store, would you say?

A. From its size, yes. Possibly a little larger, but not much.

Q. When did that store open, do you know?

A. They have been there a good number of years.

Q. Now the Stop and Shop a quarter of a mile away from you, I take it that is also very small?

A. Yes, it is. That is a momma and poppa size.

Q. When did that open up?

A. That has been there quite some time. That changed hands but it has been there quite sometime.

Q. You have told me about a Yor-Way Store and a Thriftimart which closed near Von's Store. Have there been any other stores which have closed and have not been reopened by anybody in your trading area, let's say within two miles of your store in the last ten years, or since 1950, let's say?

A. I don't know whether they closed since or prior to, but we did have several that have closed. There was one Dave Marias had a market on Central that closed; there was one called the Tower Market, it closed; Fitzsimmons originally closed. They had that closed where Hughes is now.

Oh, yes, there is a market called Long's right across the street from Von's, it closed and never reopened. That's [fol. 1230] about all I can recall right now.

Q. 1950 was when you took over sole operation of the grocery department in your store; isn't that right?

A. Yes.

Q. Can you relate these closings to that time? Was it before or after?

A. I don't recall.

Q. Would you say then that it was close to 1950 when these stores closed?

A. Well, I know Long's closed after that. You know, it's funny I have a memory that doesn't retain things. I just don't recall.

Q. But the only one you are able to say that did close after 1950 is Long's, Yor-Way and the Thriftimart; is that right?

A. Now that I recall it I believe there was two Thriftimarts that closed. There was two Thriftimarts, that's

right, in the same area. I believe there were two Thriftimarts.

Q. But those are the only ones that you are able to positively state closed after 1950; isn't that right?

A. Yes.

Q. By those I mean——

A. As I recollect I think that's it.

Q. I take it that you have a copy of a document entitled [fol. 1231] "Testimony of Charles I. Rubin"?

A. Yes, I do.

Q. Would you refer to that for a moment with me?

A. Yes.

Q. Specifically refer to Paragraph 3 where it reads: "On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined." What area are you referring to there where this decline has taken place?

A. Well, Long's is one of them.

Q. What is the area you are referring to there; is that the Glendale area?

A. Yes. That is in the Glendale area. Well, I don't know about the whole Glendale area, I am only referring to the area that we have been discussing.

Q. Say within two miles of your store; is that right?

A. Yes.

Q. You did not mean to make reference by that sentence to any area outside of that two mile area; isn't that correct?

A. Yes, I would say so.

Q. I take it you do not know whether the number of single store operators outside of the two mile area surrounding [fol. 1232] your store has declined or increased since 1950, do you?

A. Well, I know of one of them that went out but I specifically don't know.

Q. You don't know whether more have gone out of business than have come into business outside of the imediate area where your store is; is that correct?

A. That's right.

Q. Mr. Rubin, have you ever made an attempt to get into a shopping center?

A. No, I personally have not.

Q. In the immediate vicinity of your store did you notice any change in competition after March 1960?

A. Would you repeat that question again?

Q. In the immediate vicinity of your store did you notice any change in competition after March 1960?

A. Well, I don't know exactly, but I would say in that vicinity, yes, I have.

Q. What changes have you observed since that time?

A. We have had Hughes go in, we have had Von's built, Thriftimart.

Q. Would you say that competition has increased in the vicinity of your store since March 1960?

A. I would say so.

Q. Have you noticed any changes since that time in grocery retailing generally, and let me refer you specifically [fol. 1233] to the sale of food through discount houses. Are there any discount houses in the immediate vicinity of your store?

A. No.

Q. You are aware, are you not, that there are discount houses, and many of them, in the Los Angeles metropolitan area that sell food?

A. That is my understanding.

Q. Is it also your understanding that this method of food distribution is something relatively new?

A. Yes.

Q. Are you also aware of the development and the increasing number of so-called bantam stores?

A. Yes.

Q. And that is a relatively new development in food retailing, is it not?

A. Yes.

Q. About how many grocery items do you carry in your grocery department in your store?

A. How many items?

Q. Yes.

A. You know, that is something I never gave a thought, individually how many items. I know we are limited to the items due to lack of space.

Q. You carry less than the supermarket would carry, [fol. 1234] do you not?

A. Yes.

Q. But probably more than the very small mom and pop store?

A. Yes.

Q. Wouldn't you say that the very small mom and pop store probably doesn't carry more than 400 grocery items?

A. I can't say.

Q. Are there any liquor stores in the area that you serve?

A. Yes.

Q. I take it there is a liquor concession in your particular store which you operate; is that right?

A. Yes.

Q. There are other just straight liquor stores?

A. Yes.

Q. Do any of them carry groceries?

A. No, they don't. Most of them carry bread and milk, items of that nature, that's all, the ones that I am familiar with in my vicinity.

Q. Do you know whether or not these stores sell more bread and milk than a small mom and pop store?

A. I don't know.

Q. Have you been aware of the fact that liquor stores in the Los Angeles metropolitan area generally have increased [fol. 1235] the sale of grocery products in their stores in recent years?

A. Would you repeat that again? I hope you forgive me.

Q. Maybe I can ask Mr. Leibovitz to read it back to you.

(The reporter read the pending question.)

The Witness: That is my understanding, that they have.

Mr. Vaughn: Q. Do you know whether these larger liquor stores that sell groceries sell more groceries than an average mom and pop store?

Mr. Coyle: I don't think he ever testified that he knows the large liquor stores sell groceries.

Mr. Vaughn: I misunderstood his testimony.

Mr. Coyle: He said bread and milk is all.

Mr. Vaughn: Q. Are you aware of the fact, sir, that certain larger liquor stores in the Los Angeles metropolitan area in recent years commenced to sell groceries, including bread and milk and other grocery products?

A. Yes.

Q. Do you know whether or not some of these large liquor stores sell more grocery products than an average mom and pop store?

A. I can't say.

Q. You have been in some of these liquor stores, haven't you?

[fol. 1236] A. I don't get around too much, no. I am pretty well tied down with my own work.

Q. So you have not been in one of these liquor stores that carries a fairly wide array of grocery products; is that right?

A. Oh, actually I went in to see Sales out in the Valley once, when they built those type of stores. But other than that I don't get around much.

Q. You have ben in mom and pop stores of average size, have you not?

A. Yes, small ones.

Q. Did it appear to you, based upon your experience, that this large liquor store that you saw built by Dales would sell more grocery products than a small mom and pop, or an average mom and pop?

A. Yes, it did.

Q. It did appear in that one?

A. That particular one it did, yes.

Q. Are you a member of any cooperative?

A. Yes; Spartan.

Q. I take it that aside from liquor that Spartan provides you with almost all of the products which you ultimately sell; isn't that right?

A. The dry grocery items and deli.

Q. Do you know whether or not you can purchase through [fol. 1237] Spartan your dry groceries and deli products as cheaply as the chains can purchase similar items directly from suppliers?

A. Well, I assume if they bought it direct from the manufacturer they could probably buy it. That is only my assumption.

Q. Buy it cheaper?

A. I would assume that.

Q. Spartan is a subsidiary of Certified Grocers, is it not?

A. That's right.

Q. And Certified Grocers buys in very heavy volume, does it not?

A. Yes, they do.

Q. For itself and for Spartan; correct?

A. Yes.

Q. Wouldn't you imagine that the purchases of Spartan and Certified exceed the purchases of any chain in the Los Angeles metropolitan area?

Mr. Knight: Before you answer that question, Mr. Rubin, I would like to object to it on the ground that we don't want to call for the imagination of the witness. We want his facts and we want his opinion based upon his experience in the grocery industry.

Mr. Vaughn: I will rephrase the question.

Q. Do you know whether or not Certified and Spartan [fol. 1238] buy in greater quantities than any chain operating in the Los Angeles metropolitan area?

Mr. Knight: Before you answer that I am going to object because he has testified that he is not a member of Certified but he is a member of Spartan. Therefore the question should be limited to his knowledge of Spartan.

Mr. Vaughn: I cannot understand the fact that he is a member of Spartan limits my question to Spartan.

Q. I am asking about your knowledge of Certified and Spartan.

A. I have no knowledge of Certified. I don't deal with Certified.

Q. You don't know whether Certified buys in greater volume than any chain; is that correct?

A. That's right.

Q. Despite your continued study of the grocery business in the Los Angeles metropolitan area?

A. That's right.

Q. I take it, then, if you do not know the volume in which Certified purchases you cannot state whether members of Certified are able to purchase their groceries any cheaper than chains who operate their own warehouses; isn't that correct?

Mr. Knight: Before you answer that, Mr. Rubin, I will renew my objection concerning any questions directed

[fol. 1239] toward Certified since the witness is not a member of Certified.

Mr. Vaughn: Q. You may answer.

A. What was your question?

Mr. Vaughn: I will ask Mr. Leibovitz to read it.

(The reporter read the pending question.)

The Witness: Yes, that's correct.

Mr. Vaughn: Q. You don't know whether a member of Certified does or does not have an advantage over a chain in terms of purchasing and distribution?

A. No, I don't.

Mr. Knight: Have I cut your answer short or do you want to go on?

The Witness: No.

Mr. Knight: So that I understand what is going on here, when you answer, "No, I do not," are you answering that you do not know about Certified's operations or Certified's customers or their purchases and so on?

The Witness: That's right, I have no knowledge of their operation at all.

Mr. Knight: Thank you.

Mr. Vaughn: Q. I take it you do not know whether membership in Certified provides those stores which are members of Certified with advantages over chains?

Mr. Knight: Before you answer, again I renew the objection to any and all questions concerning Certified since [fol. 1240] the witness has testified that he is not a member of Certified.

Mr. Vaughn: Q. Isn't that so?

A. Right.

Q. In the last five years, Mr. Rubin, what has happened to the volume of sales in your grocery department and liquor department in your store? Has it gone up or down?

A. Well, it hasn't increased.

Q. It stayed about the same?

A. It stayed about the same. It has dropped.

Q. But only slightly, I take it?

A. It varies. It will drop, it will move up, depending upon your transient business.

Q. What transient business do you have, people that walk by the store?

A. People that drive.

Q. Do you have parking facilities at your store?

A. Yes, I do.

Q. That is right out in front, isn't it?

A. Yes, right out in front.

Q. If you can tell me, what were your gross sales in 1962?

A. I am assuming now they are in the neighborhood of around $225,000 or thereabouts.

Q. You are assuming, you don't know? Is that because [fol. 1241] you don't have your books right with you?

A. That's right.

Q. What were they in 1961?

A. I also would have to look up in my records. I don't recall.

Q. But in any event you are able to tell us that there have been increases and declines in your sales, but generally speaking they have been pretty much the same over the last five years?

A. I can't go back and say the last five years. I am just trying to recall the last two years. I don't know without checking my records. My bookkeeper handles that and I don't know.

Q. So you are not able to tell me whether or not your sales are lower now than they were in 19——

A. No, I can't tell you that accurately.

Q. —1958?

A. I couldn't recall.

Q. Couldn't you tell me generally speaking that you have——

A. That is my problem. I don't retain that type of information. At the time I read it I remember it and after that I have so many other things I take care of that I just don't recall those things. I will have to look it up myself to see what I did the holiday prior to the one I did [fol. 1242] this year. I just don't recall.

Q. Has your business been operated successfully or profitably over the last five years?

A. Yes, it has.

Q. Indeed it has been operated profitably since 1933, has it not?

A. Well, we have been able to survive.

Q. I take it that in the years that you have been in the business you have seen a number of smaller concerns expand and grow, have you not?

A. You are referring to my vicinity, in my area?

Q. Yes. Let's talk about your vicinity.

A. No.

Q. Cracker Barrel is a relatively new concern, is it not?

A. They are a new concern but they are not a concern that has grown since they have been there.

Q. Is this their second store?

A. No. This is their first.

Q. And then they built another one some place else, did they not?

A. That's right.

Q. And they are building a third in another location now; isn't that so?

A. That is my understanding that they are going to.

[fol. 1243] Q. And they built this first store about seven years ago, you said?

A. Approximately.

Q. So in the last seven years here is a concern which has apparently succeeded and expanded in the business; is that not right?

A. Yes.

Q. Another example from your own area is Hughes Markets; isn't that so?

A. We have a Hughes Market.

Q. Didn't Hughes enter the grocery business in the Los Angeles metropolitan area for the first time in about 1954, or do you know?

A. I don't recall the date they entered.

Q. Was it after 1950?

A. I still don't recall.

Q. But there is a concern that has grown from one store into operating several stores in the Los Angeles metropolitan area; isn't that correct?

A. Well, it was always my assumption that they took over some of the Fitzsimmons Stores, or some chain. I can't recall which one.

Q. You had assumed that they entered the business for the first time by taking over a Thriftimart or a Fitzsimmons Store?

[fol. 1244] A. It was my understanding.

Q. Do you know Joe Hughes at all?

A. No, I don't.

Q. Do you know what he was doing prior to the time that he started operating his own business?

A. It was told to me one time. I think he was affiliated with some company.

Q. He was working for Thriftimart, wasn't he?

A. I wouldn't swear to that because I don't know.

Q. There are rather new concerns. For example the Silver's Market, they went in there about a year ago; isn't that right?

A. I would say approximately.

Q. Do they appear to be succeeding in their location?

A. They appear to be. It was a going Thriftimart Store that took over when Thriftimart gave it up.

Q. Do you know why Thriftimart gave it up?

A. Because they opened their new shopping center on Glendale Avenue.

A. Yes, that is right next—within a block of Von's.

Q. And near Silver's?

A. No, they are not near Silver's.

Q. Wouldn't you say it was probable that Thriftimart was not making a profit at that store?

[fol. 1245] A. I couldn't say.

Q. You don't know. Do you know whether Mr. Silver, if that is who operates Silver's Market, had any prior experience in the grocery business before taking over this store?

A. It is my understanding that he did.

Q. Do you know what that experience was?

A. No, I don't.

Q. Would you refer to Paragraph 13 of your statement, sir. Would you state what acquisitions and consolidations since 1948 you had in mind in making that statement?

A. Well, I believe Acme took over Alpha Beta.

Q. Do you know whether that was before or after the Von's-Shopping Bag merger?

A. No, I don't.

Q. What others?

A. McDaniels, part of them were taken over, I believe, by Food Giant. Offhand I just can't recall. I knew them but I just don't recall them now.

Q. But you have told us everything that you had in mind when you signed that statement, is that right, concerning specific acquisitions and consolidations?

A. No. There are a few others that I had in mind but I just don't recall them at the moment.

Q. You don't recall what they are? Why don't we take [fol. 1246] a break and let you think about it.

(A short recess was taken.)

Mr. Vaughn: Q. Do you remember any other mergers or consolidations now?

A. Yes. McDaniels I recall were taken over partly by Food Giant and partly by Hughes. I believe Fox was taken over, even though they went out, by Food Fair I believe it is. And Alpha Beta, as I recall, I believe they took over the Raisin chain.

Q. You didn't talk to anybody about this question during the time we had a recess, did you?

A. No, I didn't.

Q. Is that all you remember at the moment?

A. That's all I recall.

Q. McDaniels was a chain of roughly 24 markets four years ago, was it not?

A. I don't know the specific amount.

Q. Do you know that they did get in financial difficulty?

A. That was my understanding.

Q. And that they sold off many of their stores to single store operators?

A. I believe they did.

Q. And they sold off about three to Hughes; isn't that right?

[fol. 1247] A. I don't know the specific amount.

Q. And then they sold off the remaining stores, which were about nine in number, to Food Giant; isn't that right?

A. I still don't know the exact amount.

Q. And they went into bankruptcy; isn't that so?

A. I don't recall exactly what happened towards the end.

Q. You don't know whether they went into bankruptcy or not?

A. No, I don't.

Q. Or whether they made an assignment for the benefit of creditors; is that right?

A. No, I don't.

Q. But you do know they were in financial difficulty?

A. That is my understanding that they were.

Q. Now the Fox chain. That was a chain that was started by Eddie Fox in the mid 1950's, wasn't it?

A. I don't know the exact time.

Q. They expanded very rapidly; is that not so?

A. I believe they did.

Q. And they found themselves in financial difficulty; isn't that correct?

A. Yes.

Q. And they did go into bankruptcy, did they not?

A. That is the way I understood it to be, yes.

[fol. 1248] Q. And isn't it so that their financial difficulty is attributed to over-expansion with inadequate capital?

A. Well, we assume that.

Q. Many of the Fox Stores were sold off to single store operators, were they not, and smaller concerns?

A. I couldn't say.

Q. You don't know?

A. I don't know.

Q. But the remaining five stores are now being operated by Food Fair; isn't that right?

A. I don't even know if the remaining, all of them, are. No, I can't answer that.

Q. Some Fox Stores are being operated by Food Fair; isn't that right?

A. I don't even know that.

Q. So you don't know if there was any consolidation or acquisition, or anything of that kind, do you?

A. No, I don't.

Q. How many stores did Raisin have when it sold to Alpha Beta?

A. I don't know.

Q. When did that take place?

A. I don't know.

What chain operates the greatest number of stores in the Los Angeles metropolitan area, Mr. Rubin?

[fol. 1249] A. I am not sure but I think Von's is one of them.

Q. One of them?

A. I don't know if they are one of them or they are the one.

Q. You don't know who has the greatest number of stores?

A. No, I really don't.

Q. You do know, do you not, that Safeway is a national chain?

A. Yes.

Q. And reputed to be the second largest national chain of grocery stores; is that not so?

A. Which one is the first?

Q. Isn't A & P the first?

A. I can't even answer that.

Q. You don't know. A & P also is a large national chain?

A. Yes, they are.

Q. And they operate stores in this area, do they not?

A. Yes, they do.

Q. Acme, which, as you have pointed out, acquired Alpha Beta and is also a large national chain, is it not?

A. I don't even know that.

Q. You don't know that they are the fourth largest chain in the nation?

[fol. 1250] A. I didn't know that.

Q. Food Fair is a large national chain, is it not?

A. I can't answer that. I don't know.

Q. Do you know whether or not they were operating any stores in Los Angeles or Orange Counties prior to the time that they began operating the Fox Stores?

A. No, I don't.

Q. Do you know whether Acme had any stores prior to its acquisition of Alpha Beta?

A. No, I don't.

Q. You state in Paragraph 14 of your statement that there will probably be subsequent mergers between and involving the other major chains.

A. I feel that in time there will.

Q. What chains do you think will merge?

A. I don't know.

Q. You have no way of predicting what particular chains will merge.

A. Yes.

Q. You just have a feeling that chains will merge.

A. That's right.

Q. Would it be fair to say that your conclusion in that respect is speculation on your part?

A. No, I don't believe it is. I believe that they will. That is my personal belief.

[fol. 1251] Q. Your personal belief that they will merge?

A. Yes.

Q. But you are unable to tell me what chains will merge?

A. That's right.

Q. Why do you believe there are going to be mergers in the future?

Mr. Knight: Before you answer that, it is calling for the operation of the witness's mind and I object to it on that ground. He has stated that it is his belief and I think it should be dropped there.

Mr. Vaughn: Q. On what do you base your belief?

A. Well, from the past history of the operation of chains such as Von's and Shopping Bag, which is one. I feel if they have done it others will follow.

Q. Why?

A. That is my belief.

Q. But you can't tell me why?

Mr. Knight: I will object to that on the ground that the question is argumentative.

Mr. Vaughn: Q. You can still answer the question. You cannot tell me why that is your belief; is that a fair summary of your testimony?

A. Well, as I say, from the history of Von's and Shopping Bag, that chain merged there and it is my belief that [fol. 1252] others will follow suit if they are allowed to continue.

Q. Now I would like to know the basis for your belief.

A. Well, other chains have merged, as we have noticed, and some that we have mentioned. I just feel that trend will continue. From my observation of what has happened here that's all I can say.

Q. That is the most you can say about that subject; is that right?

A. Yes.

Q. Would you say that there is vigorous competition in the grocery business in Los Angeles and Orange Counties today?

A. I feel there is competition today, yes.

Q. And vigorous competition; isn't that right?

A. I would say so.

Q. Is it any less vigorous today than it was three years ago?

A. I can't say.

Q. Would you think it was more vigorous?

A. I can't say.

Q. In your particular community it is more vigorous, isn't it?

A. Well, we have had more markets in our community.

Q. Is it your conclusion then that competition is more [fol. 1253] vigorous today?

A. Yes.

Mr. Vaughn: I have nothing further.

Mr. Knight: Mr. Reporter, I would like to offer the statement entitled "Testimony of Charles I. Rubin" as Rubin Exhibit No. 1 for identification.

(The document referred to was marked by the notary public as Rubin Exhibit No. 1 for identification, a carbon copy of which is attached in lieu of the original.)

Cross-examination.

By Mr. Knight:

Q. Would you care for a little rest?

A. No, that's all right.

Q. I have just a few questions and maybe counsel will have a few more, but it won't be too long.

Mr. Rubin, would you please tell us what your total experience in the retail grocery business in the Los Angeles area has been, that is since you were a boy and a man, and including everything that you have done, whether it be a box boy or a clerk or salesman? Would you total up the years that you have in the industry?

A. My total years go back in the original days when I was out of school. My folks had a grocery store and I always worked, practically—in fact I can say all my life [fol. 1254] actually, my working days. I only worked on one other job, and that was a very, very short time. The rest of the time was in the food industry.

Q. Would you say that roughly that would amount to a total of perhaps 40 or 50 years?

A. Well, take my age less about—I worked when I was going to school and after school, so I actually was about 16 when I started.

Q. That would be about——

A. I would say about 36 years—35 or 37 years.

Q. So that when you were questioned concerning your beliefs as to what is happening in the grocery industry your answers are based upon a total of 37 years of experience and observation; is that correct?

A. That's right.

Q. Counsel asked you a question concerning the Dales Store, Mr. Rubin. Do you recall the reference to Dales?

A. In our neighborhood?

Q. Yes, sir.

A. Yes.

Q. Would you consider——

A. Pardon me.

Q. In your neighborhood, or wherever it happens to be, sir.

A. The one that we referred to, that particular store [fol. 1255] that they opened up that is a liquor and grocery?

Q. Yes. The one you had in mind when you responded to counsel's question.

A. Yes.

Mr. Vaughn: There are two Dales.

Mr. Knight: Q. Would you identify the location of the Dales that you were referring to?

A. The one we were referring to was the one that they opened up, Dales Junior specifically is what it is called. They have big Dales supermarkets and then they have this Dales Junior that they started.

Q. They have two types?

A. Yes, they have two types. They have the regular supermarket and then they have these Dales Juniors they started out in the Valley, which consist of a small grocery and liquor store. They call it a fast store.

Q. These Dales Juniors, have you been in one of them?

A. Yes, I have been in one of them.

Q. Very recently?

A. No. It has been quite a while. In fact when they first opened it up he invited me out to see it and that has been quite a few years back.

Q. Did you notice whether they handle a full line of dry groceries?

A. Well, they have a representation of a full line, you [fol. 1256] know. In other words, in smaller quantities.

Q. Now referring to the larger Dale operation, would you, based upon your experience in the industry, consider the larger Dales Stores more of a grocery store or liquor store?

A. No, they are a supermarket. They are a big market.

Q. They are a full line?

A. Full line of everything.

Q. They have meats?

A. Everything.

Q. Produce?

A. Liquor and everything.

Q. And dry groceries?

A. Yes.

Q. Counsel queried you concerning your total sales over the past few years, Mr. Rubin. You gave us your gross in 1962 as being approximately $225,000. Would you say that thus far in the calendar year 1963 your sales are approximating those of the first three months of 1962?

A. I would say they are.

Q. This is in the grocery and liquor only?

A. That's right.

Q. You lease out the meat department, do you, sir?

A. Yes. I have the master lease on the building and I sublease the other departments.

[fol. 1257] Q. You sublease the produce and the meat?

A. Produce, meats and bakery.

Q. You told us, Mr. Rubin, that you are a member of Spartan Grocers; is that true?

A. Yes.

Q. For how many years have you been a member of Spartan?

A. Well, it has been over 30. It was 29. We were a member prior to that time. I would say we are a member of Spartan 32, 33 or 34 years.

Q. Do you recall approximately how long ago it was that Spartan no longer could be considered an individual entity?

A. Is that when Certified——

Q. Yes.

A. I don't recall the exact time.

Q. Would it be three or four years ago?

A. It appears to me it is longer. I could be wrong.

Q. Were you ever a member of the Orange Empire co-op, sir?

A. No.

Q. Do you know approximately in what area of Los Angeles the Orange Empire operations are conducted?

A. No.

Q. Do you know whether Orange Empire services the [fol. 1258] entire San Fernando Valley?

A. I can't say. I don't know.

Q. About a year or two ago, Mr. Rubin, was there any change of any kind in your relationship with Spartan?

A. No, sir, I don't believe so.

Q. Were you required to increase your membership, sir?

A. You see, I was never—We usually leave our dividends accumulate and that takes care—Pardon me. Maybe I don't quite understand the question properly. Would you repeat that question?

Q. Was there any change in the membership fee that you were assessed?

A. Yes.

Q. Would you tell us about that change, please?

A. Well, originally we were paying dues and then they raised that and now they have raised it to a point now where we have to pay a processing charge for each order.

Q. Was there any change in the minimum order requirements, Mr. Rubin, over the past two or three years?

A. It is my understanding that there was.

Q. How much is this delivery fee, Mr. Rubin, if you know?

A. The which?

Q. The delivery charge. Shall we call it that?

A. $3.50.

[fol. 1259] Q. Prior to Spartan joining Certified did that $3.50 charge exist?

A. No, it did not.

Q. Do you run the so-called weekend specials at any time in your store?

A. No, we don't any more.

Q. Did you at one time run specials?

A. Years back.

Q. Would you care to tell us why you don't run specials any more?

A. Because we couldn't meet the competitive price of the bigger stores. It just had no effect whatsoever.

Q. Are you familiar, Mr. Rubin, with the Smart & Final Company?

A. Yes, I am familiar with them, though I haven't done much business with them. But I know of them.

Q. Do you know who owns them?

A. Yes, I do. I am trying to recall now. Smart & Final took over Haas Baruch. Isn't that funny, I can't recollect though I did know it.

Q. Mr. Rubin, based upon your experience of some 37 years in the industry, and based upon your observation of the discount house operations, would you say that all of these discount houses carry a full line of groceries, produce and meats?

[fol. 1260] A. I can't say that they do. Actually I have only gone into one of them myself.

Q. Which one was that, sir?

A. I believe it was Moore's out on the west end of town.

Q. Do they carry produce, sir?

A. No.

Q. Did they carry fresh meats, sir?

A. No. All they carried was groceries.

Q. Dry groceries, sir?

A. Yes.

Q. I believe that counsel queried you concerning the so-called shopping centers, Mr. Rubin. He asked you whether you had made an effort or an attempt to enter a shopping center, speaking of a new one, a proposed one, and your

answer was "No." Would you care to elaborate on that answer for us?

A. Well, in the first place I don't think I stand much of a chance. My financial rating wouldn't qualify, and also I wouldn't be any drawing card to a shopping center as a tenant.

Q. Based upon your 37 years of experience in the industry who would you say would be a drawing card?

A. Any of your major chains with a Triple A financial rating.

[fol. 1261] Q. Mr. Rubin, you are located on a very well traveled street, aren't you, that is your store is?

A. Yes, I am.

Q. Would you say that you enjoy a certain, well, for want of a better word, a certain transient trade?

A. I would say we do.

Q. And this would involve people who don't reside within a mile or two of your store?

A. That's right. The greatest portion of them don't.

Q. I was just going to ask that. I think the best way to do it would be this: Would you care to approximate for us the amount in terms of percentages, relating it to a hundred per cent of your business, which is made up of this transient business?

A. Well, I would say that 75 per cent of it is made up of transient. Of course, we have quite a few transient customers that are steady, that live, or work I should say, in an area where they go by our store and they live as far as La Crescenta or Montrose, and they find it very convenient to shop there. They want to get in and out fast. And those people are interested more in the personalized service we are able to give them.

Q. About how far away is La Crescenta and Montrose?

A. La Crescenta is about eight miles.

Q. How far away is Montrose, sir, from your store?

[fol. 1262] A. Well, Montrose and La Crescenta are within a radius of a very short distance, I think it's a mile or two.

Q. And your store is en route for people going home?

A. Yes. And people going to Pasadena, people living in Pasadena. We have them from all over.

Q. Approximately how far is Pasadena from your store?

A. Pasadena is about eight miles also.

Q. Mr. Rubin, you mentioned, and I jotted down the name here, I believe it is Dave Marias who had a store in your neighborhood. Did you know him, sir?

A. Yes, I knew Dave Marias.

Q. He once operated a grocery store near you?

A. Yes. In our early years when we first went in.

Q. And that store is closed now?

A. Yes. It has been for quite some time.

Q. Turner's Market, was that fairly near your store?

Mr. Vaughn: Tower.

Mr. Knight: I beg your pardon.

Q. Was that close to your market?

A. No. That was on Central up above, I would say, a good mile.

Q. And that store is closed now?

A. That store closed. It closed when Better Foods opened up.

Q. And the same question for Long's? Did a man [fol. 1263] by the name of Long once operate a grocery store near you?

A. Yes. He closed when Von's and Thriftimart opened.

Q. Counsel asked you concerning the now disbanded King Cole operation, Mr. Rubin. Do you recall that?

A. Yes.

Q. Do you know whether the King Cole Stores, or more particularly the King Cole Store near you was serviced by a truck or trucks operated by King Cole?

A. Their dry groceries? No. I believe they belonged to a co-op.

Q. Mr. Rubin, based upon your 37 years of experience in the retail grocery industry in the Los Angeles metropolitan area would you state that it has been your observation that the retail grocery industry in this area is becoming concentrated in fewer and fewer hands?

A. Are you speaking in our area or metropolitan area?

Q. Whatever area you are familiar with, sir.

A. I believe it is.

Mr. Knight: I have no further questions.

Redirect examination.

By Mr. Vaughn:

Q. What area were you referring to just then?

A. Well, actually from what I have observed and so forth I believe they are being affected in all areas.

[fol. 1264] Q. You feel that the grocery business is being concentrated in fewer and fewer hands?

A. Yes, I do.

Q. That means that there are less grocery concerns in the Los Angeles metropolitan area today than there were, what, three years ago?

A. Are you speaking about less independents or less chains?

Q. I am talking about less grocery concerns, whether they be chains or independents.

A. I can't.

Q. Because you told me it is being concentrated in fewer and fewer hands.

A. I figured fewer chain hands. Because no one of the independents, which naturally I am interested in, have gone out. I don't know what the percentagewise on the chain stores is. I couldn't say.

Q. In other words, you were talking only that there are fewer and fewer chains; is that it?

A. No. I would say there are fewer and fewer independents.

Q. Mr. Rubin, you told me earlier in your examination that you did not know if there were fewer single store operators in the Los Angeles metropolitan area now than in 1950; isn't that so?

[fol. 1265] A. I don't remember whether I did or not.

Q. It is my recollection of what you said. Do you wish to change your testimony?

A. If that is what I said I will let it stand.

Q. In other words, you do not know if there are fewer single store operators today than there were in 1950; isn't that right?

A. Would that be stores that have closed or stores that might have opened in that time? That I don't know.

Q. You don't know whether there have been more openings than closings, in other words; is that right?

A. No, I don't.

Q. Did the Dave Marias Market go out of business more than ten years ago?

A. Yes, he did.

Q. More than 20 years ago? Would it be 1943?

A. I don't know the exact date but I would say it is in that vicinity.

Q. Did the Tower Market go out of business more than ten years ago?

A. Yes.

Q. More than 20 years ago?

A. I can't recall that.

Q. Somewhere between 10 and 20 would you say would be a fair estimate?

[fol. 1266] A. I would say.

Q. So the only independent store that has gone out of business in your community since 1950 is Long's; isn't that right?

A. Is that in my immediate vicinity?

Q. Yes.

A. I believe so.

Mr. Vaughn: I have nothing further.

Mr. Knight: I have no further questions.

(Discussion off the record.)

Mr. Knight: Mr. Rubin, would you be agreeable to waiving signature to your deposition and that it may be filed?

The Witness: Yes.

Mr. Vaughn: We will stipulate to the waiver.

[fol. 1266a] IN THE UNITED STATES DISTRICT COURT

Honorable CHARLES H. CARR, Judge Presiding

No. 336-60-CC Civil

[Title omitted]

Transcript of Proceedings—June 11, 1963

Place: Los Angeles, California

* * * * * * *

[fol. 1267] TESTIMONY OF FRANK RUSH

If subpoenaed to testify, Frank Rush would testify as follows:

1. He was the owner of the Prospect Store, 7538 E. Garvey Boulevard, South San Gabriel, Los Angeles County, California. He operated this store for approximately sixteen years. He has 32 years of experience in the grocery business. In 1959, the Prospect Store had about $180,000 in sales. He is presently the Business Manager, Grocery Department, Crown Hotel & Restaurant Supply Co., located at 1368 N. Lake in Pasadena, California.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, Mr. Rush closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age," and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the [fol. 1268] witness would testify that in the period since 1950 the number of single store grocery retailers operating

in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that single store operators cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result fewer grocery stores are needed in the area to serve a comparable [fol. 1269] number of people.

6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from Certified Cooperative and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such highly perishable products as fresh dairy, meat and produce items. However, he

would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution systems. Thus they have combined the advantages of the cooperative with direct purchasing and a highly developed distribution system. In addition some [fol. 1270] of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the picture presented in the defendants' exhibits which show that in the period between 1950 and 1958 the market share of the eight largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the nine largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the fifteen largest chains increased from 38.4 per cent to 50 per cent; and the market share of the twenty largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis; that they played a part in the competitive merchandising of groceries in the area; [fol. 1271] that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair, and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated

as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for new locations is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's-Shopping Bag."

12. He would also testify there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

13. He would state that if this merger of Von's and Shopping Bag is permitted there will probably be subsequent mergers between and involving the other major [fol. 1272] chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 1273] TESTIMONY OF JACK SWERDLICK

If subpoenaed to testify, Jack Swerdlick would testify as follows:

1. He is the owner of Value Ranch Market, 3751 East Olympic Boulevard, Los Angeles County, Los Angeles, California. He has been in the grocery business for over twenty years. In 1959, Value Ranch Market had grocery sales of about $375,000.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers

are apt to read. Therefore, Mr. Swerdlick closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local pepers. He subscribes to the Key Services and follows the prices of all of the major chains appearing in those booklets. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store Age" and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the [fol. 1274] number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that a single store operator cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result, fewer grocery stores are needed in the area to serve a comparable number of people.

[fol. 1275] 6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that

he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from Certified Cooperative and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major products as dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution system. Thus, they have combined the advantages of Certified with direct purchasing and a highly developed distribution system.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles [fol. 1276] metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part

in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha [fol. 1277] Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same lines and the stores are known as "Von's & Shopping Bag."

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

13. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subse- [fol. 1278] quent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.

[fol. 1279] Deposition of JACK SWERDLICK, taken on behalf of defendants, at 433 South Spring Street, Los Angeles, California, commencing at 11:15 A.M., Tuesday, April 23, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.

JACK SWERDLICK, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Vaughn:

Q. Would you state your full name for the record?
A. Jack J. Swerdlick.
Q. What is your home address, sir?
A. 8550 West Sawyer.
Q. Is that in Los Angeles?
A. Los Angeles.
Q. How old are you?
A. Fifty-two.
Q. Do you have an interest in the Value Ranch Market at 3751 East Olympic Boulevard, Los Angeles?
A. Yes.
Q. Does anybody else have an interest in that market?
[fol. 1280] A. Yes, my brother-in-law. We are co-partners.
Q. Is that Louis Silver?
A. Right.
Q. My information is, sir, that you began to work in that market as an employee in 1951; is that right?
A. Well, I wasn't working as an employee, I was working as a part owner.
Q. That commenced in 1951?
A. 1951, yes.
Q. Prior to that time had you had any experience in the Grocery business?
A. Yes. I was—We had a store on Central Avenue and one on Vernon and Western.
Q. Was that prior to 1951, both stores?
A. Yes.
Q. When you say "We," who do you mean?

A. Mr. Silver.

Q. Did Irving Silver have an interest in the business in 1951?

A. Yes.

Q. Is he Mr. Louis Silver's brother?

A. Correct.

Q. Were you active in the business prior to 1951?

A. What do you mean by "active"?

Q. Did you work there every day?

[fol. 1281] A. Oh, yes, yes.

Q. How many years have you worked in the grocery business?

A. I have been in the grocery business, oh, I would say approximately close to 20 years.

Q. Always with Mr. Silver?

A. Well, I have been with Mr. Silver since 1946.

Q. You first operated what store? Commencing in 1946 what store were you operating?

A. That was on around the 1800 block Central Avenue.

Q. In East Los Angeles?

A. Yes, that would be East Los Angeles.

Q. You operated along with Mr. Silver from 1946 until when?

A. It must have been a couple of years.

Q. Until about 1948, something like that?

A. Yes, something like that.

Q. Then did you move your operations to another store?

A. Mr. Silver—At the Central, and at the next one they sold the one on Central and they bought one on Western and Vernon. Now, I was only—I had a small share in it at that time.

Q. But in about 1948 they sold the one at 18th and Central and bought a store at Western and Vernon?

A. Right.

[fol. 1282] Q. How long was that store operated by you and the Silvers?

A. Close to three years.

Q. From 1948 to about 1951, something like that?

A. Yes.

Q. Then from 1951 you have owned and operated the Value Ranch Market?

A. Right.

Q. Is there still a market being operated at the 18th and Central location?

A. No. It's a tire shop now.

Q. When did it become a tire shop, do you know?

A. Well, I would say about four or five years ago at least.

Q. It was operated as a market after the time that you sold it?

A. We sold it and they operated it as a market, yes.

Q. About how large was the market at 18th and Central?

A. Well, it wasn't too large. I couldn't tell you by square feet. Oh, it did about—I could tell you the volume of business it did. That market did about $3500 or $4000 a week.

Q. Would you say it was a mom and pop type store?

A. Yes.

Q. The one on Western and Vernon, is that still being [fol. 1283] operated as a market?

A. Yes, it is.

Q. By whom, do you know?

A. The last I heard there is some Japanese people operating that market.

Q. How is that in terms of size?

A. Well, that would be in between, a little bit bigger than a momma and poppa store.

Q. But somewhat bigger than the 18th and Central Avenue store?

A. Yes.

Q. The Value Ranch Market, how big is that?

A. Well, that is a medium size store. Nowadays you would call it maybe—eight or ten years ago it was considered a pretty good market, now it's a good sized momma and poppa store, according to the reaction or according to the way everybody has been built up. I would call it that.

Q. Let us talk for a minute about your Western and Vernon Market. How far away was that from Vermont and Vernon?

A. Oh, I would say probably eight or ten blocks.

Q. Are you familiar with the Vernon and Vermont Market?

A. Your next large intersection is Vermont west of Western.

[fol. 1284] Q. Are you familiar with the Vernon and Vermont Market?

A. No. At present?

Q. At any time. When you were working down there.

A. Oh, yes, sure.

Q. Do you know Bob Sherry who runs that market?

A. Bob Sherry is the one we bought it from. I am pretty sure it was Sherry. Do you know Bob Sherry?

Q. I know Bob Sherry.

A. Is he a short fellow?

Q. No.

A. Then I don't know him.

Q. He operates the Vernon and Vermont Market at the corner of Vernon and Vermont.

A. This Sherry I was talking about is my size, so it couldn't be the same one.

Q. But are you familiar with the operations of the Vernon and Vermont Market?

A. No.

Q. You don't know anything about it?

A. No.

Q. Do you remember what the gross sales volume in your store was in 1951, that is the volume of the Value Ranch Market?

A. Well, in 1951 I know it was over $400,000. I couldn't [fol. 1285] tell you exactly. You see, I didn't pay too much attention to the books, see. But I know it was over $400,000 a year. I know that for sure.

Q. In 1951?

A. Yes.

Q. What was it in 1962?

A. It must have been—I recall it was about a half a million dollars.

Q. That is an approximate figure?

A. Yes, approximate figure.

Q. What was it in 1962?

A. In 1962 it went down, I think we did about $275,000 something like that.

Q. To what do you attribute the decline in your gross sales over this period of time?

A. Well, it's no question about it. Since we have been there there have been many large chains have moved into

that area. What I mean, the area fairly close by. There was six or seven large chains that opened up. So naturally our business declined. So I would have to attribute it to the opening of the chain stores.

Q. Has there been any change in the character of the neighborhood which you serve?

A. Well, a little bit, yes.

Q. Has it become more commercial and industrial and [fol. 1286] less residential?

A. Not too much industrial, but maybe it was a little more thickly populated. In other words, there was maybe a few that bought homes on the outskirts, you know, veterans and so on. But no industrial went in there in that section.

Q. So one of the reasons why your volume has declined is that population has declined in the neighborhood; isn't that so?

A. Well, it hasn't declined in a certain degree. I will tell you why. You see, in that certain neighborhood most of them are Spanish. Now, when these certain people that moved away there was always new ones that came in. You see, a lot of them come in from Mexico, so I wouldn't say it actually declined in population. But it was a turn-over in the customers. It was a turn-over in the customers.

But as far as population, it is probably the same thing. But, like I say, I phrase it different. Some of our customers moved away and bought homes, but there was somebody that came in and took their place.

Q. Would you tell me the names of the stores that you feel are in competition with you in your particular locality and approximately how far away they are from you?

A. Well, you got the A & P.

Q. How far away is that?

A. It's on Atlantic. Oh, I would say it's about 20, 22, [fol. 1287] 24, something like that.

Q. Twenty-four blocks.

A. Something like that. Twenty blocks, eighteen blocks. Then Von's is in what we call Atlantic Square, or Atlantic Shopping Center.

Q. How far away is that now?

A. That's about 20, 22, 23 blocks, something like that. And then you have Food Giant at about the same distance.

In that area there is about a good five or six new supers that went up there. You have a Thriftimart there, A & P, Food Giant.

Q. About the same distance away?

A. Yes, about the same distance there. And Alpha Beta I would say is maybe ten or twelve blocks, a little further over.

Q. You mean further on from Von's?

A. Yes.

Q. So that would be comething like 32-34 blocks away?

A. Something like that.

Q. Any others?

A. Well, let's see. Thriftimart is there, Shopping Bag—I don't recall. Thriftimart is there, Food Giant is there, Von's is there, Alpha Beta is there, A & P. I can recall five. I don't know if there is another one or not. I know [fol. 1288] there is five.

Q. Don't you have some independent stores, that is stores operated by single store operators or other concerns?

A. Well, there is an independent store, they are on Whittier close to Atlantic, the Jonson's Market.

Q. Oh, yes.

A. I believe they own two or three markets. I am not sure.

Q. That is about how far from your store?

A. That is about, I would say, 20 blocks or something like that. Twenty or twenty-two, something like that.

Q. Any others you can think of, whether they are small or big?

A. Well, Safeway opened a store on Brooklyn and Rowan.

Q. How far away is that from you?

A. That is about 15 blocks.

Q. Any others?

A. I don't recall. I don't recall any others.

Q. Let us go back to the A & P 20 blocks away. About when was that opened?

A. A & P I believe was opened between two and a half and three years ago, something like that.

Q. How about Von's.

A. Von's I would say around three years. I would [fol. 1289] say approximately around that time.

Q. I understand these are approximations. The Food Giant, when was that opened?

A. Well, the Food Giant, that was about four years ago. In other words, the Food Giant took it over from McDaniel's. Actually it was a McDaniel's Store but Food Giant took it over.

Q. Thriftimart.

A. Thriftimart I think has only been there about a year and a half the most.

Q. The Alpha Beta 32 or 34 blocks away?

A. They have probably been there a year or a year and a half, something like that.

Q. Jonson's Market has been there under Jonson's name for how long?

A. Under "Jonson" it has been there about a couple of years.

Q. Before that it was an Alpha Beta, wasn't it?

A. Right.

Q. As an Alpha Beta it had been there for many years, had it not?

A. No, no. Alpha Beta bought that from—I believe they bought it from Lucky's. I think Lucky bought out Raisin's and I think they bought it from Lucky Markets.

Q. But as a market——

[fol. 1290] A. It is either Raisin's or Lucky's, one of the two. I know they bought it from them.

Q. But as a market it has been there for a long time?

A. Oh, yes. It used to be a Mayfair Market at one time.

Q. It's an older store?

A. Yes. They have remodeled it but it's an older store.

Q. The Safeway 15 blocks away, when was that opened?

A. That opened about a year ago. That is a new market.

Q. Is it correct to say that your closest competitor is the Safeway 15 blocks away?

A. Yes.

Q. Do you have parking facilities at your store?

A. Some, yes.

Q. About how many cars would your parking lot accommodate?

A. Oh, I would say a dozen cars, maybe 15. Something like that.

Q. Would you say that most of your customers walk to your store?

A. No, no.

Q. Most of them drive to your store?

A. Well, that is hard to tell, when you say that most of them walk. There are some people come and walk, you [fol. 1291] know, if they buy milk or something like that. But I mean as far as grocery order is concerned, they drive.

Q. Generally speaking you serve a lowe income neighborhood; isn't that right?

A. Yes.

Q. Very few of the people in that neighborhood have two cars per family; isn't that right?

A. Well, I would think so that most of them would have one car.

Q. So that the housewife who is near you in the middle of the week who makes her grocery purchases, she probably has to walk to a grocery store, doesn't she?

A. Yes.

Q. Wouldn't you say that most of your business comes from the immediate neighborhood surrounding?

A. No, no. Our business doesn't come from the immediate neighborhood surrounding.

Q. Where does it come from?

A. Well, some of them moved away and some of them come back and some don't. But where they really come from is at the weekend when you try and give them a good ad. There is where they usually from from.

Q. Where do they come from?

A. Well, I would say they come from—Some might come from 30 blocks away, 40 blocks away. Nowadays it is [fol. 1292] hard to tell because they look in the papers, you know and I know, and most people, his wife probably, they look in the paper nowadays. If this husband drives or she drive, they jump in the car. If it's 20, 30, 40 blocks away, if they can get a bargain they just go to that certain store to get the bargain. So in other words, they watch those ads pretty good. Because on the weekends that is where they do most of their shopping.

Q. How do you know that your people come from as far away as 40 blocks?

A. Well, a lot of times you see strange people and after

you have been there a certain length of time you more or less get to know people, or you can tell by looking at them if they were there before.

Q. You know the people that regularly shop your store, don't you?

A. A lot of them, yes.

Q. So if you see a stranger you assume that he came from some distance away to your store; isn't that right?

A. Probably so, yes.

Q. So your regular customers, the people with whom you are acquainted and who shop in your store on a daily basis are those from the immediate neighborhood where your store is located; isn't that so?

A. Well, you see the people in my neighborhood, they [fol. 1293] come in and buy, like I say they will be short of some milk or that. But it hurts to say it, but they still on the weekends they will come in any they will still when it comes to the big orders they don't shop. They shop somewhere else.

Q. A large percentage of your business is made up by these one stop, just fill in shorts, people who want to fill in shorts; isn't that right?

A. That isn't where most of your business would come from.

Q. Where does most of your business come from?

A. Well, most of your business would come from if your customer comes in and buys a basketful of groceries, well, where you can check out a volume of at least $10 or more, then you know you have a grocery order. But if you sell them a loaf of bread or milk, that takes a lot of loaves of bread or milk in order to have any kind of volume at all.

Q. Well, I will get back to this question: How do you know these people who are coming in on the weekends come from 40 blocks away?

A. Well, many of them, you know, you get curious and you ask a lot of them and say, "I haven't seen you before, where do you live?" and they will tell you they live this way and this way, and it is amazing when you find out how far they have traveled or where they live.

Q. Do you have any drive-in dairies near your store? [fol. 1294] A. Yes, yes.

Q. There is one right across the street, isn't there?

A. Right.

Q. How long has that been there?

A. It has been there, I think it is less than a year.

Q. And they sell milk cheaper than you do, don't they?

A. No, no, they don't.

Q. They sell milk at the same price that you do?

A. They sell at the same price.

Q. And they sell other products too, don't they?

A. Yes, they do. In fact they sell bread, they sell weiners, they sell——

Q. Potato chips?

A. Potato chips, yes.

Q. What else?

A. Oh, they sell dairy products. They sell drinks, you know, like punch or a drink or stuff like that.

Q. You are regulated by state law concerning the amount you can charge for your milk, are you not?

A. Sure.

Q. Are you sure that drive-in dairy across the street doesn't undersell you in milk?

A. I am pretty sure.

Q. Have you ever gone over there and checked their prices?

[fol. 1295] A. Yes. In fact I send over to buy milk just for that purpose. Like you say I want to make sure that they aren't underselling me.

Q. As far as you know they are not underselling you?

A. They do not. As I understand, if they did, you know, they could get themselves in trouble. As I understand the milk has to be produced, or don't they have to have a certain —It has to be processed at that certain place before they can sell, or something like that. Anyway, they couldn't sell it any cheaper. I don't know just how the formality is.

Q. That is your understanding that they could not sell any cheaper?

A. That's right.

Q. When that drive-in dairy opened up did it affect your business in any way?

A. Well, it cut down a little on the milk. Most likely it did. But it doesn't affect us any in any other way, as far as like you say potato chips or anything like that.

Q. You think price, I take it, is the important factor in drawing customers to the grocery store, isn't it?

A. Price?

Q. Yes.

A. Definitely, yes.

[fol. 1296] Q. Do you think it is important to maintain a clean and attractive store?

A. Yes, I guess it is.

Q. Do you try to do that?

A. Yes, I do, with the facilities I have. What I mean is I try to keep it clean as far as, you know, dusting or washing the floor. But, of course, the fixtures we have are old fixtures, there is no question about it. It is not modern like some of the chains. We just can't afford to put in—it would take 75 or 100 thousand to remodel the thing and we just haven't got it and we are not in a position to remodel.

Q. But you can still keep old things clean, can't you?

A. Yes. Which we try to do.

Q. Do you think you succeed in that respect? Do you think you have a clean store?

A. Well, as clean as possible we can. We try and keep it clean. It is hard to say. We try and keep it as clean as possible. We see to it that the cans are dusted and, like I say, the floor is washed and that we wipe off the cases and so on. About with what we got to work. But they are old cases, there is no question about it.

Q. And the return bottles are taken out of the way and put in the back of the store?

A. Oh, yes. I don't like to clutter them up.

[fol. 1297] Q. You don't like to have them around the check stands or anything like that?

A. Definitely not, no.

Q. Do you know Yosh Inadomi?

A. Yes, I do.

Q. He runs Jonson's Markets, does he not?

A. Yes, he does.

Q. Have you been in his store?

A. No, I haven't.

Q. You have never been in it?

A. I don't know why I haven't. I should but I haven't.

Q. Do you know whether he operates a successful business?

A. Well, I know he does operate a successful business, there is no question. You've got to give him credit. He

has got a nice store, which I have been told many times. You know the store isn't too old, the one they have. He's got, after all, more modern equipment and all that and he operates a nice store.

Q. He has another store in East Los Angeles, hasn't he?

A. I believe—it's a family affair. There is one on 1st Street.

Q. It is a new building, isn't it?

A. I believe so. Didn't they have a fire there?

[fol. 1298] Q. I don't know.

A. I don't know for sure, but it's a family affair. You see, you've got the one near Soto, you know, and then you have the 1st Street and then Jonson's, the one that used to be Alpha Beta. I guess it's a family affair. They have one on Broadway. It's all a family affair.

Q. They started in business after the war, did they not?

A. I didn't know them before. That I don't know. They must have. Are they Japanese? I really don't know.

Q. Yes, they are.

A. I don't know if they operated before the war or not. They couldn't. I presume they couldn't have done it during the war. But I didn't know them at that time. I got acquainted after we moved into Value Ranch Market.

Q. You say that you cater primarily to Spanish-speaking people; is that correct?

A. Yes. Most of the people around there are Spanish-speaking people.

Q. You offer special products not customarily found in grocery stores in other parts of the Los Angeles metropolitan area that have special appeal for Spanish-speaking people?

A. Well, I really don't know.

Q. Do you offer tortillas?

A. Yes. But it seems to me that most—you take most [fol. 1299] of your stores or chains, as I notice it they might not sell as many tortillas, or have it on the butcher counter, but they do have them in the deli cases. So naturally I know they handle it. I don't think we handle anything special. We might sell a little more Spanish food but I don't think we sell any specialized—we don't specialize in certain Spanish foods that other ones don't have.

Q. Do you promote your Spanish foods? Do you put them on your ads and the like?

A. Not too much, no.

Q. You don't have any special area of your store devoted to Spanish food?

A. Yes. We have a sign, "Spanish Foods," yes.

Q. Is that near the fromt or the back of your store?

A. In the middle of the store.

Q. In what newspapers do you advertise?

A. We advertise in the—that is the Chronicle, the the Wyvernwood Chronicle.

Q. Is that a local paper, that is local East Los Angeles?

A. Yes.

Q. What is it, a throw-away?

A. It's a throw-away.

Q. Do you advertise any other place?

A. Well, I think this Wyvernwood, I think also has [fol. 1300] Gazette, what you a Gazette.

Q. And your ads appear in the Gazette?

A. Sometimes.

Q. When, when you ask for it?

A. We have an agreement if he has space left he will put us in both papers, otherwise we will only run in one paper.

Q. Do you advertise in Spanish?

A. No.

Q. Have you ever heard of a market operator who has a store near a large Spanish speaking population that advertises in Spanish?

A. I don't recall it.

Q. Do you think it might be a good idea?

A. It might be, yes.

Q. Have you thought of it before?

A. We thought of it but we found out the circulation isn't large enough and it would cost us too much money.

Q. To advertise in Spanish instead of English?

A. Yes.

Q. It costs more to advertise in Spanish?

A. We couldn't just advertise it in Spanish alone. We would have to advertise in both. We still have to advertise in this Chronicle besides that.

Q. Will the Chronicle take an ad in part Spanish and [fol. 1301] part English?

A. I don't think so.

Q. Have you ever asked?

A. No, I never asked but I don't think they would. Yo see, because this Chronicle, they use the facilities of th Eastside Tribune and I don't know if they could do tha

Q. Mr. Swerdlick, we have been supplied with a copy a document entitled "Testimony of Jack Swerdlick." D you have a copy of that with you?

Mr. Vaughn: Mr. Hughes is now showing him a cop of the statement.

The Witness: This here, yes.

Mr. Vaughn:

Q. Did you ultimately put your signature on the origin or any copy of that document?

The Witness: I think I signed a copy with you, didn't

Mr. Vaughn: You may refresh his recollection if yo wish.

Mr. Hughes: Yes, you did sign it.

Mr. Vaughn:

Q. You read it before you signed it, didn't you?

A. Yes, yes.

Q. Would you look at Paragraph 3 of that statement a the sentence that reads at the beginning: "On the bas of his continued study of retail grocery merchandisi [fol. 1302] in the Los Angeles metropolitan area, the w ness would testify that in the period since 1950 the numb of single store grocery retailers operating in the area d clined." To what area did you have reference in maki that statement, sir?

A. Well, they declined, I would say the metropolit area. I would say all over Los Angeles.

Q. The Los Angeles metropolitan area?

A. Yes.

Q. Has there been a decline or increase in the numb of single store operators in Orange County?

A. Are you talking about independent stores?

Q. Yes.

A. No. There was a decline.

Q. Was there a decline in Orange County?

A. Well, how far is Orange County? How far does stretch?

Q. Do you know where Orange County is?
A. No. I wouldn't say that I know for sure.
Q. Do you know where the San Fernando Valley is?
A. Yes.
Q. Do you know if there has been a decline in the number of independent grocery stores in San Fernando Valley?
A. Yes.
Q. Since 1950?
[fol. 1303] A. Yes.
Q. How many were there in 1950?
A. Well, as I recall reading an article once, since 1950 to the present time I think it said Orange County, there was about, oh, about 1500 store decline within that period from that time on until now.
Q. In Orange County?
A. Yes.
Q. How about the San Fernando Valley?
A. Well, isn't that Orange County?
Q. Orange County is not in San Fernando Valley. You don't know where Orange County is, do you?
A. No, I don't know how far that stretches, no.
Q. But you do know where the San Fernando Valley is?
A. Oh, yes. Does Orange County stretch, would that take in Long Beach, San Pedro, up to the west side toward the beach?
Q. No. Let me ask you. Do you know where the San Fernando Valley is?
A. Yes.
Q. You do know?
A. Yes.
Q. How many single store operators were there in the San Fernando Valley in 1950?
A. I don't know.
[fol. 1304] Q. How many were there in 1960?
A. Well, I don't know approximately.
Q. How many in 1963?
A. Well, I don't know the amount of stores but I do know like I go and buy the produce in the market, which I will run into certain individuals that own stores, which they went out of business.
Q. Do you ever run into any individuals that have opened up a business?

A. Individuals, no.

Q. You have never heard of anybody opening up a grocery store in Los Angeles and Orange Counties since 1950?

A. Well, I know of one that bought a store but I don't know about opening a store. That is changed hands, an individual.

Q. You don't know of any store that has changed hands since 1950 in the Los Angeles metropolitan area?

A. That changed hands?

Q. Yes.

A. Oh, yes.

Q. How about Jonson's, did they open up after 1950, their first store?

A. Yes. That one on Brooklyn was opened after that, sure.

Q. There is one single store operator that you know [fol. 1305] that opened up a store after 1950, isn't it?

A. Well, like I say, is that the only store he owns? That family, it is hard to tell who owns what. You see, because like I say, it is strictly a family affair. So it's his uncle puts in money, like Inadomi, he is in with his uncle, I believe. He is in with his uncle. So I wouldn't say if that is the only store they own or if he has part ownership in the one on 1st Street, or the Jonson's you know, that one that they bought out Alpha Beta. I really don't know.

Q. Do you know of any store other than the one we have referred to, the Alpha Beta Store, which carries the name Jonson's?

A. The one on Whittier carries Jonson's, the one near Brooklyn and Soto carries Jonson's.

Q. When was the one near Brooklyn and Soto opened for the first time?

A. I believe about three years ago, something like that.

Q. And after that they took over the old Alpha Beta Store?

A. That's right.

Q. The only stores that you know that are named Jonson's were opened after 1950, were they not?

A. Yes.

[fol. 1306] Q. Have you ever heard of Hughes Markets?

A. Oh, yes.

Q. Do you know when Hughes Markets opened its first store?

A. No, I don't.

Q. Do you know if it was after 1950?

A. I couldn't tell you if it was after. I couldn't tell you when they opened.

Q. Have you ever heard of Pantry Markets?

A. I heard of them, yes.

Q. Do you know when they opened their first store?

A. I don't know much about them.

Q. Have you ever heard of Michael's Markets?

A. I don't recall that name.

Q. You don't know that chain. That is understandable because it is in Orange County.

A. Is it?

Q. Yes. You don't know where Orange County is. Are you really able to say, Mr. Swerdlick, that there have been more single store operators go out of business since 1950 than have come into business since 1950 in the Los Angeles metropolitan area?

A. Definitely, no question about it, yes.

Q. What do you base that on?

A. Well, I base it on, the first place you take there is [fol. 1307] a lot of chains that opened up. There is a lot of mergers that have been done. And the chains that opened up opened up great big stores, beautiful stores, you know, over million dollar stores, real large.

And there is no question about it, stores like that that can serve more people and all that took the business away.

Q. So you assume that because these new chain stores have opened up that single store operators have gone out of business?

A. It's not a matter of assuming, it's a fact.

Q. In the immediate area where you have a grocery store are there more or less single store operators now than there were in 1950?

A. There are less.

Q. You tell me the ones that have gone out of business?

A. Well, there was a couple of them that went out. I don't know the name of them. There was a couple of them on Union Pacific that went out.

Q. When?

A. Oh, in the last three or four years.

Q. Did anybody come along to open up that store again?

A. That I don't know. And then there is——

[fol. 1308] Q. You don't know if there is a grocery store there or not; is that right?

A. There is a grocery store on Union Pacific. And then there is one that closed up on Indiana, they went out of business.

Q. Did somebody else come along to operate that store?

A. No, no. In fact it is still vacant at the present time.

Q. Any other?

A. In that neighborhood?

Q. Yes.

A. Well, I don't remember—I know further over, a salesman that comes in, that opened, he had a store. Now, that was in El Monte. That is a little farther. In fact he put in $50,000 and remodeled it and then along came Thriftimart and Von's and the other ones, supers that opened. He had to go out of business.

Q. What was his name?

A. His name was Levy.

Q. Will you define for me what the Los Angeles metropolitan area is? What does it consist of?

A. Metropolitan area?

Q. Yes.

A. It consists of East Los Angeles, West Los Angeles, all the way—that would be all the way to the Pacific Coast [fol. 1309] Highway on one side and up to Hollywood on the other side.

Q. Is that it? Is that what you think of as the Los Angeles metropolitan area?

A. Well, I think San Pedro is considered the Los Angeles area, metropolitan area.

Q. Anything else?

A. And then I believe the beaches. I am not sure if the beaches are considered, like Manhattan, Hermosa. I am not sure if they are or not.

Q. Have you told us about all the stores that have gone out of business since 1950 and they haven't been opened up again as a grocery store in the Los Angeles metropolitan area?

A. Well, tell you about the stores?

Q. Yes. I want to know what are these stores that have gone out of business?

A. Well, there was one fellow at, a couple of stores his name was Bloom. I think it was either Mike or Sid Bloom. He had the store—Now, Inglewood is considered metropolitan. I am sure he had one store in Inglewood and he had one store on Rosecrans, I believe, near Crenshaw, around there. He had to go out of business. He had to close it up. He went broke.

Q. What was the name of those stores?

[fol. 1310] A. I don't recall the names of the stores.

Q. Any others that you know about? He had two stores, didn't he?

A. I believe he had two stores.

Q. So he wasn't a single store operator?

A. No. He had two stores.

Q. Just tell me about single store operators that you know have gone out of business and their store hasn't been opened up again by anybody else.

A. Well, like I say, I knew a couple. I don't know their name. I knew a couple, like I say, from the Valley but I don't know their name. And I ran into—I would say I ran into half a dozen of them in the produce market. But you get to know people but I don't recall the names. You know, you get to know each other, you eat breakfast. But as far as the name is concerned, I don't know the name.

Q. Have you told us now about all the single store operators that you know about that went out of business?

A. That I personally know, yes. Every time you read in your Bulletins, you know, your Merchandiser, Progressive Journal, different ones that tells this and this fellow went out of business, this and that butcher. There was many, many stores. But I just don't recall the names of them.

Q. But you also read in these same papers that people are coming into the business, don't you?

[fol. 1311] A. Yes, yes.

Q. So somebody opened up a market here or somebody bought a market here, you read that all the time, don't you?

A. Yes, you read that all the time. But very few that you will read that individuals opened up.

Q. So it is on the basis of all these things that you con-

clude that there has been a decline in the number of single store operators in the Los Angeles metropolitan area.

A. Yes, yes.

Q. Since 1950?

A. Yes. In fact, you give me a good buyer there will be another decline in me.

Q. Let us talk about that a minute. You almost sold your store in July 1962 to a man named Morris Goldberg; isn't that right?

A. Right.

Q. Why didn't that deal go through?

A. Well, the deal didn't go through, I guess the man, to put it frankly, he just chickened out of the deal. He figured he couldn't handle it. He just couldn't handle it.

We had many people that would come down. And, like I say, they had stores, they just gave it up, looking at it. I don't ask them, how long did you give it up, you know, this and that. But they did have stores that they gave up, [fol. 1312] but naturally they look around, look around. So far we didn't have anybody that would put a down payment on it. If they did, believe me, if we get a chance we would sell it because it's a hard struggle, believe me. I am not making as much as the man working in the store. We put in a lot of hours and if we didn't we couldn't make a living. We would draw our wages.

Q. Mr. Swerdlick, you said earlier that there have been mergers in the grocery business.

A. Yes. Oh, sure.

Q. Would you tell me about those, all the ones that you can remember?

A. Well, I know Thriftimart bought out some, I believe it was Robert's Stores or Fitzsimmons. They bought out some stores. And I think that—Smart & Final, I believe they own part of that. Then Hughes acquired some of the McDaniel's Stores, Food Giant acquired some of the McDaniel's Stores, and, of course, the biggest one was Von's and Shopping Bag, and Food Giant acquired some stores.

Q. From whom?

A. Boy's Market bought some stores.

Q. I asked you from whom did Food Giant buy stores?

A. They bought some from McDaniel's.

Q. McDaniel's?

A. Yes.

[fol. 1313] Q. Boy's acquired some stores, you say?

A. I believe they acquired some of Kory's Stores or Better Foods. I am not sure about Better Foods. I know they did acquire Kory's Stores. And then you had Alpha Beta merging with that Eastern concern, what is the name? You probably know.

Q. Acme?

A. Yes. And then Lucky bought some stores.

Q. Which stores did they buy?

A. They bought some Raisin Stores.

Q. Are you sure it wasn't Alpha Beta that acquired those Raisin Stores?

A. I believe it was Alpha Beta. But didn't Alpha Beta sell some of these back to Lucky? I believe so.

Q. You think that Alpha Beta sold some of its stores to Lucky; is that right?

A. I believe so.

Q. Any others that you can name?

A. Well, the Food Fair just acquired some stores from Fox.

Q. Is that it?

A. That's about as far as I can think at the present.

Q. Do you know whether Thriftimart is now operating any of the stores that were acquired from Roberts?

A. I really don't know.

[fol. 1314] Q. That acquisition was some time ago, was it not?

A. Yes. But I don't think it was too long ago that they merged with—What is it?—Smart & Final?

Q Yes. Let's talk about the Thriftimart-Robert's.

A. That I don't recall.

Q. Isn't it a fact that Thriftimart has sold off many of its Robert's Stores to Thriftimart employees who are now operating them as single store operators?

A. They sold some of their small stores, yes.

Q. Some to some of their employees?

A. That I don't know.

Q. Smart & Final is not in the retail grocery business, is it?

A. No.

Q. It is just a wholesaler of groceries; isn't that correct?

A. Yes.

Q. So Thriftimart in acquiring Smart & Final didn't acquire any retail stores, did it?

A. No, no, no.

Q. You talk about McDaniel's. You are aware, are you not, that McDaniel's three or four years ago was operating a 24 or so store chain?

A. I don't know. I know they had a few stores. I don't know how many.

[fol. 1315] Q. And then they began to get in financial difficulty, didn't they?

A. Yes, they did.

Q. And they started selling off some of their stores to single store operators and small concerns, did they not?

A. I don't recall of any single store operators buying them. Maybe you know. But I know Hughes bought some of them and I know Food Giant did. But I don't know of any single store operator.

Q. How many did Hughes buy?

A. They bought about three or four of them, maybe five.

Q. How many did Food Giant buy?

A. Food Giant must have bought, I think about nine or ten of them. I am not sure now.

Q. McDaniel's by that time was in bankruptcy; isn't that right?

A. They were in difficulty, yes.

Q. In bankruptcy, weren't they?

A. I believe they were, yes.

Q. Was Acme operating any stores in the Los Angeles metropolitan area prior to its acquisition of Alpha Beta?

A. Not that I know of.

Q. Acme is a large national chain, isn't it?

A. It's an Eastern chain, yes.

[fol. 1316] Q. Was Food Fair operating any stores before it took over the operation of Fox Stores?

A. No.

Q. Fox is a chain that started out after 1950, isn't it?

A. Yes.

Q. And they expanded very rapidly?

A. Yes. I know. I remember they had one or two stores, sure.

Q. Maybe they expanded too rapidly?

A. They expanded too rapidly. When he started buying

stores, like take a small operator like me, they couldn't give me those stores.

Q. You wouldn't buy those stores?

A. Of course not.

Q. Bad stores?

A. Yes, they were bad stores.

Q. And pretty soon Fox found itself in financial difficulty and it went bankrupt, didn't it?

A. That's for sure, yes.

Q. And Food Fair is now operating some of the Fox Stores; isn't that right?

A. Yes.

Q. There are a number of Fox Stores, though, that were sold off to small concerns and single store operators; isn't [fol. 1317] that correct?

A. That I don't know.

Q. You don't know whether that is so or not?

A. I know the last article I saw in one of the grocery papers that they took them over, and I don't know how many stores they took over, of course. But they did take over Fox's operation.

So maybe, like you say, maybe some of them they sold which they didn't want.

Q. Food Fair is also a large Eastern chain, isn't it?

A. Yes, it is.

Q. It had no stores in the Los Angeles metropolitan area before it began operating Fox Stores, did it?

A. No, no, it didn't.

Q. Are you a member of Certified?

A. Yes.

Q. Are you able to buy your groceries as cheaply, that is own your groceries on your shelves as cheaply as they can get on the shelves of a chain store?

A. Most of them, yes, I would say so.

Q. By reason of Certified's great volume buying; is that right?

A. That's right, that's right.

Q. So how does the fact that the chains operate their own warehouses give them any advantage over you?

[fol. 1318] A. Well, in the first place you take Certified, there are certain things you can get in Certified. You know, you can't get everybody in Certified to operate the

store. Like you say, your dairy products, your produce, or your meat. You see, they don't handle any of that stuff.

Q. You can buy your dairy products just as cheaply as a chain, can't you?

A. From who, from Certified?

Q. From Golden Creme.

A. No, no, I can't.

Q. How do you know?

A. How do I know? Well, it stands to reason that I know, because in the first place you are talking about a chain and you are talking about me; right?

Q. Yes.

A. You take a chain—You take a large chain like they build their own warehouses. They build warehouses right now where they have carloads of merchandise. They can put in carloads of bananas that goes directly by railroad right into their warehouses. They got the same facilities for their produce or their meat. They also have facilities where they got it all in their warehouses. They got their own trucks, they got their own—everything that is controlled by them. They have their own trucking concerns where they put it on their own trucks, they deliver it to [fol. 1319] certain individual chain stores.

As you take Golden Creme, each one is an individual driver. Now, we buy some bread from Golden Creme or some dairy products. They all belong to the union, they draw big wages, each one is an individual. A bread driver——

Q. Let me interrupt you for just a second so we don't get too far gone. I want you to be able to complete your answer. Doesn't Von's have to pay its drivers union wages?

A. Yes, they do. But Von's——

Q. Doesn't Von's have an overhead in operating that warehouse?

A. They have.

Q. Don't they have to do their own buying when Certified does its buying for you of dry groceries?

A. Yes. But when you have one buyer buying for 70, 80, 90 stores, it's a lot different when you have individuals. Don't forget everything that they do they do volume of buying and they have it in their certain warehouses and where they have all the facilities where it is sold. At those

certain warehouses where they have control of everything. And when all that shipment comes in and they can send it direct, sure, like you say, they belong to the union. But they put it on their own trucks and that saves them a lot of expenses.

Q. You get your dairy products, for example, off a Golden Creme truck, don't you?

[fol. 1320] A. Some. Not all of them.

Q. Do you also have one other dairy?

A. Yes. Knudsen's.

Q. Knudsen supplies you too?

A. Yes.

Q. And Von's gets its dairy products off a Jerseymaid truck, doesn't it? It is not a Von's truck, it is a Jerseymaid truck, isn't it?

A. But the way I understand, I don't know for sure, that Jerseymaid is part of Von's, that they are a cooperative.

Q. You mean that Von's has an interest in Jerseymaid?

A. Yes. That Von's and Market Basket, I believe, and I think Alexander's——

Q. Have an interest in Jerseymaid.

A. —have an interest in Jerseymaid.

Q. And you have an interest in Golden Creme, haven't you?

A. We have stock.

Q. Yes, about $10,000 worth of it, don't you?

A. That's right.

Q. So you have an interest in a dairy just like Von's has an interest in a dairy?

A. Well, it is cooperative.

Q. Jonson's is a member of that same dairy, isn't it?

A. Yes, he is.

[fol. 1321] Q. Food Giant is a member of that dairy, isn't it?

A. Yes, he is.

Q. Do you think that Von's ownership interest in Jerseymaid gives it an advantage over you when you have an ownership interest in Golden Creme?

A. Yes, it does. In the first place the interest I have is a small amount, which don't compare to any big chain, like you are talking, even Food Giant. You know as well as I do how much interest Food Giant got in Golden Creme.

You know they have the biggest interest. There is no question about it.

Q. Sure. They have the biggest volume, too, don't they?

A. Sure, that's right. But we have a small share in it.

Q. Yes. You have a smaller share in it but you can't sell your milk for any less than Von's sells its milk, can you?

A. No, no.

Q. In other words, it is governed by state law and you both sell your milk at the same price, don't you?

A. That's right.

Q. Is there any competitive advantage in terms of getting customers into your store which Von's has over you by reason of the fact that it is in Jerseymaid?

[fol. 1332] A. Yes. Well, you see if you buy a certain volume of milk you pay a less percentage.

Q. You mean they are making more profit on their milk?

A. That's right.

Q. But does that attract any more customers into the store when you have to sell the milk at the same price?

A. No, I wouldn't say the milk at the same price. The only thing is with their volume of buying, you see you are allowed so much off if you buy $10 or you buy $50 or $100. The more you buy the more percentage you actually get.

Q. So for every dollar of milk they sell they get a greater profit than you do.

A. That's right.

Q. And you don't like that?

A. It is not a matter of liking it, it is a matter I envy them. Let's put it that way. It is not a matter of I like it, I envy them. I just can't say I don't like this guy's driving a Cadillac and I've got a Chevy. I would like to have one too. But just the same I don't like it. More power if he can do it. But I can't do it. I am not in a position to do it. With their volume of money they have and with all their facilities they are able to do that which I am not.

You see, since Von's——

Q. There is no question pending, Mr. Swerdlick.

[fol. 1323] Would you look at Paragraph 14 of your statement, just the first sentence will be fine. What did you mean when you said that?

A. In other words, what I meant, if they allow the merger

of Von's and Shopping Bag that there would be more mergers after.

Q. Involving who?

A. Involving different chains.

Q. Which chains?

A. Well, it is hard to say. It could be Food Giant, Thriftimart, Market Basket merging with somebody else.

Q. Who is Food Giant going to merge with?

A. That I couldn't tell you.

Q. You don't know if any of those chains are going to merge, do you?

A. Not offhand, no, I couldn't tell you.

Q. You are speculating that there may be mergers in the future; isn't that correct?

A. It is not a matter of speculating. It would be a fact.

Q. You can state as a fact that other chains are going to merge in the future?

A. Definitely.

Q. Now I want you to tell me who those chains are.

Mr. Hughes: He didn't answer the question. Let the [fol. 1324] witness answer the question.

Mr. Vaughn: Q. If you want to finish your answer, go ahead. You said, "Definitely." Do you have anything else?

A. Definitely if one merger is allowed they are laying —you haven't noticed of late too many mergers. Now, I don't know, it was because of them knowing about Von's and Shopping Bag—I don't know if they know that Von's and Shopping Bag, that the government is taking them to court, or whatever it is. Now they are probably waiting to see how Von's and Shopping Bag come out. And if Von's and Shopping Bag can get away with it they figure they can do it too.

Q. What is the basis for your information, who have you talked to, and who told you that?

A. My basis is from the things that what actually already happened.

Q. Now I want you to tell me what chain is waiting for this case to be over before it merges. You tell me which chain.

A. I couldn't commit myself to name any certain chain.

Q. Because you don't have any idea what chain is waiting to merge as soon as this case is over; isn't that right?

A. No, I couldn't really point my finger on a chain and say that this chain is going to merge.

[fol. 1325] Q. Of course not.

A. No, I couldn't just lay my finger on it, no. But I know that it will happen. There is no question about it.

Q. You can be specific but you can just say you think it is going to happen; isn't that right?

A. It is going to happen because it has been happening.

Q. And you wouldn't say that you were speculating?

A. Pardon me?

Q. You wouldn't say you were speculating; is that right?

A. I expect?

Q. You were speculating.

A. No, I wouldn't say I am speculating. I would say it's a fact that would happen.

Q. Have you noticed any changes in grocery retailing in the last three years?

A. Yes, I did notice. There is changing. Now, when Von's was operating as Von's, before Von's and Shopping Bag, they stood in line pretty fair. Now when they merged with Von's and Shopping Bag after a short period of time all their prices on the floor were knocked down. They started advertising that, the lowest shelf prices, and they did lower the prices.

You take all your, you know, your main products, they [fol. 1326] lower. Your baby food, your canned milk, your coffee, soups and all that, they went way down. And naturally the other chains followed them.

When that happens, like I will give you an illustration. Now you've got Von's right now selling bread five for a dollar, the ad was in yesterday's paper. Five fifteen and a half ounce loaves for a dollar. Now, they are the lowest. Now what am I supposed to do? If I don't try to follow in some other respects up to Von's I am going to lose more business. Now, Von's is able to do that. They have a beautiful big bakery when they merged with Shopping Bag, which Shopping Bag has a beautiful big bakery. They can do it.

Q. Have you ever seen that bakery?

A. No, I haven't been by it but I have heard it's a beautiful, beautiful bakery. I heard that it is one of the finest there is. That I did hear.

If I would sell five loaves for a dollar, they sell fifteen

and a half ounce loaves and I sell fifteen ounce loaves, the price is 27. Now, I couldn't sell it for that price because I would be losing money on the bread.

Q. Have you heard about discount houses selling food?

A. Yes.

Q. They sell for cheaper prices than the conventional supermarket?

[fol. 1327] A. They do, yes, they do.

Q. Are there any discount houses in your area?

A. Not close by. Well, there is a discount house, like I was talking about 25-30 blocks away. There is one there.

Q. What is the name of that?

A. I forgot the name of it. It is right near—You probably know the name of it.

Q. No, I don't.

A. I know it's on Whittier. Now, I don't know the name. I did know but I forgot the name of it.

Q. The sale of foods through discount houses is a relatively new development in grocery retailing, is it not?

A. Yes.

Q. Something that has happened in about the last three years?

A. That's right.

Q. You also know of the bantam stores that have sprung up around Los Angeles?

A. I have heard of bantam stores. Mostly I heard about on the outskirts, like Long Beach. I have heard of them. I don't know just how many or where they are located. I did hear of some bantam stores, yes.

Q. Are there any liquor stores in the general area where you compete?

[fol. 1328] A. Liquor stores?

Q. Yes.

A. Yes, we have one on the corner.

Q. Does it sell any food items?

A. No.

Q. Do any of the liquor stores that you know about in the general area where you are sell grocery items?

A. No, not that I know of, no.

Q. You don't have any. Do you know of any place in the Los Angeles metropolitan area where liquor stores are commencing to sell more and more groceries?

A. Yes. They sell groceries, deli, yes. A lot of them are doing it, yes.

Q. Have you seen some of those stores?

A. Yes, yes. Some of the newer ones that opened up I did see.

Q. You are generally familiar with their operations, are you not?

A. Yes. To a certain extent, yes.

Q. Wouldn't you say that some of those liquor stores sell more grocery products than the average mom and pop store?

A. Well, that I don't know. I couldn't tell you.

Q. You have been in an average mom and pop store, haven't you.

[fol. 1329] A. Yes.

Q. A small, little store?

A. Yes. I suppose some do sell. That I couldn't tell you. They probably sell more deli but I don't know about groceries. That I couldn't tell. But they probably sell more deli because they get in a couple of nice, you know, two or three frozen food cases and they attract attention, you know, for frozen foods. But I couldn't tell you about dry groceries.

Q. How many grocery items do you handle in your store?

A. I couldn't tell you how many grocery items we have. I just couldn't tell you. I know we have a full line as possible to compete with any other store, you know. We might not have certain fancy items, but in general we have what the next store has.

Q. Visualize an area ten blocks around your store. What percentage of that area is residential?

A. Oh, about 80, 85 per cent.

Mr. Vaughn: I have nothing further.

(A short recess was taken.)

Cross-examination.

By Mr. Hughes:

Q. Mr. Swerdlick, you refer to bantam stores in your testimony. What is a bantam store?

[fol. 1330] A. Well, a bantam store, to my estimation, a bantam store has a certain amount of groceries. I don't think they carry a full line. They just carry a certain amount of groceries and it's a small store.

Q. Are they any different from a mom and pop?

A. Not too much different, no.

Mr. Hughes: I have no further questions.

I would just like to have marked for identification an exhibit entitled "Testimony of Jack Swerdlick" as Swerdlick Exhibit No. 1.

(The document referred to was marked by the notary public as Swerdlick Exhibit No. 1 for identification, a carbon copy of which is attached hereto.)

Mr. Vaughn: I have nothing further.

Mr. Hughes: Mr. Swerdlick, if it is agreeable to counsel for Von's and the government, would you waive signing the deposition that the reporter has taken down? Would you forego signing it if we agree that it is correctly recorded?

The Witness: Yes.

Mr. Hughes: Does counsel for Von's agree?

Mr. Vaughn: Yes.

[fol. 1331] TESTIMONY OF JOHN TAYLOR

If subpoenaed to testify, John Taylor would testify as follows:

1. He is the owner of Johns Market, 720 North Tyler Avenue, El Monte, Los Angeles County, California. He has been in the grocery business for about 17 years and has operated Johns Market for 4 years, with the exception of a period of less than a year when he had subleased the operation to another party. His sublessee failed in his payments and Johns Market reverted to Mr. Taylor. The sales of Johns Market in 1959 were about $845,000. Prior to the

reversion of the premises, he had operated the store under the name "Commonwealth Market."

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles Metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, Mr. Taylor closely inspects all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviews grocery advertising appearing in local papers. He subscribes to the "Key Services" and follows the prices of all of the major chains appearing in that booklet. In keeping abreast of the retail grocery trade generally, he regularly reads, among other publications, the "Commercial Bul-
[fol. 1332] letin," "Super Market Merchandising," "Chain Store Age," and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles Metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that a single store operator cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result, single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of gro-
[fol. 1333] cery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding dollar sales. The large supermarkets today serve many more people than they did in the past. As a result,

fewer grocery stores are needed in the area to serve a comparable number of people.

6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at those warehouses, and operate large trucking facilities. As a result, they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from Certified Cooperative and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major perishable products as fresh dairy, meat, and produce items. However, he would testify that large chains, such as Von's and Shop-
[fol. 1334] ping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing and distribution system. Thus, they have combined the advantages of the cooperatives with direct purchasing and a highly developed distribution system. In addition, some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles Metropolitan area, he is in agreement with the picture presented in defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 percent; the market share of the 9 largest chains increased from 34.3 percent to 41.7 percent; the market share of the 15 largest chains increased from 38.4 percent to 50 percent; and the market share of the 20 largest chains increased from 40.5 percent to 54.4 percent. When shown the tables prepared from the Bureau of Census reports by the Govern-

ment economist, he would testify that these figures also corroborate his own understanding, based upon his experience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on [fol. 1335] the sales of the largest chains.

9. He would state in his testimony that he observed the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralphs, Safeway, Market Basket, Thriftimart, Alpha Beta, Mayfair, and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for new locations is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the same line and the stores are known as "Von's-Shopping Bag."

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of [fol. 1336] Von's, that the competition which Von's faces has not been "'cut throat" or "devastating" and that there are no "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

13. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery

chains will dominate retail grocery distribution throughout the Los Angeles Metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles Metropolitan area.

[fol. 1337] Deposition of JOHN TAYLOR, taken on behalf of defendants, at 433 South Spring Street, Los Angeles, California, commencing at 2:00 P.M., Tuesday, April 23, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to subpoena and notice.

JOHN TAYLOR, having been first duly sworn, deposed and testified as follows:

Mr. Coyle: I think Mr. Taylor had some corrections in the first paragraph of his statement, something to do with selling the stores or something like that. Perhaps he could make them right now.

Mr. Bates: I will be glad to do that.

Direct examination.

By Mr. Bates:

Q. Are they written out?

A. No, sir.

Mr. Coyle: It is Paragraph 1.

The Witness: Wherein it states that I am the owner of John's Market at 720 North Tyler, El Monte, it should be corrected that I am president of Big Dollar Markets No. 2, Incorporated, which is the owner of John's Market, and the address should be corrected from 720 North Tyler to [fol. 1338] 4022 North Tyler.

It further states that I had sublet the operation to another party. Actually I made a sale of equipment and merchan-

dise to another party. Subsequently he went bankrupt. I was on the fixture contract and therefore stepped back into the picture and re-opened the operation.

Mr. Bates: Q. I had that information and I was going to ask you about it.

Just as a predicate to this hearing this afternoon I would like to say that by reason of your 17 years of experience in the grocery business the government has proposed you as being one qualified to express an opinion as to the effect of the Von's merger on the grocery market business in the metropolitan area of Los Angeles.

This hearing is designed to give me, as one of the attorneys for Von's, an opportunity to examine you concerning the experience that you have and the opinions which you have expressed in this statement. You have that statement before you, Mr. Taylor?

A. Yes, sir.

Q. I will refer to it from time to time for the purpose of asking you to refresh your recollection as to what it contains.

John's Market, as you have just told us, is owned by Big Dollar Markets No. 2, Inc.; is that correct?

[fol. 1339] A. Yes, sir.

Q. You are the sole stockholder in control of that corporation, are you not?

A. I am.

Q. What proportion of the authorized and issued stock do you own in that corporation?

A. We have 101 issued shares, of which I have 100.

Q. In 1961 you sold that market to a Mr. Kuhn, did you not, for $91,000?

A. Yes, sir.

Q. You received payment of $41,000 down and the balance of the purchasing price was carried over a term of five years; is that correct?

A. I am not sure about the length of the contract. It wasn't with myself, this contract was held by the Security Bank and various other companies.

Q. What is your best recollection as to the terms and conditions of the sale that you made to Mr. Kuhn?

A. This cash amount, which was approximately $41,000, and assumed the balances due on the equipment contracts.

I don't recall exactly how much they were but it must have been approximately 50,000.

Q. You stated that there was a default in the contract and that you took the store back. Was that in January 1962?

A. Yes, sir, January 1st.

[fol. 1340] Q. Is that the first time that you operated that market under the name of John's Market?

A. Yes, sir.

Q. Prior to that time it had been operated under what name?

A. Commonwealth.

Q. When did you first acquire or when did the Big Dollar Market Corporation first acquire the Commonwealth Market?

A. I believe it was in February 1959.

Q. From whom did you acquire it?

A. An individual by the name of Herbert Sercombe.

Q. What did you pay Mr. Sercombe for that market?

A. I don't recall the total figure, but actually I purchased his equity. It seemed to me like somewhere around six to seven thousand and I assumed his contracts.

Q. Six to seven thousand dollars and do you recall the dollar amount of the contracts assumed?

A. I would say it was about 25,000.

Q. Did this include the inventory?

A. No, sir.

Q. How much inventory did you purchase at that time?

A. I don't recall, sir.

Q. Would you approximate it?

A. I would say approximately 17 to 20,000.

[fol. 1341] Q. Then it would be fair to say, wouldn't it, that your total purchase price was approximately 48 to $50,000, that is made up of the six that you paid plus $25,000 for the contracts and plus $17,000 of inventory? That makes $48,000. So 48 to 50 would be approximately the purchase price?

A. Yes, sir.

Q. Is that as near as you can recall the figures?

A. I think so.

Q. What month in 1959 did you acquire that store?

A. February.

Q. What month in 1961 did you sell it to Mr. Kuhn?

A. April.

Q. So you actually operated it for a period of approximately two years.

A. Yes, sir.

Q. Do you have service meat in that market, or did you at that time?

A. No, sir.

Q. Did you have a meat market?

A. The meat market was leased at that time.

Q. How about produce, did you operate the produce department?

A. I did.

Q. And the grocery department?

[fol. 1342] A. Right.

Q. Did you have a liquor department?

A. No, sir.

Q. The lessee of the meat department ran a service meat department, didn't he?

A. No, sir.

Q. Was it packaged meat?

A. Packaged.

Q. Who was the lessee?

A. His last name was Bartlett. I don't recall his first name.

Q. What he the lessee for the two-year period in which you operated the market?

A. No. I think it was about six months or so and he sold it. He sold the meat department.

Q. Assigned his lease, did he, with your consent?

A. Yes.

Q. Who took it over?

A. A partnership of Salie and Carlucci.

Q. Did they continue to run it for the remainder of the two-year period that you operated it?

A. Not entirely.

Q. Tell me the circumstances.

A. I think they had one year. They did have one year.

Q. Mr. Taylor, how big is this market in terms of square [fol. 1343] feet?

A. Are you referring to selling area?

Q. What?

A. Are you referring to selling area or total?

Q. Total area.

A. Total building area? About 11,000, something like that. Under 12,000.

Q. Would you call this a supermarket?

A. No, sir.

Q. What would you call it?

A. I would call it a large neighborhood store.

Q. What do you consider your draw area was in that store, in terms of radius of miles around the store?

A. A mile and a half.

Q. What percentage of your sales would come from within that draw area, if you know?

A. I do not know.

Q. Would you approximate 90 per cent, 95 per cent?

A. It would only be an approximation. Probably 90 per cent.

Q. Are there any other single store or independent operators within that mile and a half area?

A. Yes, sir.

Q. Would you name them for me?

A. The nearest one is called the Circle Market on Tyler.

[fol. 1344] Q. The Circle Market? Let's see, the Circle Market is located at 4376 Tyler Avenue, isn't it?

A. I believe so.

Q. That would be just about three blocks from you?

A. Yes, sir.

Q. What direction is the Circle Market located?

A. North.

Q. By the way, do you know the owners of the Circle Market, Mr. and Mrs. Horner?

A. I read an article about them today. That is the first time I knew the name.

Q. Was that article in the Food Mart News?

A. Whatever came in the mail today. I think it was. Yes, it was. That is the one that has the new method of printing. That is the Food Mart News.

Q. Do you subscribe to that magazine?

A. No, sir.

Q. What other stores are north of your store within that radius of a mile and a half?

A. I am not sure of the pronunciation, but there is one on

the corner of Lower Azusa and Tyler, it is just off the corner, I think it is called Nagai Ranch Market.

Q. How big a market is that? As big as yours?

A. No, sir.

[fol. 1345] Q. Is it an independent operated store?

A. As far as I know it is, yes, sir.

Q. It is a single operation, just the one store operation?

A. As far as I know.

Q. Anything else north of you?

A. As to independents?

Q. Well, give me the independents first because I am going to ask you about any chain operations within this radiu. I would like to have the independents first.

A. I don't believe so directly north, no, sir.

Q. What about south of you?

A. South they have one called the Key Fair Market.

Q. How big is that market?

A. I believe it is 9,000 square feet.

Q. Is that also a middle sized neighborhood market?

A. I would say it is the same category as my own, what I call a large neighborhood store.

Q. How far from your store is this?

A. I would say less than a mile.

Q. How long have they been in business, if you know?

A. I don't know, sir.

Q. Have they been in business all the time that you have been out as John's Market?

A. Are you referring to this last period?

[fol. 1346] Q. This Key Market.

A. Right.

Q. Wait a minute. I am referring to the entire period from when you first bought the store to the present time.

A. I believe it has been under two or three ownerships and was closed for one period.

Q. For what period was it closed?

A. I don't know, sir. I don't recall.

Q. Anything else south of you?

A. There is a very small neighborhood store, what might be considered slightly south a couple of blocks and a couple of blocks east, but I don't know the name of it, on Clark Street.

Q. A couple of blocks east of you, you say?

A. South and east.

Q. On Clark Street?

A. Yes, sir.

Q. What else is east of you?

A. I know there are three or four stores east but I couldn't tell you the location or streets. They are small Spanish type markets.

Q. You don't consider them competition to you, though, do you?

A. I consider everyone competition to me that is in my radius that I draw customers from.

[fol. 1347] Could you describe those three or four small Mexican stores a little better for me?

A. No, sir.

Q. Are they mom and pop variety?

A. I would say so.

Q. How about west of you in your draw area?

A. We have a natural barrier to the west. I really don't consider anything to the west, although there might be stores within this radius. We have a river bed and airport and it isn't accessible.

Q. What is this natural barrier?

A. There is a river bed and an airport.

Q. Then you seldom have any customers come from the west to your store because of that barrier; is that true?

A. I can't state where my customers come from, all of them.

Q. When did you first get started in the grocery business, Mr. Taylor?

A. 1946.

Q. Where did you first work in this business?

A. Santa Barbara.

Q. In what capacity?

A. I acquired a very small neighborhood store.

Q. How long did you operate that?

A. About two years.

Q. What happened to it?

A. I sold it.

Q. Did you sell it for more than you paid for it?

A. Yes, sir.

Q. Did you operate it profitably that two-year period?

A. Yes, sir.

Q. Do you recall what you paid for it and what you sold it for?

A. I paid $3,000 for fixtures plus inventory.

Q. What did you sell it for?

A. I believe it was around 5,000.

Q. Plus inventory?

A. Yes, sir.

Q. Approximately the same amount of inventory or was it more?

A. I would say the same amount, approximately.

Q. Then what did you do when you sold this store?

A. Moved to Los Angeles.

Q. That would be 1948 or '49?

A. Well, I believe it was in '49.

Q. Did you go into the grocery business again in Los Angeles?

A. Yes, sir.

Q. Where was this?

[fol. 1349] A. 93rd and Avalon Boulevard.

Q. In what capacity did you operate there? Did you buy the store?

A. Yes, sir.

Q. Using the gains and profits from the sale of the Santa Barbara store in part, I take it?

A. Yes, sir.

Q. Do you recall what you paid for the 93rd and Avalon store?

A. Two thousand.

Q. Plus inventory?

A. It could be three. I am not sure.

Q. Plus inventory?

A. Yes, sir.

Q. How long did you operate that store?

A. Not very long. I believe about six months, maybe a little longer.

Q. Did you sell that one?

A. Yes, sir.

Q. What did you sell it for?

A. $5500 plus.

Q. Did you operate it successfully when you were there the six months?

A. Yes, sir.

Q. After leaving 93rd and Avalon where did you go?
[fol. 1350] A. I then took about six months out and worked for Market Basket Stores.
Q. In what capacity?
A. Clerk.
Q. Six months, you say?
A. I believe so, yes, sir.
Q. You left Market Basket for what other job?
A. To manage a small independent in Alhambra.
Q. What is the name of that?
A. It was known as the Westmont Market.
Q. Who opened that store?
A. The last name was Tenney.
Q. Was it a single store operation?
A. Yes, sir.
Q. Where was it located?
A. On West Main Street.
Q. What town?
A. Alhambra.
Q. How long did you manage that store?
A. I honestly don't recall. Not too long. Probably no more than six months, if that long.
Q. It was a single store operation, wasn't it?
A. Yes, sir.
Q. After you left Westmont Market where did you go?
A. I spent a month, maybe two months, at a Thriftway
[fol. 1351] Market.
Q. What that a single operation?
A. Yes, sir.
Q. In what capacity did you work there?
A. Manager.
Q. Two months?
A. Two or three months, yes, sir.

Mr. Knight: Excuse me, Mr. Bates, but could you place the year of Westmont?

Mr. Bates: Q. In what year did you work at Westmont Market?
A. I believe 1950.
Q. What year did you work as manager of Thriftway Market?
A. During the same year.

Q. Then when you left Thriftway what did you do?

A. I bought a market at 75th and South Broadway in Los Angeles.

Q. What was the name of that market?

A. It was called Nogler's Market.

Q. Was that the name of the people from whom you purchased it?

A. Yes, sir.

Q. Did you change its name?

A. Yes, sir.

[fol. 1352] Q. What did you change it to?

A. Farm Fresh.

Q. To this point you seem to be successful as a single store operator and also in being able to make a little money in buying and selling. So I would like to ask you the same questions about this, Mr. Taylor, what did you pay for this store?

A. I paid Mr. Nogler $100 for his interest.

Q. How much?

A. $100. But I leased the fixtures from, I don't recall the name of the man who had the meat department at the time, who had the master lease on the building. I obtained an option to buy and I do not recall the purchase price at this time.

Q. You obtained an option to buy from the landlord or from Mr. Nogler?

A. No, from the master tenant—the former master tenant.

Q. There was an option to buy the fixtures or the building?

A. The fixtures.

Q. You got an assignment of the lease, I suppose, from Mr. Nogler; is that correct?

A. Yes, sir.

Q. How long did you remain in this location?

[fol. 1353] A. About two years.

Q. How large a store was this?

A. About 3500 square feet.

Q. When you paid Mr. Nogler $100 you also paid him an additional amount for inventory, didn't you?

A. Yes.

Q. It was $100 plus inventory?

A. Yes, sir.

Q. Did you sell that store at the end of two years?

A. Yes, sir.

Q. What did you sell it for? Let me strike that. How much did you sell it for?

A. That is going way back. I believe around $9500.

Q. Plus inventory?

A. Plus inventory.

Q. It is true, isn't it, that you also operated that store profitably during that two-year period of time?

A. Yes, sir.

Q. Did you sell that store along toward the end of 1952 or was it before part of '53?

A. I believe that it was June or July of '53.

Q. What did you do after selling the 75th Street store?

A. I took a vacation. It's about time.

Q. Were you out of business any considerable length of [fol. 1354] time?

A. Until November, as I recall.

Q. And when you returned from your vacation in November did you go back into business?

A. Yes, sir.

Q. In the grocery business?

A. Yes, sir.

Q. Tell us about it. What did you do?

A. I bought a market on Firestone Boulevard in South Gate.

Q. That is November 1953, Firestone in South Gate. What was the name of that market?

A. It was called Floyd's Market.

Q. Did you continue to operate it under the name of Floyd's, or did you change the name?

A. I changed the name.

Q. To what?

A. Lloyds.

Q. L-l-o-y-d-'-s?

A. Yes, sir.

Q. What did you pay for that market, Lloyd's Market?

A. I believe about seventeen thousand plus inventory.

Q. Getting a little bigger and better all the time, aren't they?

A. Yes.

[fol. 1335] Q. How long did you operate Lloyd's Market?

A. Three and a half years.
Q. Did you operate successfully?
A. Yes, sir.
Q. Did you sell that at the end of three and a half years?
A. Yes, sir.
Q. How much did you sell it for?
A. First I will go back a little ways. I acquired two more markets during this period.
Q. In the three and a half year period?
A. Yes, sir.
Q. Tell us about those.
A. I acquired one at State and Gage in Huntington Park.
Q. What was the name of that market?
A. Foodville, I believe.
Q. What did you pay for that one?
A. $9500.
Q. Plus inventory again?
A. Plus inventory.
Q. How long did you operate it?
A. About two years.
Q. What was the size of the market?
A. About 4500 square feet.
[fol. 1356] Q. It was a complete market, wasn't it, service, meats, produce, groceries?
A. Service meat, produce and groceries, yes.
Q. Any wine or beer?
A. Liquor.
Q. How long did you keep that market?
A. Until 1956, I believe November. I had it two years, yes.
Q. Do you remember what month in 1956 you sold it?
A. I gave possession in November. I sold it six months prior on an option.
Q. What was the sales price?
A. Forty thousand.
Q. Plus inventory?
A. Yes, sir.
Q. This $40,000 was just the one store named Foodville?
A. Yes, sir. I named it Lloyd's Market. It was originally Foodville.
Q. You named it Lloyd's too?
A. Yes, sir.

Q. That gave you two stores at that point that were being operated as Lloyd's?

A. Yes, sir.

Q. Now, the first Lloyd's you paid $9500 for that plus inventory.

A. Well, the first one about 17,000.

Q. I beg your pardon, that is correct. I am not reading my notes correctly here. You paid $17,000. And you operated that three and a half years and sold it. What was the sales price?

A. $70,000.

Q. You purchased the Lloyd's No. 2 then before you sold Lloyd's No. 1, didn't you?

A. Yes.

Q. What year did you sell Lloyd's No. 1?

A. 1956.

Q. What month?

A. I believe it was May.

Q. May 1956 you sold Lloyd's No. 1 for $70,000 and then in November 1956 you completed your sale——

A. In the meantime I had acquired No. 3.

Q. Let me finish my question here for a moment. In May of the same year you sold Lloyd's No. 2 for $40,000. Now tell me about the third store that you acquired. Where was it and when?

A. Tweedy Boulevard in South Gate.

Q. What was the name of the store?

A. I believe it was Mifflin.

Q. You changed the name of that one?

A. Yes, sir.

[fol. 1358] Q. What was the name?

A. Lloyd's.

Q. No. 3 you called it?

A. No 3.

Q. When did you buy that?

A. I believe it was January of '56, probably February.

Q. You owned and operated that store prior to selling either Lloyd's No. 1 or Lloyd's No. 2; correct?

A. Yes, sir.

Q. How long did you operate Lloyd's No. 3?

A. I sold it together with No. 1 in May of '56.

Q. Did you sell No. 3 and No. 1 to the same parties?

A. Yes, sir.
Q. What did you pay for No. 3?
A. $2,000.
Q. Plus inventory again; is that correct?
A. Yes, sir.
Q. What did you sell No. 3 for?
A. $25,000.
Q. Plus inventory. Now, following the sale of Lloyd No. 2 in November were you out of the grocery business at that point?
A. I immediately bought a market from King Cole in Burbank.
Q. Would that be in November '56?
[fol. 1359] A. Yes, sir, I believe so.
Q. Where is the King Cole Market located?
A. It was 2514 Magnolia Boulevard, Burbank.
Q. What did you pay for that market?
A. I believe it was $26,000, approximately.
Q. How long did you operate it?
A. I say two years. I think right to the day I believe it was two years.
Q. Did you sell it?
A. Yes, sir.
Q. For what price?
A. Sixteen.
Q. $16,000?
A. $16,000.
Q. In all these transactions, Mr. Taylor, this is the first capital loss that you have told me about; isn't that true?
A. Yes, sir.
Q. If my figures are right here it would take you through the year 1958.
A. Yes, sir.
Q. After selling King Cole what did you do?
A. In the meantime I had acquired Big Dollar No. 2.
Q. When did you acquire that?
A. I think around November '57.
[fol. 1360] Q. Is that the market we started to talk about as John's Market?
A. No, sir.
Q. Big Dollar No. 2, Inc. is the name of the corporation.
A. Yes, sir. It was formed to buy this particular market.

Q. You formed a corporation and took title as Big Dollar No. 2.

A. Right.

Q. Where was that market located?

A. 4460 Eagle Rock Boulevard, Los Angeles.

Q. Do you still have that store?

A. No, sir.

Q. When did you sell it?

A. 1958.

Q. *You* much did you pay for it?

A. $20,000.

Q. What did you sell it for?

A. Thirty-five.

Q. You operated it successfully for that period that you had it?

A. About half the time I think I took an operating loss in the last period.

Q. Who did you sell this to?

A. To a Merwyn Less.

Q. Is it in operation now?

A. Yes, sir.

Q. Is Mr. Lee operating it?

A. Yes, sir.

Q. After selling Big Dollar No. 2 what did you do?

A. Another vacation.

Q. You were out of the grocery business entirely at that point?

A. A month or two.

Q. When you sold Big Dollar No. 2 you just sold the store itself, you didn't convey your corporation, did you, the stock of the corporation?

A. Yes, I did. I did sell the corporation.

Q. You sold the stock in the corporation?

A. Yes, sir.

Q. Which carried with it the assets.

A. Yes, sir.

Q. How long were you gone on this vacation?

A. A month or so.

Q. Mr. Taylor, I may be a little confused here. When did you tell me that you formed Big Dollar Market No. 2, Inc.?

A. Back in 1957, I believe. I can clear up that confusion.

I think. I think I know what you are talking about. If we [fol. 1362] sold it how do we still have it?

Q. That's correct.

A. This one of the same name is a new corporation formed in 1961 to purchase or to operate the present location.

Q. The new corporation that you formed has the same name as the old corporation?

A. Yes, sir.

Q. Which is still in business?

A. No, sir. He abandoned the corporate name and incorporated under his own name.

Q. What is the basis for your statement that Mr. Lee abandoned the corporation? Did he dissolve the corporation?

A. Dissolved I guess is a better word.

Q. Now it begins to get a little clearer. When did you open the Big Dollar Market in Covina?

A. September of 1960. I had a lot of stores there to keep straight.

Q. Was this after you formed Big Dollar No. 2 in '61?

A. Yes, sir. No, not the second time. Did you say the second time?

Q. Yes.

A. No. Four months prior.

Q. You acquired the Covina store four months prior to forming Big Dollar No. 2?

A. Yes, sir.

[fol. 1363] Q. In 1961?

A. Yes, sir.

Q. Was Big Dollar, Covina, an individual operation?

A. Yes, sir.

Q. What did you pay for that store?

A. 10,000, no inventory.

Q. And again plus inventory?

A. There was no inventory at the time. It was closed.

Q. You stocked it?

A. Yes, sir.

Q. What did it cost you to stock it?

A. 37,000.

Q. Was it a complete market operation, including meat?

A. Yes.

Q. Liquor?
A. No liquor.
Q. Produce?
A. Produce.
Q. How long have you operated that store?
A. Until December of last year.
Q. 1962?
A. Yes, sir.
Q. Did you sell it?
A. Yes, sir.
[fol. 1364] Q. Who to?
A. William Sullivan and Leslie Richards.
Q. What was the sales price?
A. Fifteen thousand.
Q. Plus inventory?
A. Yes, sir.
Q. Substantially the same amount of inventory.
A. No, sir.
Q. More or less?
A. Half.
Q. Half?
A. Seventeen thousand.
Q. This store then represented another loss on the sale?
A. Yes, sir.
Q. What stores are you operating at the present time?
A. Just the store in El Monte.
Q. This is the one you had to repossess from Mr. Kuhn?
A. I didn't actually repossess it from Mr. Kuhn. He filed voluntary bankruptcy and I bought the free and clear fixtures from the creditors and assumed the contracts payable at some back payments.
Q. On the radius of a mile and a half which you described as your draw area from the John's Market what new stores have opened there since 1959?
[fol. 1365] A. Safeway and Food Giant.
Q. Safeway and Food Giant?
A. Yes, sir.
Q. Have there been any single store operations?
A. I don't believe so.
Q. What stores have been sold in that draw area since 1959?

A. The Key Fair Market sold once, I believe, and bankrupt once.

Q. Isn't it in operation today?

A. Yes, it is.

Q. Do you know of any stores that have closed up and gone out of business in that draw area?

A. There is one that I consider within that distance on Cogswell and San Bernardino Road which closed up.

Q. Do you know the name of the store?

A. The last name was Chuck Boys Market.

Q. How big a store was that?

A. About five or six thousand square feet.

Q. How long had he operated it, if you know?

A. I think the original owner closed it and had it better than 20 years, except for a period when he sublet it.

Q. It had been in operation for 20 years?

A. I believe so, yes, sir.

Q. All of the stores that are in that draw area you con- [fol. 1366] sider direct competition to John's Market, don't you?

A. Yes, sir.

Q. Beyond that area you do not consider the stores as direct competition; isn't that true?

A. Not to as large an extent as to those within the area.

Q. You don't consider any of the stores over in the San Fernando Valley competition with John's Market, do you?

A. No, sir.

Q. Long Beach?

A. No, sir.

Q. Santa Monica?

A. No, sir.

Q. Orange County?

A. No, sir.

Q. Downtown Los Angeles?

A. No, sir.

Q. With the exception of two stores that you described as having a capital loss—I will strike that question.

Could you tell us, Mr. Taylor, what your net worth was at the time that you bought that Santa Barbara store in 1946?

A. About $3,000.

Q. Since that time have you made money in any other business venture except the grocery business?

[fol. 1367] A. No, sir.

Q. What would you estimate your net worth to be today?

A. I don't know, sir.

Q. Mr. Taylor, we are not prying into personal financial facts of a man's life here unnecessarily. These are questions that we consider material and relevant to the question that the court is going to determine here. That is why we ask questions of that kind. And if you could give us an approximation I think it would assist the court when this evidence finally goes before him.

A. The reason I have no idea without having a statement prepared at this time, based on how much loss was taken in Covina, plus any operating losses that we may have had during the last year, and I don't have a final statement on that yet. I don't know if we are in or out of the black. Until the accountant gets all this thing put together. There were some inter-company accounts, transferring merchandise back and forth. I really don't know how it stands. Other than if you are referring to a personal basis, I have certain amounts of money that I am not even sure the total there that the corporation owes me in the form of loans. There again depending on what could be liquidated for what I consider the net worth. It could be very small or it could be very good, depending on what the store could be sold over again for a good price. In other words, I have the [fol. 1368] equity, but how much is the equity worth? Actually I don't know.

Q. It is fair to say, isn't it, that your net worth today is many times greater than it was in 1946 when you bought the Santa Barbara store?

A. Yes, sir.

Mr. Knight: Before you answer that, Mr. Taylor——

Mr. Bates: He has already answered it.

Mr. Knight: I move to strike the answer because the witness has already detailed the fact that he at this present time does not have a sound enough idea of his net worth to give us an accurate or even fairly accurate picture. Anything else would be surmise and conjecture on his part.

Mr. Bates: Q. Are you presently a member of Certified Grocers?

A. No, sir. I am a member of Orange Empire Cooperative.

Q. Have you been a member of Certified?

A. Yes, sir.

Q. During all the time that you have owned and operated stores you have been a member of either Certified or Orange Empire?

A. Except for the first two stores. The first one no membership and the second one in Spartan Grocers.

Q. At the present time you are a member only of Orange Empire?

[fol. 1369] A. Yes, sir.

Q. In Paragraph 6 of the statement, Mr. Taylor, you state in effect that chains such as Von's operate large warehouses, are serviced directly by railroad shippers at those warehouses and operate large trucking facilities and as a result they are able to buy in heavy volume direct from the producer and deliver the product to their own stores on their own trucks. And then you tell us that this gives chains such as Von's and Shopping Bag an advantage over independents and small chains in terms of inventory control.

What did you mean by that phrase, "inventory control"?

A. Well, for example when there is deal merchandise available and they are available to buy in large enough quantities to use this deal merchandise for a longer period than I am because of buying power. I can't take advantage of very many, or very few of these deals at all because I am not in a position to maintain these inventories. So I feel that there are many deals offered that the operator with the warehousing facilities can take advantage of and hold them to be sold as regular merchandise.

Q. What is the basis for your statement there are many deals offered? Have you been in direct touch with the producers?

A. I am referring in my case to deals offered by brokers [fol. 1370] primarily.

Q. Is this the only advantage that you refer to in this paragraph that the chain has over the independents by virtue of owning warehouses, trucks and buying direct?

A. Will you repeat the question?

Q. Is this the only advantage that the chain has over the

single store operator, the one that you have just related to us?

A. No, sir, I don't believe so.

Q. What other advantages—I would like to have you list them for me—that are attributable to their ownership of warehouses, truck facilities and so forth?

A. We are referring to warehouse facilities?

Q. Yes.

A. No. I had in mind other advantages other than warehousing.

Q. As a member of Certified you were a part owner of that concern, weren't you?

A. I think I had one share of stock, whatever the equivalent is.

Q. How about Orange Empire, do you own stock in Orange Empire?

A. Yes, I have a similar setup.

Q. Both Certified and Orange Empire own large warehouses, don't they?

[fol. 1371] A. Yes, sir.

Q. And they both own large fleets of trucks, don't they?

A. Yes, sir.

Q. Both of them bought directly from producers, didn't they?

A. Yes, sir.

Q. Were you not able to buy the groceries you put on your shelf as cheap from Certified and Orange Empire as a chain could buy it from a producer?

A. I can't answer that question. I do not know what the chains paid.

Q. As the owner of a single store operation you have complete charge of inventory control in that store, don't you?

A. Yes, sir.

Q. Then isn't it fair to say, Mr. Taylor, that a single store operator who is a member of either Certified or Orange Empire, or both, has the same advantages as a chain who own warehouses, trucks and so forth?

A. I don't believe so fully.

Q. Have you made any continuing study of the marketing conditions in Orange County and in Los Angeles County

or have you confined your study to the draw area in which you have operated your stores?

[fol. 1372] A. I wouldn't say that I made a study of it. I have some knowledge acquired from the publications.

Q. What publications have you studied or subscribed to?

A. Super Market News, which I have subscribed to. I don't know of any other one I have subscribed to. The only other one that I subscribed to formerly was The Chain Store Age. There are other magazines that come in the mail but I don't subscribe. They are called Progressive Grocer, Argus Bulletin, various others relating to frozen foods and such as that.

Q. Is the information which you read in the publications that you have just named the basis of your knowledge about marketing conditions in Orange County?

A. I would say mainly, yes.

Q. The same would be true of Los Angeles County?

A. Out of my immediate area, yes.

Q. You have never made any investigation, have you, or independent study concerning the market share of the grocery business that the single store operators in the aggregate have in the metropolitan area of Los Angeles?

A. Not personally.

Q. Do you know how many single store operators there are in the Los Angeles metropolitan area?

A. No, sir

[fol. 1373] Q. Do you know how many single store operators there are in Los Angeles County?

A. No, sir.

Q. Is it fair to say that you have not made any investigation or independent study of the market share that the grocery chains have either; isn't that true?

A. I have seen published figures but I have not made a study myself, no, sir.

Q. Have you ever seen any charts or graphs that purport to depict the market share of the different supermarket chains in the metropolitan area of Los Angeles?

A. Yes, sir.

Q. Isn't it true that the only charts and graphs that you have seen in that regard are those that were shown to you by the government attorneys who procured this statement from you?

A. Yes, sir.

Q. And aside from what those charts and graphs would show you have no other knowledge as to market share of any of the chains, have you?

A. No, sir.

Q. And you have no knowledge as to the market share of the single store operators and independents as a group, do you?

A. No, sir.

[fol. 1374] Q. Did you ever make any effort to get in a shopping center?

A. No, sir.

Q. In Paragraph 4, where you said you would testify that a single store operator cannot get into a more desirable shopping center, your statement is not based upon any personal experience that you have had in trying to get in, is it?

A. No, sir.

Q. What is the basis of that statement?

A. Conversation I had with two large single store operators, two different ones, namely Mr. Crawford in El Monte, in which he made a statement to me that he could not get into a major shopping center. And the other one I believe I attribute to Sam Spector, I believe, in the Valley.

Q. Then the basis of your opinion, as contained in that Paragraph 4, is what two people have said to you; that's correct, isn't it?

A. Other than this same fact being reported in these various publications periodically. It was mentioned quite frequently in the various nationwide publications.

Q. I think you stated a little while ago, Mr. Taylor, that there have been two supermarkets that moved into the draw area of John's Market.

A. Yes, sir.

[fol. 1375] Q. Has that been recently?

A. 1959.

Q. Both of them came in in 1959?

A. Yes, sir.

Q. What effect did that have on your business?

A. Well, let's see. I believe Safeway opened first, about one week's difference either way, with Food Giant. Between them they got me for five thousand a week.

Q. Your volume?

A. My volume dropped at that time, I should say.

Q. It decreased five thousand a week?

A. Yes, sir.

Q. What happened when the other store moved in?

A. Well, that is the only two that moved in.

Q. It was the two together that caused the decrease?

A. Yes. They were opened one week apart, if I recall correctly, on approximately July 1st and July 8th, 1959.

Q. Competition increased considerably then when they moved in, didn't it?

A. Yes, sir.

Q. Has it increased since? Let me strike that question. I didn't finish it but I would like to strike it.

Are there any Von's or Shopping Bag Stores that you consider in competition to John's Market?

A. Yes, sir.

[fol. 1376] Q. Which one?

A. The one on Valley Boulevard in downtown El Monte.

Q. How far is that from John's Market?

A. Half a mile.

Q. When did that store open?

A. I do not know, sir.

Q. It was open when you purchased John's Market?

A. Yes, sir.

Q. In Paragraph 14 you state——

A. Excuse me, I didn't complete the answer, I guess.

Q. Excuse me.

A. There is a second Von's-Shopping Bag within this area on the corner of Lower Azusa and Peck Road.

Q. And that store was there when you purchased John's Market?

A. Yes, sir.

Q. Are you finished now?

A. Yes, sir.

Q. In Paragraph 14 of your statement you say in effect that this merger that Von's has just effected with Shopping Bag will accentuate the larger chains' advantages. Will you please specify for me what advantages the larger chains are going to have which are attributable to this merger?

A. I believe through the consolidation of facilities, ware-

[fol. 1377] houses, offices, as well as advertising and numer-

ous things of that nature, that they are able to operate at a lower overhead and therefore bring about lower price structure and therefore making our gross profit smaller if we choose to meet them. And our overhead is not being decreased and therefore our margin of profit has been.

Q. As a businessman you have attempted to reduce your cost wherever it was possible, haven't you?

A. Yes, sir.

Q. And as a businessman you have attempted to increase the volume or sales wherever it is possible?

A. Yes, sir.

Q. You have tried to save money on advertising from time to time, haven't you?

A. Yes, sir.

Q. And you have tried to save money on any type of overhead that you could do without and still operate your business, haven't you?

A. Yes, sir.

Q. Don't you, as a single store operator, then do the same thing that you say gives an advantage to the chain?

Mr. Knight: Is the question clear to you, sir?

The Witness: I think it needs an explanation.

Mr. Knight: I am sorry, it isn't clear to me. If you wouldn't mind rephrasing it, please.

[fol. 1378] Mr. Bates: I am asking Mr. Taylor the question.

Q. Do you understand the question, Mr. Taylor?

A. Not entirely, no, sir.

Q. Let me put it this way: You state that Von's-Shopping Bag is going to have an advantage over the independent operators in effect because they are going to be able to save money, some cost of operation by the merger; is that correct?

A. Yes, sir.

Q. Doesn't a single store operator have the same advantage whenever he can reduce his cost of operation?

A. No, sir.

Q. Why doesn't he?

A. Because as a single store operator, you take the item of advertising for example. One advertisement in the area newspaper, in our case in particular, covers two Von's-Shopping Bags and only covers one John's Market. There-

fore I have only half the advantage within my own area.

Q. There was one period when you were operating three Lloyd's Stores. How about that, didn't you advertise for those three stores at the same price?

A. Yes, sir. I had an advantage at that time.

Q. Then it is fair to say that what you mean by that phrase "advantage" is an opportunity the chain has to reduce their cost of operation; is that right?

[fol. 1379] A. Yes.

Q. Mr. Taylor, the dictionary defines the word "monopoly" as being the exclusive privilege of selling some commodity in a particular area. You use that word "monopoly" in Paragraph 14 of the statement. Do you accept that definition?

Mr. Knight: Mr. Taylor, before you answer that, sir, I am going to object to it.

I am going to object to the question on the ground that this is not a monopoly case, this is not a Sherman Act case. This is a Clayton Act case. The definition of "monopoly" in and of itself, the word used alone, is entirely irrelevant and immaterial. The phrase that the Clayton Act uses is "the substantial lessening of competition or tendency to create a monopoly."

Now you may answer, sir, if you recall.

Mr. Vaughn: Would you be willing to strike the word "monopoly" from all these witnesses' statements if it is so irrelevant?

Mr. Knight: If you recall the question, Mr. Taylor. I have objected to it but you may answer.

Mr. Bates: Read my question, Mr. Reporter.

(The reporter read the pending question.)

The Witness: Do I accept the dictionary definition of "monopoly," is the question?

[fol. 1380] Mr. Bates: Q. Yes.

A. Yes.

Q. And you used it in that sense in expressing the opinion in Paragraph 14?

A. I use it as stated here, substantially lessening competition and tending to create a monopoly.

Mr. Bates: Will you read that, Mr. Reporter.

(The reporter read the answer as requested.)

Mr. Bates: That is all, Mr. Taylor.

(A short recess was taken.)

Cross-examination.

By Mr. Knight:

Q. Mr. Taylor, could you give us, please, for the record, the total number of years you have been in the retail grocery business in the Los Angeles metropolitan area in one capacity or another, be it boxboy, sales clerk, manager, or what have you?

A. About 15 years.

Q. Mr. Taylor, you recall mentioning the store at 93rd and Avalon that you at one time owned?

A. Yes.

Q. As best you can recall what would you consider the draw area of that particular store to be?

A. About six or seven blocks.

Q. Did you have the benefit of any so-called transient [fol. 1381] trade while you were in that store?

Mr. Vaughn: I object to the question as being uncertain. I have no idea what you mean by "transient trade."

Mr. Knight: Q. Mr. Taylor, do you understand what I mean by "transient trade," people driving by and stopping?

A. The question was——

Q. Did you have the benefit of any transient trade?

A. Did I have the benefit of any? I would say "Yes."

Q. Approximately what percentage of your business would you say was transient in that particular neighborhood?

A. I have no idea, sir.

Q. In that particular neighborhood, referring now to 93rd and Avalon, what was the closest chain operated supermarket nearest you, if you recall?

A. Safeway Store, I believe.

Q. About how far from 93rd and Avalon was that, sir?

A. I don't recall their exact locations. There were three or four surrounding this area.

Q. There were three or four Safeway Stores surrounding the area?

A. Yes, sir.

Q. Did that fact have anything to do with your selling the store?

A. No, sir.

Q. This store, the Key Fair Market which you mentioned [fol. 1382] in your testimony with Mr. Bates, I believe you testified that that had been under two or three ownerships and that store at one time was closed. Do you know why it was closed?

A. Through involuntary bankruptcy, I believe it was called, action of the creditors.

Q. How far was that store from you?

A. That is less than a mile I would say. Seven, eight blocks, something like that in distance.

Q. This Lloyd's Market No. 1, sir, what did you consider the draw area of that particular store to be?

A. I would say about a mile and a half, sir.

Q. How many chain operated supermarkets were there within that mile and a half area?

A. Safeway, Better Foods was a chain—What constitutes a chain?

Q. A chain, when I use the word, includes an operation of two or more stores under one ownership, sir.

A. Safeway, Better Foods, Raisin's, Shopping Basket, Thriftimart, or Robert's I believe it was called at that time, and Hiram's. That's all that I recall, sir.

Q. Lloyd's No. 2, which at one time was known as Foodville, just so we are talking of the same store, what did you consider the draw area of that store to be?

A. About the same.

Q. The same as Lloyd's No. 1?

[fol. 1383] A. Yes, sir.

Q. Within that draw area how many chain operated supermarkets were there?

A. Safeway, Von's, McDaniel's. That's all I recall in the immediate area.

Q. As to Lloyd's No. 3, which you have named as Mifflin, what was the draw area of that store, or what you considered to be the draw area?

A. This store was within seven blocks of the No. 1 store

and therefore roughly in the same area, faced with the same competition, except that I had one more competitor within the radius this time, which would be the Food Giant immediately south of us.

Q. Did the fact that several chains were operated within the draw area of at least two of these Lloyd's Markets, was the fact of their existence a factor in your decision to sell those two stores? Have I made my question clear?

A. No, sir, it was not a factor.

Q. This King Cole Store, you testified you purchased that store for roughly $26,000.

A. Yes, sir.

Q. And you sold it for $16,000?

A. Yes, sir.

Q. What was the draw area for that store?

[fol. 1384] A. About one mile.

Q. No transient trade involved there at all?

A. Could be some. It's on a traveled street.

Q. You sold that store for approximately $16,000; is that true?

A. Yes, sir.

Q. That is less than you paid for it?

A. Yes, sir.

Q. Can you tell us what happened during your operation of the store to decline in value approximately $10,000?

A. I lost $35,000, operational loss. I considered that time to get out.

Q. When you say "operational loss," would you break that down a bit for us?

A. That is other than the loss that I had on the fixtures at the time of sale. In other words, during the period of operation, in other words, the overhead having exceeded gross profits therefore causes what we call an operational loss.

Q. What chain stores operated by the leading supermarket chains were within the draw area of that King Cole Store?

A. Another King Cole, Thriftimart, Metric's, Safeway. I believe that's all at that time.

Q. You have told us, sir, that at one time you were a [fol. 1385] member of Certified Grocers. At that time what store or stores were you operating?

A. I operated the three Lloyd's markets as a member of Certified, then the two Big Dollar Markets, that is Burbank and Eagle Rock, as a member of Certified, then operated the El Monte store originally as a member of Certified, the Covina store as a member of Certified, and for 11 months the second El Monte store I was a member of Certified.

Q. What stores did you operate, sir, while you were a member of Spartan Grocers?

A. 93rd and Avalon.

Q. Any of the others while you were a member of Spartan?

A. I had a dual membership with Spartan and Certified for a short period in El Monte originally.

Q. Do you know whether Certified took over Spartan fairly recently?

A. Yes. Prior to the time that I am referring to there.

Q. At the time you were a Spartan member did they deliver groceries to you?

A. Yes, sir.

Q. Mr. Taylor, you are presently a member of Orange Empire; is that true?

A. Yes, sir.

[fol. 1386] Q. What was the reason, if any, for your terminating your Certified membership and becoming a member of Orange Empire?

A. To withdraw capital that was deposited with Certified in the form of deposits.

Q. How much money did you have on deposit with Certified, Mr. Taylor?

A. Something over $15,000.

Q. When you were a member of Spartan how much did you have on deposit with them?

A. My deposit was with Certified, sir. Spartan was a subsidiary and therefore I had no actual deposit with Spartan as such.

Q. But you were being served by Spartan trucks?

A. Yes, sir.

Q. At that time what was the amount of your deposit, at the time you were being served by Spartan?

A. I don't recall, sir. There have been varying amounts, sir. I made withdrawals.

Q. How much money do you have on deposit, if any, with Orange Empire?

A. I have a base deposit of $1240. This includes membership fees and what not. I believe it is actually a thousand dollars plus $240 in stock and membership fees, and I contributed $25 weekly to the bank. So I have been a member [fol. 1387] since December and I have $100 a month—another $500 or so. Perhaps now I have about $1700 on deposit.

Q. Did you ever purchase groceries through Smart & Final?

A. No, sir. Other than one or two small purchases at a Cash & Carry unit at some time or another.

Q. Do they have Cash & Carry units fairly near your store in El Monte?

A. Yes, sir.

Q. About how many blocks away?

A. I would say it's about a mile and a half, sir.

Q. So you run specials in your store on weekends, Mr. Taylor?

A. Yes, sir.

Q. Would you name for me a typical special on any weekend that might occur to you?

A. A typical special? Well, like Wesson Oil is very typical, frequently run.

Q. Wesson Oil?

A. Yes, sir.

Q. Do you run mayonnaise on special?

A. Occasionally.

Q. Do you run coffee?

A. Yes, sir.

Q. How far in advance do you plan these specials?

[fol. 1388] A. About four days.

Q. Do you advertise the specials in El Monte where you are now?

A. Yes, sir.

Q. How do you advertise them?

A. By direct mail.

Q. So-called mailers out to your draw area; is that true?

A. Right.

Q. Since you have been in your El Monte location, sir, have you had specials each weekend, or every other week-

end, or approximately how often do you have specials, sir?

A. For the most part every week.

Q. And the commodity or item varies week to week; is that true?

A. Yes, sir.

Q. And on every occasion you order this particular special approximately four days ahead of the weekend upon which the item is due to be on sale; is that true?

A. Yes, sir.

Q. When you were a member of Spartan and your stores at that time were being served by Spartan, did you likewise run specials?

A. Yes, sir.

[fol. 1389] Q. Would your answer be the same for Certified?

A. Sir?

Q. Would your answer be the same for the period while you were a member of Certified and while your stores at that time were being served by Certified?

A. I didn't understand the word——

Q. Did you run specials, sir in stores which you owned while you were being served by Certified?

A. Yes.

Q. Now I am going to ask you, Mr. Taylor, to think of all of your stores which you have had at various times. On every occasion that you ran a special, be it as a member of Spartan, Certified or Orange Empire, were you in every case on every weekend able to obtain enough of the particular commodity which you were running special?

A. No, sir.

Q. Mr. Taylor, Mr. Bates during his examination mentioned warehousing. In response to his questions you suggested that at various times brokers are able to offer deals which a chain grocer, having a warehouse, is able to take advantage of. Is that true?

A. Yes, sir.

Q. Could you tell us more about those deals, how they operate and so on?

A. Well, for example, take the Lewis Food Company, [fol. 1390] which distributes Dr. Ross and Skippy Dog Food. Approximately twice a year they have an allowance that

they allow the trade to purchase merchandise at a given figure off per case. As far as I know there is no limit on this merchandise as to how much you may purchase and store and thereby take advantage of it.

Q. Have you finished your answer, sir?

A. Yes, sir.

Q. Is there a minimum quantity that one must buy in a situation such as this?

A. Generally.

Q. Would that minimum quantity be larger than you were able to store at any of your stores?

A. Physically or financially?

Q. Physically, sir. Let us limit it right now to physically.

A. Yes, I would say so.

Q. We have covered the physical aspects. What about financially, were you able to make such purchases?

A. No, sir, very few.

Q. Concerning these shopping centers, Mr. Taylor, when Mr. Bates used that expression "shopping center," what is its connotation or its meaning to you, sir, "a shopping center"? Would you define one for us, please?

A. I would define that as a group of stores served by [fol. 1391] a common parking lot, that contains such major stores as Thrifty Drug Stores, perhaps major chain grocery, and various other types of businesses that are all located together, with more common drawing power I would say.

Q. Would you say there would be a hardware store in one of those?

A. Perhaps so.

Q. Perhaps a shoe repair store, perhaps a dry cleaning shop?

A. Yes, sir.

Q. Perhaps a ladies dress shop?

A. Yes, sir.

Q. Throughout your experience in the grocery business, your 15 years, based upon the answers to questions which Mr. Bates propounded to you you have owned grocery stores in various parts of the Los Angeles metropolitan area; isn't that true?

A. Yes, sir.

Q. And during that time you have observed the shopping

centers in these various areas in which you have operated grocery stores?

A. During the last most recent years primarily.

Q. Mr. Taylor, based upon that observation have you ever seen a grocery store in one of those shopping centers which was not a grocery store belonging to the first 12 [fol. 1392] grocery chains?

Mr. Bates: I object to that as being confusing, ambiguous, no foundation laid and no identification as to who the 12 leading chains are.

Mr. Knight: Q. You may answer, Mr. Taylor.

A. The question was have I observed a shopping center with an independent, meaning one store only?

Q. I will rephrase the question.

What grocery stores have you observed in the shopping centers which have come under your observation?

A. Which grocery stores?

Q. Yes, sir.

A. Food Giant, Thriftimart, Alexander's, Von's. I have seen others. Are we referring to my competitive area?

Q. No, sir.

A. Just shopping centers I have observed?

Q. Yes, sir.

A. Mayfair, Ralphs.

Q. Have you finished?

A. I believe so, yes, sir.

Q. If you need time to think of others, you may have it.

A. I can probably recall others.

Q. But as of now that is your answer to the question?

A. Yes, sir.

[fol. 1393] Q. You have testified, Mr. Taylor, that since the opening of the Food Giant near your El Monte store and the Safeway that you have lost as much as $5,000 per week in the operation of your store; is that correct?

A. Yes. The volume I am referring to.

Q. How much longer do you think this can go on?

A. (No audible response.)

Q. We need an answer for the record.

A. It is problematical with me.

Q. Mr. Taylor, where is Lower Azusa Road and Peck Road in relation to your store? How far is it?

A. Distance?

Q. Yes, sir.

A. I believe it is one mile, almost exactly.

Q. Mr. Taylor, we have gone into advertising here and I would like to ask you whether you advertise in the Los Angeles Times, sir?

A. No, sir.

Q. Did you advertise in the now defunct Los Angeles Mirror, sir?

A. No, sir.

Q. Do you advertise in the Los Angeles Herald Express, sir?

A. No, sir.

Q. Do you know whether Von's and Shopping Bag adver-
[fol. 1394] tise in the Los Angeles Times?

A. Yes, sir.

Q. Do you know whether Von's and Shopping Bag advertised in the now defunct Los Angeles Mirror?

A. I believe they did.

Q. Do you know whether Von's and Shopping Bag advertised in the Herald Express?

A. No, sir.

Q. Approximately how many times a week, if you know, Mr. Taylor, does Von's-Shopping Bag advertise in the Los Angeles Times?

A. Two.

Mr. Knight: ~~I have no~~ further questions.

Redirect examination.

By Mr. Vaughn:

Q. Now it is my turn, Mr. Taylor. I hope I don't take too long. You said you talked with Mr. Crawford about the shopping center problem. Is that Mr. W. H. Crawford?

A. No, sir.

Q. Is that his son?

A. His son.

Q. He operates a store in El Monte, doesn't he, at Five Points?

A. Yes, sir.

Q. It is called Crawford's Modern Village Store?

[fol. 1395] A. Yes, sir.

Q. Does either Mr. Ray Crawford or his father operate any other stores in the Los Angeles metropolitan area?

A. Any other stores?

Q. Grocery stores.

A. That is the only grocery store I know of.

Q. They have a junior department store elsewhere do they not?

A. Yes, sir.

Q. That is a very successful market operation, is it not?

A. It appears to be.

Q. Did you ever talk with Mr. W. H. Crawford about the grocery business?

A. Yes, sir.

Q. Have you ever heard him say, "It is not a question of whether I can compete with the chains but whether the chains can compete with me"?

A. No, sir.

Q. Are you a member of the Southern California Retail Grocers Association?

A. No, sir.

Q. I take it, then, you are not a member of NARGUS?

A. I don't know what you mean by a member. I believe this is construed as membership when you are a mem-[fol. 1396] ber of the NARGUS member cooperative.

Q. No. I am talking about the National Association of Retail Grocers of the United States.

A. No.

Q. You are not?

A. I don't think so.

Q. Did you know that Mr. Crawford was at one time president of that organization?

A. Yes, sir.

Q. Prior to March 1960 were smaller concerns without Triple A financial ratings able to get into shopping centers?

A. I don't know the ratings that some had. There were some smaller chains in shopping centers. However, I do not know whether they were Triple A or what.

Q. Such as?

A. Well, I think Alexander's is one that I consider a small chain.

Q. Hughes Markets has some stores in shopping centers, has it not?

A. I believe they do have some, yes.

Q. Do you know how many stores Hughes has, or how many stores in the Hughes chain?

A. Maybe 10 or 11, something like that.

Q. That was a chain that was started with one store sometime around 1952; isn't that correct?

[fol. 1397] A. Under the Hughes name, yes.

Q. Prior to that time do you know what Mr. Hughes was doing?

A. Yes, sir.

Q. What was he doing?

A. Part of the Thriftimart organization.

Q. About 1952, just before he opened his first market under the name of Hughes Markets, what was he doing?

A. I don't know, sir.

Q. Do you know whether or not he was working for Thriftimart?

A. No, sir.

Q. What were some of the other small chains that have stores in shopping centers? Let me suggest the name Shoppers Market. Have you ever seen the name Shoppers Market in a shopping center?

A. Yes, sir.

Q. How many stores does Shoppers have?

A. I am not sure, sir. I would estimate ten.

Q. That was a chain that opened its second store sometime after 1950; isn't that right?

A. Sometime after?

Q. Yes. Opened its second store sometime after 1950.

A. I don't believe so. I think it was much earlier than that.

[fol. 1398] Q. Let me ask you this. Just prior to March 1960, which by the way is the month in which Von's and Shopping Bag merged, smaller concerns, that is concerns with one or two stores, were, generally speaking, not able to get into the better shopping centers; isn't that right?

A. Yes, sir.

Q. And the same is true today; is that not so?

A. Generally speaking, yes, sir.

Q. In your opinion has the merger of Von's and Shopping

Bag had any effect on the ability of smaller concerns to get into shopping centers?

A. No, sir.

Q. Prior to the merger Von's had a warehouse, did it not?

A. Did Von's have a warehouse?

Q. Yes. Did it?

A. I don't know, sir.

Q. Do you know whether Shopping Bag had a warehouse prior to the merger?

A. Yes, sir.

Q. What effect did the merger have on the ability of Von's and Shopping Bag to buy direct, if you know?

A. I don't know there was any difference as to the availability to buy.

Q. Did Von's advertise in the metropolitan newspapers [fol. 1399] prior to the merger, that is prior to March 1960?

A. Yes, sir.

Q. Did Shopping Bag?

A. I can't be certain as to the dates but I do recall it seems that some years back that they did not advertise regularly.

Q. Prior to March 1960 you saw Shopping Bag ads in the Los Angeles Times, did you not?

A. I believe so.

Q. You have seen ads that said just "Shopping Bag," not "Von's-Shopping Bag"; haven't you?

A. Yes.

Q. What effect did the merger of Von's and Shopping Bag have on the ability of larger chains to advertise in metropolitan newspapers?

A. Other large chains?

Q. Just any large chains. What effect did the merger have on the ability of larger chains to advertise in metropolitan newspapers?

A. Well, in the Von's-Shopping Bag case specifically, I would say that since they are reportedly doing approximately the same volume that it would tend to have a tendency to cut their advertising overhead considerably, possibly as much as 50 per cent.

Q. In other words, they saved some money?

[fol. 1400] A. I would think so.

Q. But Von's advertised in the metropolitan newspaper prior to the merger, did it not?

A. Yes, sir.

Q. And it advertises in metropolitan newspapers now, doesn't it?

A. Yes, sir.

Q. Do you think that the competitive advantage that they now have is any different than before the merger?

A. Only through the cost of the advertising.

Q. But it is no more effective weapon now competitively than it was before, is it?

A. I would say from my own experience that probably it is more effective.

Q. You tell me why that is.

A. Because when I was operating Lloyd's 1 and subsequently Lloyd's 2 and then 3, as I acquired these and added the additional name and location to my ad, business increased in 1, 2 and 3, in that order. Because of the effect of a larger organization, and I recall some of the opening ads around the time of the merger that pointed out this combined advertising as one of the things that they had to offer, I believe.

Q. Let us talk about the three Lloyd's that you operated. [fol. 1401] A. Yes, sir.

Q. The most number of stores you have operated at any one time is three; is that right?

A. That's right.

Q. And they were all called Lloyd's?

A. Yes, sir.

Q. And you sold them off one at a time; is that correct?

A. I actually contracted to sell them all at once to the same people.

Q. Who was the purchaser, the contemplated purchaser in that?

A. Two individuals, I believe, formed a partnership. Their names were Howard Sheldon and Louis Angel.

Q. And you did ultimately sell two of them at once; is that right?

A. I gave posession of two at once with a six months' option on the third, or the No. 2 store.

Q. To these same people?

A. Which was exercised at the end of the six months.

Q. I beg your pardon?

A. They exercised the option at the end of the six-month period. So that they acquired the No. 2 store later than the other two.

Q. So you ultimately sold them all to the same partner-
[fol. 1402] ship?

A. Yes.

Q. Why didn't you continue to build a chain of your own if you felt that these chains had advantages?

A. I really never had any inspiration to be a chain operator as such, I don't think.

Q. You just intended to operate one or two stores; is that right?

A. Yes.

Q. And there are a lot of people like that in the grocery business, are there not?

A. I imagine so.

Q. Let us go back. You opened your first Lloyd's in what year?

A. '53.

Q. And your second Lloyd's in what year?

A. I think it was '54, I believe.

Q. And your third Lloyd's in what year?

A. '56.

Q. Was your business operating successfully at the time you sold it?

A. Yes, sir.

Q. You have had great success in finding locations at which to operate grocery stores, have you not?

A. I don't think I would put it that way.

[fol. 1403] Q. Is there any doubt in your mind that you could have expanded your business under the Lloyd's name and added more stores as time went on?

A. Could have been a possibility.

Q. Something you really didn't want to do, I take it?

A. That's right.

Q. There are other men who have wanted to do that, to expand businesses and build chains, such as Joe Hughes; isn't that right?

A. Yes, sir.

Q. Do you know a man named Ted Wood?

A. Yes, sir.

Q. He started about the same time you did, didn't he, with Pantry Food Markets?

A. No, sir.

Q. He started at about the same time as you started Lloyd's?

A. Not quite that early, no, sir.

Q. He left Alpha Beta in about 1954 and along with some other people opened up.

A. I didn't know him at that time, sir.

Q. But you do know that he started a chain and started with a single store sometime in about 1954 or thereabouts and has now built it up into a ten-store chain; isn't that right?

[fol. 1404] A. You use the term "he". I believe this was a group of people who started this and bought this original store.

Q. And Ted Wood is the president?

A. President of the company, right.

Q. Ted Wood and the people that started this business all came from Alpha Beta, did they not? They were former employees of Alpha Beta?

A. I believe so.

Q. And there was another former employee of Alpha Beta named Joe Goodnight. Do you know him?

A. I know of him, sir.

Q. He started a chain of markets called Michael's Markets in Orange County with one store in about 1958; isn't that so?

A. I believe so.

Q. Do you know how many stores he has today?

A. I believe he has five.

Q. Do you know Paul Palmer?

A. Yes, sir.

Q. Sometime in the late 1950's he started a chain which is now known as Country Cousins; isn't that right?

A. Yes, sir.

Q. Do you know how many stores he has?

A. Perhaps five.

Q. And there are others whom you and I could name [fol. 1405] who have similar histories; isn't that so?

A. Yes, sir.

Q. Mr. Knight asked you about your store at 93rd and

Avalon and you said it was surrounded by four Safeways.

A. Three or four I believe. Smaller types.

Q. The smaller type Safeway Stores?

A. Yes, sir.

Q. At that time do you know how many stores Safeway had in the Los Angeles metropolitan area?

A. I recall a figure of zonewise, including San Diego and Santa Barbara and so forth, I believe something between four and five hundred.

Q. Do you know how many of those were in Los Angeles and Orange Counties?

A. No, sir.

Q. I take it Safeway was your principal competition at 93rd and Avalon.

A. No, sir.

Q. What was your principal competition?

A. I don't recall the name of the store, sir.

Q. Was it an independent market?

A. It was an independent, yes.

Q. I take it both of you were doing well against Safeway competition.

A. I didn't say Safeway was in my draw area, if you [fol. 1406] recall. I said they were surrounding my draw area.

Q. I am sorry, I misunderstood you then.

A. I was asked to name the chains in this area that were surrounding and I specified surrounding areas.

Q. You feel then that neither the independent, who was your principal competition, nor yourself at 93rd and Avalon was in competition with the Safeway Stores; is that right?

A. I feel that the independent was, yes, sir.

Q. You don't remember the name of the independent?

A. No, sir.

Q. Did he have a larger store than yours?

A. Yes, sir, quite a bit larger.

Q. Is that Paul Kodimer?

A. No, sir. He was outside my area, but quite a competitor I would say for everyone.

Q. Do you know how many Safeway Stores there are in the zone that you speak of that is Southern California?

A. No, sir, I do not.

Q. Do you know that there are far less than 400?

A. Yes, sir.

Q. They have closed a number of very small stores?

A. Yes, sir.

Q. And opened up larger stores?

A. Yes, sir.

Q. And the total number of stores has declined?

[fol. 1407] A. Yes, sir, I think so.

Q. I take it Mr. Knight was asking you about the chain competition or the chain stores in or about each of your stores. I take it that there were also independents who had stores in and about the various stores that you have owned and operated; is that not right?

A. Yes, sir.

Q. Did these independents provide vigorous competition?

A. Not in too many instances, no, sir, I don't think so.

Q. There are certain independents that do. Let us get back to Paul Kodimer. He runs one or two stores now, doesn't he?

A. Yes, sir.

Q. Under the name ABC Stores?

A. Yes, sir.

Q. Would you characterize him as a tough competitor?

A. A tough competitor?

Q. Vigorous competitor.

A. Aggressive.

Q. And apparently a successful one, isn't that so?

A. Apparently so.

Q. Now let us talk for a moment, if we can, about your King Cole Market that you took over in Burbank where you lost money. Would you tell me what factors you [fol. 1408] attribute your operational losses to in that store?

A. Very vigorous competition from large stores.

Q. You have mentioned that there was a Thriftimart there. Was that one of those large stores?

A. Yes, sir.

Q. A Metric's?

A. Metric's.

Q. Is that M-e-t-r-i-c?

A. M-e-t-r-i-c-k, I think.

Q. How many stores did they have at the time?

A. I believe they had 10 or 11 total.

Q. And Safeway, did they have a large store in Burbank?

A. Yes, sir.

Q. Any other stores who are competitors of yours in Burbank?

A. Yes, sir.

Q. Would you tell me who they are?

A. King Cole.

Q. In other words, there were two King Coles in Burbank, you bought one and they retained one; is that right?

A. I got the bad one.

Q. Any others?

A. Are we referring specifically to my approximate draw area, that I would consider my effective draw area?

[fol. 1409] Q. Yes, sir. The stores that you felt were trying to attract the same customers as you were trying to attract.

A. There are others that would be outside of this radius, however. But their drawing area, in my opinion, was larger and therefore they would encompass me. Food Giant, Toluca Lake, which was not too far away, perhaps a mile and a half. Ralphs, Bill's Ranch Market. Particularly Bill's Ranch Market.

Q. What has happened to that Toluca Lake Food Giant, do you know?

A. What has happened to it?

Q. Yes.

A. I don't know what has happened to it.

Q. When you speak of Ralphs, are you speaking of the Ralphs on San Fernando Road?

A. In downtown Burbank, yes, sir.

Q. Do you know what has happened to that store?

A. No, sir.

Q. Do you know whether or not it is closed?

A. No, sir.

Q. You mentioned Bill's Ranch Market. That was operated by whom, do you know?

A. Someone named Frederick.

Q. And someone named Gilbert; is that right?

A. And Gilbert, yes, sir.

[fol. 1410] Q. Was that store already in operation when you acquired the Burbank store?

A. Yes, sir.

Q. Did you ever go to that store?

A. Yes, sir.

Q. Did it appear to be successfully operated?

A. Yes, sir.

Q. Wouldn't you say that was the most vigorous competition that you faced in Burbank was from Bill's Ranch Market?

A. Doggone good competitor. One of the most vigorous.

Q. Do you know how many stores Mr. Frederick and Mr. Gilbert owned at that time?

A. I don't know the actual ownership but I believe they were in some way connected with the Hollywood Ranch Market.

Q. Do you know whether they have opened up other stores since that time?

A. The same thing, there are two other stores.

Q. Jack's Ranch Market in Culver City?

A. Jack's Ranch Market and Ted's Ranch Market.

Q. On Hobart in Los Angeles, isn't that right, near Santa Monica Boulevard?

A. Santa Monica Boulevard, somewhere in there.

Q. Have you ever been in those stores?

[fol. 1411] A. Yes, sir.

Q. The same thing could be said about them as Bill's Ranch Market; isn't that correct?

A. I don't think—Santa Monica Boulevard or Ted's Ranch Market I don't think appeared to me to be as much of a contender as the others.

Q. How long has that store been open, sir?

A. Ted's Ranch Market?

Q. Yes.

A. Since the demise of the Yor-Way Markets.

Q. Since it a fact that it is open a month?

A. Not the one I am referring to.

Q. It is a former Yor-Way but has been in stages of remodeling for some time and has just opened in the last month; isn't that right?

A. I don't have that knowledge. It was operating some time back when I happened to be in that area.

Q. I could be misinformed.

A. I believe quite some time ago.

Q. Do you know the Crower's Market in Temple City at the corner of Lower Azusa Road and Temple City Boulevard?

A. Crower's Market?

Q. Yes, Crower's Market. Do you know that store?

A. Yes, sir.

Q. Do you regard that as a competitor of yours?

[fol. 1412] A. No, sir.

Q. For what reason?

A. Distance primarily.

Q. Did you know it when it was the Star Market?

A. Yes, sir.

Q. Were you in it when it was a Star Market?

A. No, sir.

Q. Have you been in it since it has been a Crower's Market?

A. Yes, sir.

Q. Do they appear to be operating that store successfully, the present owners of it?

A. I have no knowledge of it.

Q. You don't know?

A. I really don't.

Q. Did you notice their meat department?

A. Yes, sir.

Q. Was that what you would regard as a first class service meat department?

A. It's a self-service meat department.

Q. Is it first class?

A. Not in my opinion.

Q. You say when the Safeway and Food Giant opened near you that your gross sales went down $5,000 a what?

A. A week.

[fol. 1413] Q. Was that immediately after their opening?

A. Immediately.

Q. Has any of that volume been recaptured by you?

A. You say, "has." It was. There was some recaptured. I shouldn't say "recaptured," because I don't know where my volume came from. I did have an increase.

Q. Your volume went down $5,000 a week immediately after they opened?

A. Yes, sir.

Q. And then it started back up again to the level where it had previously been?

A. Yes, sir.

Q. Did it reach the level it had previously been?

A. Yes, sir.

Q. Since that time has it tailed off again or have you been able to maintain that volume?

A. It has now gone down.

Q. How much.

A. From its peak 50 per cent.

Q. Fifty per cent of your total weekly sales?

A. Yes, sir.

Q. It went down $5,000 a week. What precentage of that represented your total sales immediately after the Food Giant and Safeway opened?

A. About 30.

[fol. 1414] Q. Then it went back to where it was and it went back down to 50 per cent off of its high; is that correct?

A. Yes, sir.

Q. When was the peak?

A. Sir?

Q. When did the Safeway and Food Giant open up?

A. July 1959.

Q. When did your sales volume return to its prior level after that?

A. December '59.

Q. Then after December '59 did you maintain that sales volume for a while?

A. Had a gain.

Q. You had a gain?

A. Yes, sir.

Q. To what level?

A. $21,000 plus average per week.

Q. What was the volume you had before Food Giant and Safeway opened?

A. $17,000.

Q. It went on up to $21,000, you say?

A. Yes, sir.

Q. When was that?

A. It reached it in March of 1960.

Q. And then it started to go down?

[fol. 1415] A. No, sir.

Q. It leveled off?

A. Yes, sir.

Q. And it stayed leveled off until when?

A. October of the same year.

Q. Then it started to go down?

A. Yes, sir.

Q. What is your opinion of the reason why it has gone down since October?

A. I would say that some of my competition got some added strength.

Q. Are you talking about Safeway and Food Giant?

A. Safeway, Food Giant and Shopping Bag and Von's. I think they have all increased.

Q. What is your sales volume per week now?

A. In excess of $10,000.

Q. Is it holding pretty steady at that level now or is it still declining?

A. It is fairly steady.

Q. I take it that you would say that competition has increased in your particular area in the last three years; is that so?

A. Yes, sir.

Q. We have run now from 1959 to 1963. What was the period of time when Mr. Kuhn was operating that store?

[fol. 1416] A. I believe the period was for about nine months beginning on April 1st and ending—that is his operation actually ended December 14th. The creditors returned it to me on December 31.

Q. Of what year?

A. 19—the one before. 1961.

Q. In other words, the decline of volume in the store was really during Mr. Kuhn's ownership; isn't that right?

A. Yes, sir.

Q. Prior to the time that you sold it to Mr. Kuhn it had regained all that it lost from the Safeway and Food Giant openings and had reached an all-time high; isn't that right?

A. Yes, sir.

Q. Then you sold it to Mr. Kuhn?

A. Yes, sir.

Q. Do you think he was a competent market operator?

A. He had been successful for a five-year period that I knew of.

Q. Where?

A. He operated a market in West Los Angeles known as Lloyd's Market.

Q. Known as Lloyd's Market?

A. Yes, sir.

Q. Where was that more precisely?

[fol. 1417] A. 3474 Centinela Boulevard.

Q. A very small store, wasn't it?

A. About 4,000 square feet.

Q. What was Mr. Kuhn's sales volume in the last full month of his operation of your store, John's Market?

A. Last full month?

Q. Yes.

A. Of his operation?

Q. Yes.

A. I believe it was $55,000.

Q. How about the last full week—$55,000? I guess I can figure this. I want a weekly figure of what he was doing.

A. Probably about $12,000.

Q. What are you doing now per week, you?

A. Well, last week ten seven.

Q. Have there been any discount houses with food departments which opened in the general vicinity of your store within the last three years?

A. Yes, there is one on Rosemead Boulevard. I don't know the distance, but maybe a couple of miles or so. Maybe a little further, three miles.

Q. What is the name of that discount house?

A. Golden Rule.

Q. That is operated by Food Fair, is it not, or at least [fol. 1418] the food department?

A. I believe it is.

Q. Food Fair is also operating the remaining Fox Stores now, is it not?

A. I understand they are, yes, sir.

Q. Do you believe that any of the decline in the volume of your store is attributable in any way to this Golden Rule Discount House?

A. I have no way of knowing that.

Q. When did they open up, do you know?

A. When?

Q. Yes.

A. I don't know, sir.

Q. Was it in the year 1961 when Mr. Kuhn was operating your store?

A. I think so.

Mr. Vaughn: I have nothing further.

Mr. Bates: I have nothing further.

Mr. Knight: Mr. Reporter, may I offer this statement entitled "Testimony of John Taylor" as Taylor Exhibit No. 1, if there is no objection.

(The document referred to was marked by the notary public as Taylor Exhibit No. 1 for identification, a carbon copy of which is attached hereto.)

[fol. 1419] Recross-examination.

By Mr. Knight:

Q. Mr. Taylor, based upon your 15 years experience in the retail grocery trade in the Los Angeles metropolitan area would you say that the industry has become concentrated in fewer and fewer hands?

A. Yes, it appears to be.

Mr. Vaughn: I move to strike the answer for the purpose of objecting to the question and I object to the question as calling for the conclusion of the witness, also being confusing and ambiguous.

Mr. Knight: Off the record.

(Discussion off the record.)

Mr. Knight: That is all.

Redirect examination.

By Mr. Vaughn:

Q. Mr. Taylor, you say you believe that the grocery business is being concentrated in fewer and fewer hands; is that right?

A. Yes.

Q. Starting when did this start to happen?

A. I could go all the way back to the time when the

chain stores were generally expanding in the Los Angeles area.

Q. The 1930's?

[fol. 1420] A. Possibly so, yes, sir.

Q. Possibly so?

A. Yes, sir.

Q. You mean by that, I assume, that it has been concentrated in fewer and fewer hands, that there are fewer grocery concerns doing business in Los Angeles and Orange Counties than there were in the 1930's?

A. No, sir.

Q. What do you mean by it?

A. There are more concerns. However, the population has grown considerably too.

Q. If there are more concerns, Mr. Taylor, how can the business be concentrated in fewer and fewer hands?

A. The increased volume that they have obtained, and by the elimination of many small stores, including Safeway's small stores, even though they were closed voluntarily possibly. That is now being concentrated into fewer and larger organizations.

Q. You feel that there are more grocery concerns today than there were in 1930; is that right?

A. In number of stores?

Q. No. More separate concerns doing business.

A. Yes.

Q. More than there were in 1940?

A. Possibly.

[fol. 1421] Q. And more than there were in 1950?

A. No, I don't know about 1950,

Q. Isn't it just about the same, that is just about the same number of grocery concerns doing business in Los Angeles and Orange Counties now as in 1950?

A. I couldn't answer that question.

Q. You don't know?

A. No, sir.

Q. Do you know whether Safeway, its total sales in Los Angeles and Orange Counties as compared to the total grocery sales in those two counties, that is Safeway's share of the market, do you know whether that is larger or smaller than it was in 1952, let us say?

A. Share?

Q. Yes.
A. I would say it was larger.
Q. How about Ralphs?
A. I have no knowledge of their sales.

Mr. Vaughn: I have nothing further.
Mr. Bates: I have nothing further.

Recross-examination.

By Mr. Knight:

Q. Mr. Taylor, counsel just recently asked you questions going back to 1930's and 1940's. I ask you whether it is a fact that your experience in this industry simply goes [fol. 1422] back 15 years, sir; isn't that true?
A. My experience in the industry, yes, sir.

Mr. Knight: No further questions.
Do you have any more questions?
Mr. Vaughn: I have no more questions.

(Discussion off the record.)

Mr. Knight: Would you waive the signing of the deposition provided counsel have no objection?
The Witness: Yes.
Mr. Vaughn: We have no objection.

[fol. 1423] TESTIMONY OF MORRIS WALLEN

If subpoenaed to testify, Morris Wallen would testify as follows:

1. He was one of three partners who owned and operated the Liberty Market, 12161 South Paramount Boulevard, Downey, Los Angeles County, California. They operated the Liberty Market for about four years. The market was closed on November 9, 1960. In 1959, Liberty Market had sales of approximately $485,000. Mr. Wallen has been employed in various retail enterprises for the past 22 years and he formerly operated a grocery market for two years immediately after World War II.

2. In order to continue in business, a grocery retailer must keep well informed on every change in marketing conditions in the Los Angeles metropolitan area. He must be aware of all advertised grocery prices which his customers are apt to read. Therefore, he closely inspected all grocery advertising by the major chains as it appears in the metropolitan newspapers. He also regularly reviewed grocery advertising appearing in local papers. He subscribed to the Key Services and followed the prices of all of the major chains appearing in these booklets. In keeping abreast of the retail grocery trade generally, he regularly read, among other publications, the "Commercial Bulletin," "Super Market Merchandising," "Chain Store [fol. 1424] Age" and the "Progressive Grocer."

3. On the basis of his continued study of retail grocery merchandising in the Los Angeles metropolitan area, the witness would testify that in the period since 1950 the number of single store grocery retailers operating in the area declined. When shown the Government exhibits prepared by the State Board of Equalization, he would state that they confirm his own observations. He would state that this lessening in the number of independent grocers has been obvious to him as a result of his observations.

4. He would testify that single store operators cannot get into the more desirable shopping centers. It is a well-known fact in the industry that the major developers will not lease a shopping center location to anyone but a major chain. This is because only these chains have Triple A financial status and because the landlord wants the name of a big chain store in his shopping center as an attraction to other tenants. As a result single store operators do not have access to desirable locations in shopping centers. On the other hand, most of the new openings, particularly in the new shopping centers, have been made by the chains with Triple A financial status.

5. He has observed that the decline in the number of grocery stores in the area also arises from the increasing size of supermarkets and their large, continually expanding [fol. 1425] dollar sales. The large supermarkets today serve many more people than they did in the past. As a result fewer grocery stores are needed in the area to serve a comparable number of people.

6. The witness would testify that single store operators and small chains do not have their own highly developed distribution system. He would point out that he has observed that chains, such as Von's Grocery Company and Shopping Bag Food Stores, operate large warehouses, are serviced directly by railroad shippers at these warehouses, and operate large trucking facilities. As a result they are able to buy in heavy volume directly from the producer and deliver the product to their stores on their own trucks. This gives chains, such as Von's and Shopping Bag, an advantage over independents and small chains in terms of inventory control.

7. He would also testify that he purchases from a cooperative group known as Orange Empire and this enables him to get certain of the advantages, such as quantity discounts, enjoyed by the chains on dry grocery products. He would state that the cooperative does not carry such major products as dairy, meat and produce items. However, he would testify that large chains, such as Von's and Shopping Bag, belong to cooperatives but have decreased their purchases voluntarily when they developed their warehousing [fol. 1426] and distribution systems. Thus they have combined the advantages of the cooperative with direct purchasing and highly developed distribution system. In addition some of the chains, including Von's and Shopping Bag, belong to a dairy cooperative named "Jersey Maid," which gives them advantages over grocery stores which do not belong to Jersey Maid.

8. He would also testify that on the basis of his continued study of the retail grocery industry in the Los Angeles metropolitan area, he is in agreement with the defendants' exhibits showing that in the period between 1950 and 1958 the market share of the 8 largest chains in the area increased from 33.2 per cent to 39.0 per cent; the market share of the 9 largest chains increased from 34.3 per cent to 41.7 per cent; the market share of the 15 largest chains increased from 38.4 per cent to 50 per cent; and the market share of the 20 largest chains increased from 40.5 per cent to 54.4 per cent. When shown the tables prepared from the Bureau of Census reports by the Government economist, he would testify that these figures also corroborate his own understanding, based upon his ex-

perience, of the trends in the area. He would further state that the strike in 1959 definitely had an adverse effect on the sales of the largest chains.

9. He would state in his testimony that he observed [fol. 1427] the operations of Von's and Shopping Bag prior to the merger. He would testify that both of these chains advertised extensively on an area-wide basis, that they played a part in the competitive merchandising of groceries in the area, that they were profitable operations which had experienced a history of successful growth and expansion. He would state that they were two of the largest chains in the area.

10. He would state that Von's and Shopping Bag, along with Ralph's, Safeway, Market Basket, Thriftmart, Alpha Beta, Mayfair and Food Giant, were among the leading firms in the area.

11. He would testify it is common knowledge in the grocery industry that Von's and Shopping Bag have operated as one chain since the merger in March 1960. The two firms now have a single management; their warehousing facilities have been combined; their advertising is consolidated; the search for a new location is now the responsibility of one organization instead of two; the inventory in the stores has been adjusted with the result that the stores of both firms now carry the lines and the stores are known as "Von's & Shopping Bag."

12. He would testify that he is aware of the recent statement by Mr. Theodore A. Von der Ahe, the president of Von's, that the competition which Von's faces has not been "cut throat" or "devastating" and that there are no [fol. 1428] "intense price wars." He would testify, however, that he faces very vigorous competition from Von's.

13. He would also testify that there have been a number of acquisitions and consolidations in the retail grocery field since 1948. He would state that the merger between Von's and Shopping Bag was the largest consolidation of grocery chains in the Los Angeles area in recent years.

14. He would state that if this merger of Von's and Shopping Bag is permitted there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution

throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area.
[fol. 1429] Mr. Coyle: If your Honor please, with respect to the affidavits——

The Court: Now, counsel, you can make any type of opening statement you prefer. If you think an opening statement will be helpful to the court, I will be glad to have you make one.

Mr. Coyle: All right, your Honor. I would like to clear up one small matter before that.

We filed the affidavits of our so-called expert witnesses this morning. I don't know just what we should do with them, whether we should make some arrangements for them to be copied into the record also. These are these statisticians and so forth that prepared these exhibits.

The Court: You mean the ones that are going to testify?

Mr. Coyle: No, the ones that are not going to testify.

The Court: All right, I see.

Mr. Coyle: We filed about five or six affidavits this morning of these FBI people and other people.

The Court: I see. Well, I suppose under the procedure we are following, is that satisfactory with counsel for the defense?

Mr. Alsup: Yes, your Honor.

May I inquire of Mr. Coyle whether the documents so filed are identical with those that have been given to us.

[fol. 1430] Mr. Coyle: Yes.

Mr. Alsup: I call your Honor's attention to, if I may, to the affidavit of Dr. Willard F. Mueller. He is a statistician, an economist with the Federal Trade Commission, has made no study of this marketing area, and has gone through some statistics collected by the Federal Trade Commission and drawn certain conclusions, most of which are—or all of which are refuted in the affidavit of Mr. Von der Ahe.

But I call your attention, your Honor, to the last page, which would be page 4, although it is not numbered.

The Court: Yes.

Mr. Alsup: And the line commencing at line 3:

> "If the remaining five of the top 20 chains had been covered by our survey it is probable that they also acquired stores and the total market share would be further reduced. It is therefore apparent that a good part, if not all, of the increasing concentration in the 20 largest grocery chains resulted from acquisitions."

Now, I think this is entirely improper from a man sitting back in Washington who speculates on what might have happened as to five chains he didn't even study.

The Court: I will resolve that by telling you now I [fol. 1431] will give it such weight as it is entitled to.

Mr. Alsup: Thank you, your Honor.

Mr. Coyle: Your Honor, there is a lot of independent testimony that there were a lot of acquisitions by those chains——

The Court: That goes to weight, I think, counsel. I will give it such weight as it should receive.

Mr. Coyle: Yes.

Now, your Honor, I do have——

The Court: Now, you know, a person can take the stand and tell me all about the moon, and I know he must be a great scientist. But I don't have to accept everything he says.

Mr. Coyle: If your Honor please, I do have a brief opening statement that I think I should probably make at this time before I call our next witness.

The Court: Go ahead, counsel.

I am not meaning to discourage expert testimony, because there is a place in the court for it. But we have gotten to a point in America today where everybody becomes an expert overnight on everything.

I had a doctor not long ago who was testifying on heart conditions, and ended up by qualifying himself as an electrician. So that is what I mean.

So I am certainly going to listen to the testimony of [fol. 1432] the experts, but I am going to examine into whether or not they are experts—not self-appointed, but by experience and training.

Mr. Alsup: I neglected to mention, your Honor, that in

connection with one of the government's expert witnesses, Mr. John Marshall of the State Board of Equalization, whose affidavit was just received, we took his deposition, and we would like that deposition to be copied after that affidavit as well; and he also identified certain exhibits and we will want to offer those exhibits.

The Court: Well——

Mr. Coyle: If your Honor please, I think those exhibits have already been marked as defendant's exhibits. I presume they will be submitted.

The Court: If they have already been marked, counsel, as defense exhibits, I don't think you will have any problem. We will take the defense exhibit number rather than the deposition.

Mr. Alsup: That is correct, your Honor.

The Court: Yes.

Mr. Alsup: But we would like the deposition copied into the record also.

The Court: It is so understood.

Now, I will assume that if there is any mechanical problems, you will have to work that out with the reporter, [fol. 1433] both of you.

Mr. Alsup: Yes, your Honor.

The Court: All right.

[fol. 1434] (The affidavits and deposition of John B. Marshall, referred to by counsel, appear in the following words and figures, to wit:

AFFIDAVIT OF GERALD D. HARRISON

GERALD D. HARRISON, being first duly sworn, deposed and says:

1. I am a Special Agent of the Federal Bureau of Investigation of the United States Department of Justice and also a registered California Public Accountant. I have been a Special Agent and an Accountant for twenty-two years and have been assigned to accounting and antitrust statistical work about 50 per cent of that time. I have a Bachelor of Commercial Science degree from Benjamin Franklin University, Washington, D.C.

2. Since October 1960, I have been assigned by the Fed-

eral Bureau of Investigation to the task of assembling and compiling statistical data relative to the Government's case in *United States* v. *Von's Grocery Company and Shopping Bag Food Stores.*

3. The data which appears on Plaintiff's Exhibit 4 shows the 1958 sales figures of the top ten grocery chains in the Los Angeles metropolitan area, consisting of Los Angeles and Orange Counties. I either personally collected or supervised the collection of sales figures for the 36 grocery chains considered as the top chains in the area, other than [fol. 1435] the two defendants in this case. The figures contained in Exhibit 4, other than those of Von's and Shopping Bag, which were obtained from the defendants and supplied to me by the Antitrust Division, were given to the Bureau by the respective companies and they are limited to the sales of these chains in Los Angeles and Orange Counties.

(Paragraph No. 4 was stricken.)

5. From the sales data accumulated by the Bureau and referred to in paragraph 3 herein, I supplied the Antitrust Division with the figures of Gateway Markets, the twenty-first chain in the area in 1958. This figure is reflected in percentages found in the "After Merger" column of Plaintiff's Exhibit 8.

6. Plaintiff's Exhibit 1 sets forth the top twenty grocery chains in the Los Angeles metropolitan area in 1958 in terms of dollar sales. This Exhibit is based upon data which the Bureau acquired and also data supplied by the defendants.

/s/ Gerald D. Harrison.

[fol. 1436] AFFIDAVIT OF HARRISON F. HOUGHTON

HARRISON F. HOUGHTON, being first duly sworn, deposed and says:

1. I am the Senior Economist of the Banking and Currency Committee of the United States House of Representatives and have been engaged in economic analysis in Government and private industry for the past 26 years.

2. I received a B.C.S. degree from Drake University in 1933, majoring in accounting and economics. I took graduate work in economics and business administration at Columbia University from 1933 until 1936, when I was employed as an economist with the National Industrial Conference Board. I was Assistant Chief and later Chief of the Department of Business Research, and engaged in preparing industrial reports covering such industries as automobiles, railroads, iron and steel, construction and others, and also prepared reports on current business trends and developments. I entered government service in January 1941 as an economic analyst with the Bureau of Labor Statistics, where I prepared special reports on industrial developments and their effect on employment, working hours, wages, and related matters.

3. From May 1942 until September 1944, I was an economist with the War Production Board, and engaged in preparing studies of munitions programs, output potentials, facilities and production with relation to requirements of [fol. 1437] critical raw materials. During this period I was also a commodity specialist on military requirements for aluminum and magnesium. From October 1944 until January 1946, I was an economist for the Smaller War Plants Corporation and engaged in preparing special studies, for submission to Congress, on the problems of small business in connection with the war and reconversion periods, as well as special studies on changes in the relative position of small business. I was coauthor of the Small War Plants Corporation report entitled "Economic Concentration and World War II" (Senate Small Business Committee, 79th Congress 2d Session, Document No. 206, 1946.)

4. During the period from January 1946 until April 1947, as an economist with the Department of Commerce I prepared studies of the structure of various industries, including reports relating to merger activity. From April 1947 to March 1951, I was employed as an economist by the Federal Trade Commission, and engaged in the preparation of economic reports (including reports with respect to the merger movement), specializing in the analysis of data on economic concentration. While at the Commission I also prepared material for submission to Congressional Committees with respect to proposed amendments to Sec-

tion 7 of the Clayton Act. I assisted in the preparation of an economic report for the Commission on the iron ore industry.

[fol. 1438] 5. From March 1951 until July 1961, I was an economist with the Antitrust Division of the Department of Justice. As a Senior Economist in the Antitrust Division, I prepared economic and statistical materials, exhibits, affidavits, and appeared as an expert witness in behalf of the Government in a number of antitrust cases including *United States* v. *Times Picayune Publishing Co., et al., United States* v. *Kansas City Star Co., et al., United States* v. *Bethlehem Steel Corp., et al.* and *United States* v. *Brown Shoe Co., et al.* I also prepared economic and statistical studies in connection with *United States* v. *Atlantic & Pacific Tea Co.* (Civil case).

6. As Senior Economist assigned to the preparation of statistical data for the Government in *United States* v. *Von's Grocery Company and Shopping Bag Food Stores,* I prepared factual memoranda and various statistical exhibits and appeared as a government witness in connection with the Motion for a Preliminary Restraining Order. I have participated in the planning and development of the economic materials for use in the trial of this case, including all of the exhibits described herein.

7. In July 1961 I became Chief Economist of the Small Business Committee of the House of Representatives, and since January 1963 I have been Senior Economist of the Banking and Currency Committee of the House of Representatives. Since the assumption of my positions with the [fol. 1439] House Small Business Committee and the House Banking and Currency Committee, I have continued to act in a consulting capacity to the Department of Justice in connection with this case.

8. Plaintiff's Exhibit 4 shows the position of Von and Shopping Bag in respect to dollar volume of sales of groceries and related products in 1958 in the Los Angeles Metropolitan Area, and indicates the rank and percentage of total sales represented by Von and Shopping Bag as well as the other chains among the ten largest in the area. The tabulation also shows on a pro-forma basis the percentage of total sales and rank of the combined sales of Von and Shopping Bag. The sources of the data are indicated in the

footnotes on the exhibit. The determination of the composition of the ten largest grocery chains was based on sales of 1958 made by such chains in the Los Angeles Metropolitan Area, based on data compiled by the Federal Bureau of Investigation from a total of 39 large grocery chains in the area. The total sales of all grocery stores in the Los Angeles Metropolitan Area was secured from the United States Bureau of the Census. (United States Department of Commerce, Bureau of the Census, Retail Trade, California, 1958 Census of Business, p. 5-22.)

9. Plaintiff's Exhibit 5 shows the growth in sales for each defendant from 1954 to 1958, based on each defendant's sales only within the combined area of Los Angeles and [fol. 1440] Orange Counties. The data were secured from defendants.

10. Plaintiff's Exhibit 6 shows the increase in concentration of grocery sales in the 20 largest chains in the Los Angeles Metropolitan Area from the year 1948 to 1954 to 1958. The source for the total grocery store sales for each of the years is contained on the exhibit itself. The source for the sales of the 20 largest chains in the Los Angeles Metropolitan Area in each of the years was obtained from the Bureau of the Census in a special tabulation known as Table 1, which is attached to a certification of the Bureau of the Census. The area used by Census, although captioned differently, is identical to the Los Angeles Metropolitan Area as defined in the Pre-Trial Conference Order of April 24, 1961. By mathematical process, I arrived at the percentage of sales represented by the top 20 chains in each of the three years.

11. Plaintiff's Exhibit 7 shows the changes of concentration in the 4, 8, 12, 16 and 20 largest grocery chains in the Los Angeles Metropolitan Area from 1948 until 1958 in percentages of total grocery store sales. This graph depicts the increasing share of the top 20 chains within the area with breakdowns in groups of 4 chains. This graph was compiled from Census data contained in Table 1 attached to the hereinbefore described Census certification. The total sales upon which the percentages were based are contained, for 1948, in Volume III, Retail Trade Area [fol. 1441] Statistics, pages 4 and 5 and, for 1958, United

States Department of Commerce, Bureau of the Census, Retail Trade, California, 1958 Census of Business, p. 5-22.

12. Plaintiff's Exhibit 8 shows the concentration in the 4, 8, 12, 16 and 20 largest grocery chains in the Los Angeles Metropolitan Area for 1958, and it also shows, for the same year, the percentage of sales of the above groupings on a pro-forma basis had the Von-Shopping Bag merger been in effect at that time. The "After Merger" column depicts the increasing share of the top 20, particularly the top four. This exhibit is derived from the same source as Exhibits 6 and 7 described above. The sales of the 21st chain in the area in 1958 were added to the "Before Merger" column to form the "After Merger" column. The Federal Bureau of Investigation obtained this sales figure on No. 21.

13. Plaintiff's Exhibit 3 compares the population of the Los Angeles Metropolitan Area with that of eleven states plus the District of Columbia. This exhibit shows that in the Census Year 1960 the Los Angeles Metropolitan Area had a greater population than these twelve jurisdictions combined. The source of this information is the United States Department of Commerce, Bureau of the Census, United States Census of Population 1960.

14. Plaintiff's Exhibit 2 compares the population of the Los Angeles Metropolitan Area with that of the ten largest [fol. 1442] states in the United States. This exhibit shows that in the Census Year 1960 the Los Angeles Metropolitan Area ranked just behind the seven leading states in the Nation in terms of population. The source of this information is the United States Department of Commerce, Bureau of the Census, December 1960, and Advance Reports Final Population Accounts, 1960 Census of Population.

/s/ Harrison F. Houghton.

[fol. 1442a] PLAINTIFF'S EXHIBIT No. 87

APPENDIX TO AFFIDAVIT OF HARRISON F. HOUGHTON

DEPARTMENT OF COMMERCE
Bureau of the Census
Washington 25, D. C.

December 28, 1961.

I Hereby Certify that the annexed is a true copy of the original special tabulation on Multiunit Grocery Companies in the Los Angeles-Long Beach, California, Standard Metropolitan Statistical Area, compiled from returns made in the 1948, 1954, and 1958 Censuses of Business, which are on file in the Bureau of the Census.

[Seal] U.S. Department of Commerce, Bureau of the Census.

/s/ Richard M. Scammon, Director, Bureau of the Census

[fol. 1442b] DEPARTMENT OF COMMERCE
Bureau of the Census
Washington 25, D. C.

Table 1—The companies included in this table are those which had the largest sales volume in the Los Angeles-Long Beach Standard Metropolitan Statistical Area as reported in each of the Census years.

	1948		1954		1958	
	Establishments (number)	Sales ($1,000)	Establishments (number)	Sales ($1,000)	Establishments (number)	Sales ($1,000)
4 largest	325	238,289	303	408,707	263	489,882
8 largest	411	309,709	397	583,216	400	820,732
12 largest	463	357,353	418	653,429	479	979,742
16 largest	489	383,149	446	709,709	510	1,073,132
20 largest	513	403,089	464	754,825	538	1,142,565

[fol. 1442c] DEPARTMENT OF COMMERCE
Bureau of the Census
Washington 25, D. C.

Table 2—This table provides the 1954 and 1948 Census of Business data, as reported in these Censuses, for the 20 grocery multiunit companies which in the 1958 Census of Business reported the largest volume of sales in the Los Angeles-Long Beach Standard Metropolitan Statistical Area. The array by size is based on the 1958 Census of Business reports.

	1948		1954		1958	
	Establishments (number)	Sales ($1,000)	Establishments (number)	Sales ($1,000)	Establishments) (number	Sales ($1,000)
4 largest	325	238,289	303	408,707	263	489,882
8 largest	385	287,868	386	569,555	400	820,732
12 largest	426	323,539	413	625,067	479	979,742
16 largest	432	332,929	433	670,190	510	1,073,132
20 largest	442	345,738	447	698,270	538	1,142 565

[fol. 1442d] 13 U.S.C. 3 as amended

§ 3 Seal

The Bureau shall have a seal containing such device as has been selected heretofore, or as the Secretary may select hereafter. A description of such seal with an impression thereof shall be filed in the office of the Secretary of State. The seal shall remain in the custody of the Secretary or such officer or employee of the Bureau as he designates, and shall be affixed to all certificates and attestations that may be required from the Bureau. Judicial notice shall be taken of the seal. As amended Aug. 28, 1957, Pub. L. 85-207, § 2, 71 Stat. 481.

[fol. 1443] AFFIDAVIT OF THOMAS H. LINDEN, SR.

THOMAS H. LINDEN, SR., being first duly sworn, deposed and says:

1. I am the president of Marketing Services Corporation of 8327 S. Garfield Avenue, Bell Gardens, California. I organized the company ten years ago and have been president ever since. Marketing Services Corporation is engaged in the assembly and publication of pricing information for the grocery business in Southern California. During the past thirty years I have been connected with the retail

grocery business as retail clerk, general manager and buyer in various independent and chain stores in the Los Angeles area.

2. Among the publications of Marketing Services Corporation is the "Competitive Survey" book, now known as the Key Survey book. In the Key Survey book I list about 3000 dry grocery (grocery, meat, produce and delicatessen) items along with the shelf prices of the major grocery chains operating in Southern California. This is a weekly publication which is sold to all major chains in Southern California plus many independents.

3. Customer demand governs the grocery chains which are surveyed and which appear in the Survey Book. Other factors which determine the selection of stores surveyed are the size of a chain and its geographical coverage of the [fol. 1444] area. The prices contained in the Key Survey Book are accumulated by physically checking the shelf price of the chains listed.

4. Plaintiff's Exhibit 21 is a copy of the April 18, 1958, edition of the Key Book. At the time of the publication of that issue, it was determined that the major chains in the Los Angeles Metropolitan Area consisted of Ralph's, Safeway, Von, Shopping Bag, Alpha Beta, Market Basket and Thriftimart.

5. Plaintiff's Exhibit 22 is a copy of the July 27, 1960 issue of the Key Book. In that publication, the major chains in the Los Angeles Metropolitan Area were listed as Ralph's, Safeway, Von, Alpha Beta, Market Basket, Thriftimart and Fox.

6. In Plaintiff's Exhibit 22 Shopping Bag Market was dropped from the Key Survey Book due to the merger of this chain with another major chain already listed in the Key Survey Book viz, Von's. We assumed that after the merger, although Shopping Bag continued in existence, the prices in Von's & Shopping Bag would be the same thus eliminating further need of Shopping Bag Name.

/s/ Thomas H. Linden, Sr.

[fol. 1445] AFFIDAVIT OF WILLARD F. MUELLER

DR. WILLARD F. MUELLER, being first duly sworn, deposes and says:

1. I am Chief Economist of the Federal Trade Commission and Director of the Bureau of Economics. I have served in this capacity since July 1961. In this capacity, I am responsible for directing the program and policy of the Bureau of Economics' three operating divisions, the Division of Economic Evidence, the Division of Economic Reports, and the Division of Financial Statistics.

2. From March 1961 through June 1961, I served as Chief Economist of the Select Committee on Small Business, United States House of Representatives.

3. From 1957 until March 1961, I was on the staff of the University of Wisconsin, and I am currently on leave of absence from the University of Wisconsin. At Wisconsin I am Professor of Agricultural Economics with responsibilities in teaching and research in the area of industrial organization and competition of the food industries. I have responsibilities for graduate and undergraduate courses in the economics of the food industry, industrial organization and public policy, and participate in teaching a seminar in the Law School entitled "Imperfect Competition and the Law." I am on the staff of American University in Washington, D.C. and during the fall term I teach a course [fol. 1446] entitled "Industrial Organization and Public Policy."

4. From 1954 to 1957, I was on the staff of the University of California. My chief research responsibilities dealt with the industrial organization of the food industry.

5. I have B.S. and M.S. degrees in economics from the University of Wisconsin and a Ph.D. degree from Vanderbilt University. My major area of study for the Ph.D. dealt with economic analysis of industrial organization and public policy. My minor field of interest was law.

6. During the past 10 years I have conducted and directed many research projects in the food and other fields. My research results have appeared as research bulletins of the University of California and the University of Wisconsin, and in various professional journals, including *The American Economic Review, Review of Economics and*

Statistics, Journal of Business of the University of Chicago, *Journal of Farm Economics, Journal of Land Economics, Journal of Marketing* and *Southern Economic Review.* In addition, I am co-author of a book entitled *The Changing Market Structure of Grocery Retailing,* published in 1961.

7. During the past several years I have served as an economic consultant to the House Small Business Committee, Senate Small Business Committee, Department of Agriculture, the Antitrust Division of the Department of Justice, and private firms on matters of industrial organi-
[fol. 1447] zation and competitive behavior in the food industry.

8. At the request of the Antitrust Division of the Department of Justice and with the permission of the Federal Trade Commission, I have prepared the exhibits cited below. All of these exhibits are based on questionnaires answered under oath by an officer and prepared by the responding companies in connection with the Federal Trade Commission's Inquiry in Food Marketing, 1959. The companies supplying this information were required to do so under the authority conferred upon the Federal Trade Commission by Section 6 of the Federal Trade Commission Act. In 1959, the Federal Trade Commission obtained completed questionnaries from all grocery chains which were known to have had 11 or more grocery stores in 1958.

9. Government Exhibit No. 44 lists 136 grocery stores located in Los Angeles and Orange Counties which were acquired by nine of the top twenty grocery chains which were known to have eleven or more stores at the time of the survey. In the ten instances where there were known acquisitions among and between the top twenty chains, parentheses have been placed around these stores and their sales have been excluded from the totals. The 126 stores acquired from grocery concerns outside of the top twenty chains had combined sales of $231,017,000, in the year prior to their acquisition.

10. Government Exhibit No. 45 sets forth the number and sales of the acquired stores which were still operated by the acquiring chain in 1958.

[fol. 1448] This exhibit shows that 99 of the 126 stores acquired from grocery concerns other than the top twenty

grocery chains were still operated by the acquiring chain and had sales of $192,916,000 in 1958.

11. Plaintiff's Exhibit No. 6 shows that the market share of the top twenty chains in the Los Angeles Metropolitan area increased from 43.8% in 1948 to 56.9% in 1958. The market share of the top twenty in 1958 would drop to 47.3% if the sales of the top twenty were reduced by $192,916,000, i.e., by the 1958 sales of stores acquired by the fifteen chains covered by our survey. If the remaining five of the top twenty chains had been covered by our survey it is probable that they also acquired stores and the total market share would be further reduced. It is therefore apparent that a good part, if not all, of the increasing concentration in the twenty largest grocery chains resulted from acquisitions.

/s/ Willard F. Mueller

[fol. 1449] AFFIDAVIT OF JOSEPH T. DESILVA

JOSEPH T. DESILVA, being first duly sworn, deposes and says:

1. I am Executive Secretary of the Retail Clerks Union, Local 770, chartered by the Retail Clerks International Association, AFL-CIO. The jurisdiction of Local 770 is exclusively within and comprises a major part of Los Angeles County as depicted on the attached map. The membership of Local 770 is approximately 18,500, of which approximately 15,000 are employed in grocery stores. I have been in my present position for the past twenty-four years as the elected executive officer of Local 770. My duties include responsibility for formulating Union policy for recommendation to the Executive Board, the negotiation and administration of collective bargaining agreements, and maintaining a continuing program of study of economic and social conditions as they may affect future negotiations and the rights of Union members. I also serve as Trustee on a number of jointly administered Trust Funds relative to employee benefits. The business address of Local 770 is 5955 Hollywood Boulevard, Hollywood 28, California.

2. Since 1956 I have served as spokesman in negotiations for the nine Retail Clerks Union locals in Southern California, with a total membership of approximately 40,000,

of which approximately 32,000 are employed in grocery stores. The jurisdiction of these unions includes all of Los [fol. 1450] Angeles and Orange Counties. Commencing in 1923, and until the time of my employment with the Union in 1937, I held a number of positions in the grocery industry ranging from retail clerk to buyer and supervisor of a chain of fourteen stores known as the E. F. Smith Markets.

3. In the course of the past twenty-eight years I have known and dealt with the people who have been the major developers of the grocery industry of this area, and have been required by the nature of my position to maintain a current knowledge of developments in this field.

4. The most recent major labor dispute in the grocery industry in Southern California was in January, 1959. The prior collective bargaining agreement terminated at midnight on December 31, 1958. The Food Employers Council, Inc. was spokesman for the major grocery store employers. Deadlock was reached at midnight, and at that time Local 770 struck the Hollywood Ranch Market, 1248 Vine Street, in Hollywood. The store continued to operate with supervisorial personnel until it was closed by the owner at approximately 7:00 P.M. on January 1, 1959. Most of the other grocery stores were closed because of the holiday on New Years Day. On January 2, 1959, grocery stores doing approximately 80% of the grocery business in the area of Local 770 did not open because of this labor dispute. All [fol. 1451] of the major chains operating in our jurisdiction, including those listed in the document identified as Plaintiff's Exhibit B-8, were closed, except McDaniels Markets, which was not a member of the Food Employers Council, Inc., and which remained open for the duration of the dispute. Greater All-American and McCoy's were not in Local 770's jurisdiction. The stores remained closed until January 28, 1959, at which time our current five-year agreement was signed. Approximately 400 other small chain stores and independents remained open during this twenty-eight-day period in which the new contract was negotiated. These stores provided the food and allied items to the people of Los Angeles County.

5. In the course of maintaining research files for the negotiation and administration of contracts it is necessary for Local 770 to keep records of new stores, acquisitions,

and sales for the purpose of insuring appropriate contract coverage and maintenance of contract benefits. Specifically, we have in our research file information concerning the developments of the Hughes Markets, Fox Markets, Yor-Way Markets and Lucky Stores, which are summarized below. Each of these chains initiated its grocery store business in the Los Angeles area by acquiring the assets of existing grocery operations in the area.

[fol. 1452] 6. Hughes Markets were founded in 1952 by Joseph P. Hughes, former Vice President in charge of Field Operations for Fitzsimmons Stores Limited (now Thriftimart, Inc.). He began with one store purchased from Thriftimart, and soon thereafter purchased two more stores, one independent and another Thriftimart. Since that time he has acquired several other stores. He operated as a partnership with his wife until incorporated as Hughes Markets, Inc. in 1957.

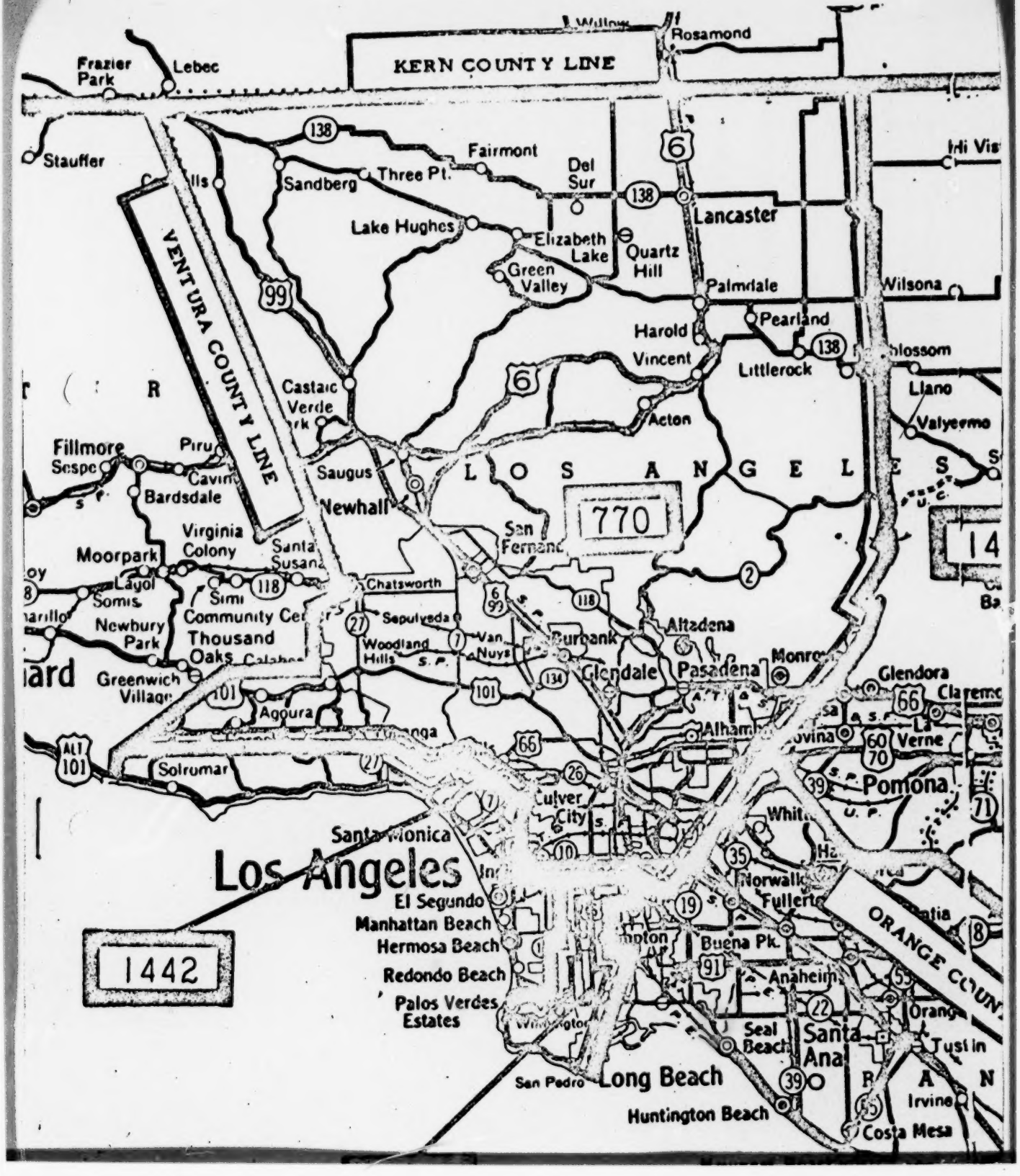
7. Mr. Edwin J. Fox left Mayfair Markets in 1954 and started the chain of Fox Markets by purchasing grocery stores from Mayfair and Lamar's. He later acquired other Mayfair stores, the Roth's Markets chain, the Pessin Markets chain, the Iowa Pork Markets chain, and other acquisitions. In 1961 Fox filed in bankruptcy.

8. Mr. Jack Kennedy left the Jim Dandy Market Company to establish the Yor-Way chain in 1953. He began with the purchase of a Mayfair Market and later acquired several more. In 1958 Yor-Way acquired the C. S. Smith Metropolitan Markets. After Mr. Kennedy's death in 1961, the stores were sold.

9. Lucky Stores, Inc., which now operates a total in excess of 114 stores on the West Coast, entered this area with the purchase of the Jim Dandy chain of grocery stores in 1956. In 1959 also purchase the Hiram's Market chain.

/S/ Joseph T. DeSilva.

PLAINTIFF'S EXHIBIT No. 31



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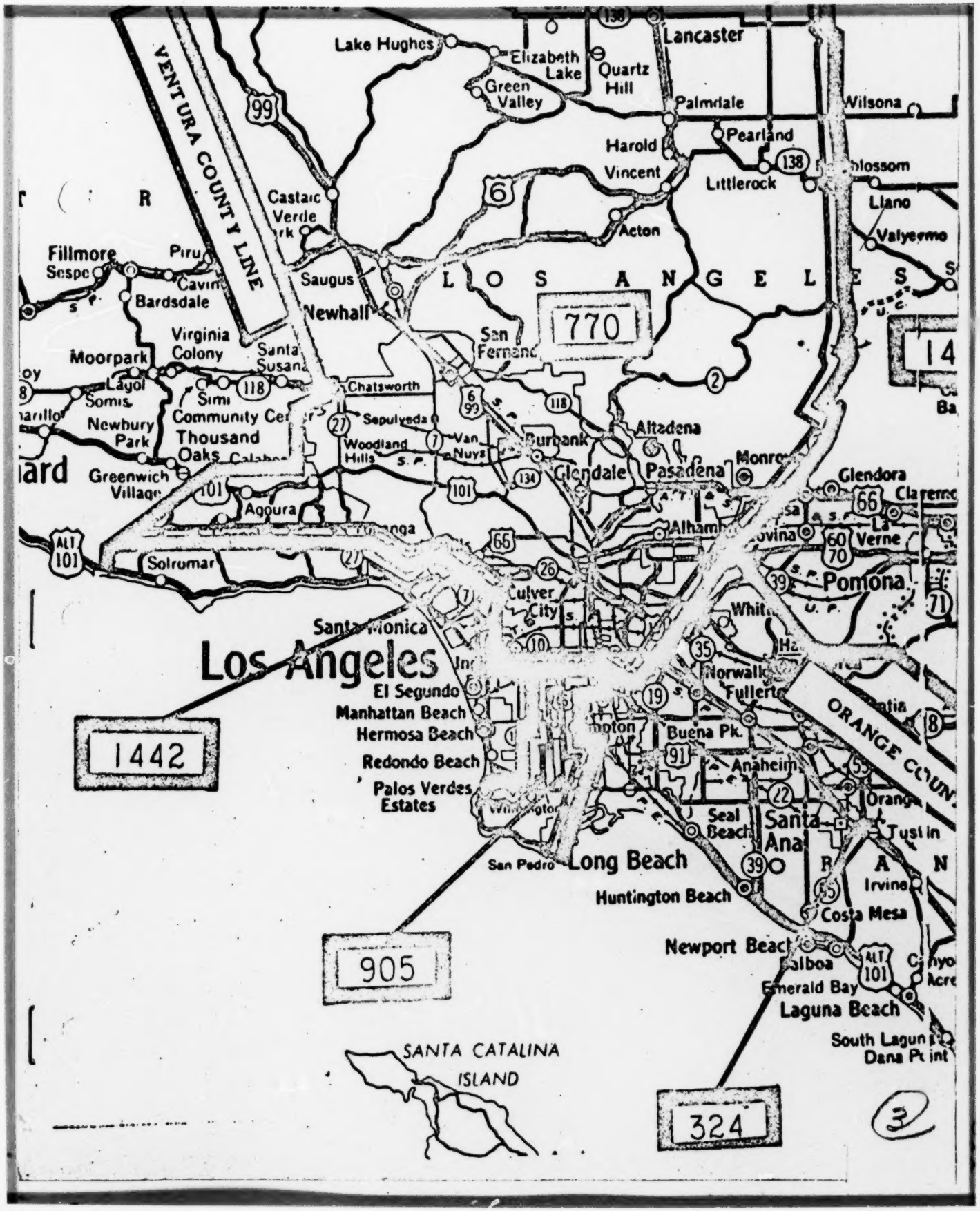
VENTURA COUNTY LINE
Lake Hughes
Elizabeth Lake
Quartz Hill
Lancaster
Green Valley
Palmdale
Wilsona
Pearland
Harold
Vincent
Littlerock
Llano
Valyermo
Acton
Castaic
Verde
Fillmore
Sespe
Saugus
Newhall
L O S A N G E L E S
770
San Fernando
Bardsdale
Virginia Colony
Santa Susana
Moorpark
Chatsworth
Simi
Community Center
Thousand Oaks
Newbury Park
Greenwich Village
Woodland Hills
Sepulveda
Van Nuys
Burbank
Glendale
Pasadena
Altadena
Monrovia
Glendora
Claremont
La Verne
Alhambra
Aggura
Solromar
Culver City
Pomona
Santa Monica
Los Angeles
El Segundo
Manhattan Beach
Hermosa Beach
Redondo Beach
Palos Verdes Estates
1442
Norwalk
Fullerton
ORANGE COUNTY
Buena Park
Anaheim
Seal Beach
Santa Ana
Orange
Tustin
San Pedro
Long Beach
Huntington Beach
Irvine
Costa Mesa
Newport Beach
Balboa
Emerald Bay
Laguna Beach
South Laguna
Dana Point
905
SANTA CATALINA ISLAND
324
3

[fol. 1452b] IN THE UNITED STATES DISTRICT COURT

Honorable CHARLES H. CARR, Judge Presiding

No. 336-60-CC Civil

[Title omitted]

Transcript of Proceedings—June 11, 1963

Place: Los Angeles, California

* * * * * * *

[fol. 1453] AFFIDAVIT OF JOHN B. MARSHALL

JOHN B. MARSHALL being first duly sworn, deposes and says:

1. I am the Senior Statistician of the Office of Research and Statistics of the State Board of Equalization for the State of California, located at 1020 N Street, Sacramento, California. I have held this position for fourteen years. My duties consist of compiling statistical data relative to taxes administered by the Board. I was responsible for the development of outlet and taxable sales data by type of business for each of the State's 58 and 382 cities, revenue forecasts for each of the tax programs, the preparation of the Annual Report of the Board, and special reports concerning the many facets of the Board's operations.

2. I have a Bachelor of Science degree in Economics from the University of California. Since graduation in 1934, I have worked on research projects for a number of State agencies. My employment during the past 26 years has been as follows: ten years of Ratio and Analysis work for the State Workmen's Compensation Insurance Fund as a statistician for the State Department of Employment: 1½ years with the State Reconstruction and Re-employment Commission as a special field representative developing information on business opportunities for returning veterans of World War II; one year with the Office of Planning in the Governor's Office developing statistics [fol. 1454] in support of Governor Warren's prepaid medi-

cal care program; and the aforementioned 14 years with the State Board of Equalization.

3. The State Board of Equalization in the course of its regular and established duties collects and compiles data relative to tax matters which reflect various aspects of all permittees including all grocery stores. Form S-401 is used by the Board to obtain these sales data.

4. Every grocery store in California must be licensed by the State Board of Equalization. Before going into business a grocery operator is required to obtain a permit to operate a grocery store at a specific location. Such permits are obtained at the local offices of the State Board of Equalization. Grocery operators are also required to report to the Board when they discontinue a business at any location. The operator is required to give us both his mailing and business addresses, and each store is identified by its address and falls within a certain city or in the unincorporated area of a county.

5. It is my responsibility to maintain a count of the outstanding permits in each jurisdiction of the State. It is part of our regular procedure to classify retail establishments according to their principal type of business as measured by gross receipts and to maintain counts of stores by single outlet and by multiple outlet categories.

[fol. 1455] 6. It is one of my duties to publish periodic reports on the number of outstanding permits and taxable sales by type of business and to make other appropriate statistical analyses. As a service, we compile and make certain statistical data available to private parties and various governmental agencies on a reimbursable basis.

7. Commencing in July 1960, at the request of the Antitrust Division of the United States Department of Justice, there have been assembled and compiled under my supervision and direction certain statistics of the State Board for use in connection with *United States* v. *Von's Grocery Company, et al.*, Civil Action No. 336-60-CC, now pending in the Southern District of California, Central Division. We have also prepared and furnished to the law firm of O'Melveny & Myers certain statistics for use in the same litigation.

8. The records of the State Board indicate that on January 1, 1950, there were 5,365 single outlet grocery stores and 856 multiple outlet grocery stores operating in

the Los Angeles Metropolitan area for a total of 6,221 stores. By January 1, 1961, the total number of single outlet grocery stores was 3,818 and the number of multiple outlet grocery stores was 923 for a total of 4,741. By January 1, 1963, the number of single outlet grocery stores was 3,590 and the number of multiple outlet grocery stores was 958 for a total of 4,548.

[fol. 1456] 9. Plaintiff's Exhibits 33 and 34 demonstrate, in table and graph form, the number of single outlet grocery stores and the number of multiple outlet grocery stores (defined as concerns filing consolidated returns for two or more stores) in Los Angeles and Orange Counties for each of the years 1950 through 1961. Plaintiff's Exhibit 35 shows the number of single outlet grocery stores and the number of multiple outlet grocery stores for the period of January 1, 1961 to January 1, 1963. A breakdown of single outlet grocery stores and multiple outlet grocery stores was not made by the State Board of Equalization during the course of its regular tabulations for the years 1953, 1954, 1955, and 1956.

10. Plaintiff's Exhibits 33 and 34 also reflect the population of the two-county area as of January 1 for each year from 1950 until 1961. Since the population census is taken by the United States Department of Commerce only every 10 years, we have used published population estimates of the State Department of Finance for intercensal years.

11. Plaintiff's Exhibit 36 reflects the net change in the total number of permits to operate a grocery store in the Los Angeles Metropolitan Area in 1960. As reflected in 36, the issuance of a permit to operate a new store would be reflected as an opening, and a discontinuance of a permit would be classified as a closing. In some instances, a closed store might be reopened very shortly or even simultaneously [fol. 1457] with its closing and there would be both a closing and an opening for the same store. It is also possible, in some instances, that a closing would not be promptly reported and there would be a time lag before we would reflects the change. The net change, in any event, very closely approximates the total annual movement in the number of stores.

12. Plaintiff's Exhibit 37 shows the distribution of new permits for grocery stores in the area in 1960, distributed by gross sales.

13. Plaintiff's Exhibits 38 through 42 show the distribution of grocery stores which obtained permits in 1960 and discontinued their permits by November 15, 1961, grouping them in categories to show gross sales, number of stores, percentages, and chain groupings. As indicated in paragraph 11, some of the stores reflected as discontinued permits may have been reopened or taken over by another firm, in which case they would be shown as new permits as well as discontinuances.

14. Plaintiff's Exhibit 43 shows the estimated annual sales of grocery stores opened in the Los Angeles Metropolitan Area in 1960, expressed in thousands of dollars and showing percentage distribution among chain groupings.

15. Plaintiff's Exhibits 33 through 43 all consist of information collected and compiled by me or under my supervision. These exhibits show that single store outlets have been declining in numerical count and that multiple outlet stores, particularly those controlled by the large chains, [fol. 1458] account for the bulk of the business done under newly obtained permits. They also show that there is a very high percentage of discontinuance of new permits by small, single store operators and a relatively small percentage of such discontinuances by the large chains.

/s/ John B. Marshall.

[fol. 1459] DEPOSITION OF JOHN B. MARSHALL

Be It Remembered that, pursuant to stipulation, and on Wednesday, May 29, 1963, commencing at the hour of 1:30 P.M. thereof, in the Grand Jury Room, Room 2203, Federal Building and United States Court House, 650 Capitol Avenue, Sacramento, California, before me, CLARENCE F. WRIGHT, a Notary Public in and for the County of Sacramento, State of California, and an Official Reporter of the United States District Court, personally appeared JOHN B. MARSHALL, called as a witness by the Defendants, and the said witness being by me first duly sworn, was thereupon examined and interrogated as is hereinafter set forth.

It was stipulated and agreed that this deposition need not be signed, and it may be used at the trial of said action as though signed by said witness.

JOHN B. MARSHALL, called as a witness by the Defendants, having been duly sworn, testified as follows:

The Reporter: Your name, please?
The Witness: John B. Marshall.
The Reporter: Your address?
The Witness: 786 Fifth Avenue, Sacramento, California.

[fol. 1460] Direct examination.

By Mr. Vaughn:

Q. And that is in Sacramento, is it not, sir?
A. Sacramento 18, California.

Q. Mr. Marshall, what is your business or occupation?
A. I am Senior Statistician in charge of Research Statistics for the State Board of Equalization.

Q. And you have prepared an affidavit and I assume that you have signed an affidavit which you supplied to counsel for the government in connection with this lawsuit, is that correct?
A. Yes, sir.

Mr. Vaughn: Do you have a copy of the affidavit, Mr. Coyle, with all of the new tables in it?
Mr. Coyle: I have a copy of the affidavit.
Mr. Vaughn: Would you show it to the witness.
Mr. Coyle: I think he has a copy.
Mr. Vaughn: All right, fine, if you will take that out.

Q. Mr. Marshall, attached to your affidavit are various charts and tables which, among other things, show the number of grocery stores in Los Angeles and Orange Counties during the various years commencing with 1950 to 1963, and also charts which show the opening and closing of grocery stores in Los Angeles and Orange Counties, is that not correct?
[fol. 1461] A. That is correct.

Q. And I take it that the information that you have there was compiled by you personally?
A. It was either compiled by me personally or under my direct supervision.

Q. And it is taken from the records of the Board of Equalization of the State of California, is that correct?

A. That is correct, sir.

Q. That was your sole source of information, is that right?

A. That is not entirely right. All of the statistics with respect to the accounts licensed by the Board were taken from Board records. The information with respect to the population was taken from the records of the State Department of Finance.

Q. Aside from the population figures, then everything else was taken from the records of the Board of Equalization, is that correct?

A. Taken from the records of the Board of Equalization or derived from the records of the Board of Equalization.

Q. I see. Now for the purposes of those statistics, how do you define a grocery store?

A. We define a grocery story as a store whose principal gross receipts come from the sale of food products, but we would not include delicatessens, meat markets, poultry [fol. 1462] and dairy stores, stores that we define as "other food stores", that is, food stores other than grocery stores.

Q. All right. In classifying for purposes of the Board's records various establishments, you use a publication known as the Business Classifications Codes or Business Classification Codes, do you not?

A. That is correct.

Q. Code 33 is defined as grocery stores with type B liquor license, is that correct?

A. That is correct.

Q. That would permit them to sell beer and wine only, is that right?

A. That is correct.

Q. And Code 34 is defined as groceries with Type C liquor licenses, is that correct?

A. That is correct.

Q. That would permit them to sell any type of liquor?

A. That is correct.

Q. Now with respect to Codes 33 and 34, are they also grocery stores with or without meat as in the case of Code 20?

A. That is correct,—could be.

Q. Could be?

A. It is entirely a matter of individual concern to de-

[fol. 1463] cide whether they will run their meat market or lease it out on a concession basis, or, in fact, some of them may not have meat markets.

Q. And you have stated that any concern or any outlet whose principal receipts come from the sale of groceries is classified under one of these three code numbers, is that right?

A. That is correct.

Q. Now would you define what grocery stores are?

A. This is pretty largely what the man on the street would consider to be a grocery store. It is the common understanding. That is a place where one would buy bread, eggs, milk, canned goods, and in the case of supermarkets, sundries.

Q. And that could, under these classifications, include liquor, is that right?

A. If they had a "C" license it certainly would include liquor.

Q. And it would include all types of non-foods customarily sold in grocery stores, non-food items?

A. Yes. In fact, that is what the taxable portion of the receipts are, because food is exempt from taxes.

Q. Food is exempt from tax, so you would only tax drugs, sundries, health and beauty aids, magazines—I guess magazines are not taxable, are they?

A. Some are. Periodicals are not taxable, books are not [fol. 1464] taxable, so you could have a mixed situation.

Q. Now, grocery stores then do not include those types of stores listed under Code 21 in the Business Classification Codes, is that right?

A. This is what we attempt to do, yes.

Q. Now, for purposes of the statistics developed for this case you did not include any of the stores classified under Code 21, right?

A. Any stores that were classified as Code 21 were not included.

Q. Right. And that includes bakeries, dairy products stores, delicatessen stores, with or without liquor licenses, fresh fruits and vegetable stands, and stores, health food stores, meats and sea food stores, and retailers of non-carbonated bottled water, is that right?

A. This would be correct. If their principal gross receipts stemmed from the sales of the types of products that you enumerated, they would be classified in Business Class 21, and not included in the exhibits attached to this affidavit.

Q. Were food stores other than grocery stores at any time lumped together with grocery stores in the records of the Board?

A. Yes.

Q. When did any change in classification take place so [fol. 1465] they were excluded from grocery stores?

A. In 1948.

Q. In 1948?

A. Yes.

Q. And the Business Classification Codes indicate that it was published in December, 1948. Is that the first time that this difference appeared between Food Stores and Grocery Stores?

A. It is a matter of—we are outside of the period covered by anything in this.

Q. I realize that.

A. Actually we started reclassifying in June 1948.

Q. In June, 1948?

A. That is when we started reclassifying. I believe we had the job virtually completed by the end of 1948, but classification is a continuing process.

Q. Yes, of course.

A. And any time we find an account that is improperly classified we will properly classify it. But I would say we had virtually all of the non-grocery store food stores out of our 20, 33 and 34 classes by the end of 1948.

Q. Fine. Thank you, sir. Now on May 16, 1961 you sent a letter to me answering a request of mine, and I would like to show you a copy of that letter and ask you if you can identify it.

[fol. 1466] A. Yes, I sent you this letter.

Mr. Vaughn: I will ask that copy of letter of May 16, 1961 from Mr. Marshall to myself be marked as Marshall Exhibit 1 for identification in this deposition.

(Document referred to was marked Marshall's Exhibit No. 1 and is attached to this deposition.)

Mr. Vaughn:

Q. In the letter which has now been marked Marshall's Exhibit 1, sir, and in paragraph (c) at the bottom of page 1 you state that meat markets, poultry markets, delicatessens, produce markets or other specialty shops, such as Dairy Drive-ins, are not classified as grocery stores and have not been so classified since January 1, 1950, is that correct?

A. Yes.

Q. That is an error then, is it not? It should be January 1, 1949, isn't that right?

A. Well now, we started this re-classification as I stated before, in the middle of June, 1948, and we largely completed this work by the end of 1948, but the fact that I used in this paragraph January 1950 is an indication that I allowed myself an additional year in order to be sure that we had got practically all, if not all, of these other food stores of our grocery store classification. In dealing with something like 260,000 outlets, I submit that you don't straighten out 260,000 records with a temporary crew in [fol. 1467] a period of six months. I would not concede that this date should be January 1949. I am saying——

Q. You are being conservative?

A. I am being conservative, and I think it took us at least until January, 1950 before we had enough of these out of our hair so that we could say that beginning with the 1950 decade we were pretty well in business in terms of the classification structure that we set out to set up in 1948.

Q. And your prior testimony that it was completed by January 1, 1949 you now wish to amend?

A. For statistical purposes, trying to get out of the public as best we could and as rapidly as possible—the date of our Code Book is 1948, this book here, this is the book we used that you have before you, to bring about the reclassification, and I am reasonably confident that by January 1, 1950 we had gotten the food stores other than grocery stores pretty well culled out from our statistics.

Q. Fine. Thank you. I note that in the foreword,—I think it is the foreword to the Business Classification Codes, it appears to be a letter to Headquarters and Field Staff, Department of Business Taxes, from Mr. Harold L. Say,

indicating that the classifications as set forth in the Business Classification Codes were revised as of July 1, 1952 and again revised as of March 1, 1961.

A. Both of those are correct.

[fol. 1468] Q. Did any of those revisions affect in any way Codes 20, 21, 33 or 34?

A. They affected Code 20. We did not make the distinction between Grocery stores selling liquor and those not selling liquor in our original reclassification. This change was introduced in 1952. At that point we took our industry code 20 and made it into three codes or classes.

Q. 20, 33 and 34?

A. And this is when we identified those grocery stores that had "B" licenses and those that had "C" licenses and gave them specific codes. This was done for administrative purposes. We recognized it would be more profitable to operate a grocery store selling hard liquor, that is, one having a C license, than it would probably one of those smaller grocery stores that merely sells the usual items sold by grocery stores, and not having a license to sell any kind of liquor.

So actually this was simply a refinement of the grocery stores. We had identified all those grocery stores and put them in Code 20 as we started our reclassification in 1948.

In 1952 we created three classes out of Code 20.

Q. I see.

A. We didn't take any out of 20, for example, and put them into 21. We simply moved them from 20 and put them in 33 or 34, if they were selling liquor.

Q. Was the revision as of March 1, 1961 in any way [fol. 1469] related to Codes 20, 21, 33, or 34?

A. No, sir, had no bearing.

Q. All right, sir. I would like you to refer once again, if you will, to the document which Mr. Coyle has which has been marked Exhibit 1 in this deposition. How many other food stores were there in Los Angeles and Orange Counties in 1950?

A. 1173.

Q. How many were there in 1955?

A. 1081.

Q. How many were there in 1961?

A. 1288.

Q. Thank you. I take it that when you refer to the number of stores in a particular community in a year you are referring to the number of stores in that community or in those counties as of January 1 of that year, is that correct?

A. We are referring to the number of outstanding permits issued to people in a specific type of business.

Q. As of what date?

A. As of January 1 of the year shown.

Q. And this holds true throughout the statistics which are on the tables appended to your affidavit, is that correct?

A. Yes, this is an inventory, this is a physical inventory. [fol. 1470] Q. Yes. As long as we are working with this exhibit, this same letter which is Exhibit 1, I wish you would at the same time refer to Exhibit B-5 (34) to your affidavit, which I think is right in front of you. Now, as I understand it, Exhibit 1 to your affidavit—or Exhibit 1 to the deposition shows that there were 5789 outstanding permits in Los Angeles and Orange Counties for the year 1950.

A. I don't know what document you are referring to.

Q. You can use the exhibit.

A. This is the document you are referring to (indicating)?

Q. Yes.

A. Now, will you rephrase your question?

Q. Yes, sir. That shows that in Los Angeles and Orange Counties there were as of January 1, 1950, 5789 outstanding permits to grocery stores, is that correct?

Mr. Coyle: The document speaks for itself, I think, and it doesn't show that.

Mr. Vaughn: Well, I am not reading it correctly, then.

A. You are not, you are not reading it correctly.

Q. Would you read it for me. How many grocery stores, according to this document, were there as of January 1, 1950 in Los Angeles and Orange Counties?

A. 6221.

Q. Oh. Now you have told me what a grocery store is for the purpose of your statistics, how you define it. Now, [fol. 1471] how do you determine whether a particular establishment is a grocery store within that definition?

A. We have established procedures to attempt to classify

all permittees according to the Code Structure that has been established.

Q. Let me ask you this, if I may: Anyone wishing to sell goods retail to the public——

Mr. Coyle: I will object. I think maybe Mr. Marshall had not finished his answer to the prior question.

A. I hadn't.

Mr. Vaughn: Q. All right. I thought I would shorten it down a little bit by asking you some specific questions but if you would like to go ahead, go ahead.

A. Well, we have established procedures which we are confident of for achieving accurate coding. We have the person who is taking the application from the individual who seeks a permit inquire as to the nature of business that he is wanting to engage in. This person asks the necessary number of questions to make a determination. He enters the description of the business ascertained through the application for the permit on the application. He also signs the type of business Code. This is reviewed by a person responsible for the supervision of this individual's work at the local office level, and it is sent to headquarters and in time it is reviewed in headquarters in order to re-
[fol. 1472] flect the information as reported on the tax return with the statement as to the nature of the business, because the tax return has a sizeable number of items for exemptions, reductions, and when you relate the statement on the application to the information furnished on the tax return you are in a position to make a pretty positive deduction or determination as to the nature of the business.

Sometimes we find that people have misstated the nature of their business, and through this review in headquarters we correct it.

Now we must go further than this. We audit about 40,000 sales tax accounts a year. When our auditors find that the classification, the business classification assigned to an account does not coincide with the nature of business as conducted at that particular premises or by that particular multiple outlet operation, he puts through he necessary form to bring about the change in the classification.

So this classifying of accounts, while we are faced with

doing it at the time the man is there, we have a continuing process to make sure that we maintain the integrity of our Code system. We eliminate any erroneous coding that stems from either misinformation furnished to us by the applicant at the time the application is taken,——

Q. You mean you have procedures designed to accomplish that end?

[fol. 1473] A. To work toward the best possible code structure and the best possible classification of accounts.

Q. When someone comes in to a local office of the Board of Equalization and says he wants a sales permit to sales tax permit, if that is what you call it, he is provided with a form S-400, is he not?

A. He is not provided the form, sir. We have someone——

Q. That fills it out for him?

A. —that fills it out for him, because I don't think we would get very far if we had to rely on every outsider to fill these forms, for us. There would be a number of them that would not be too legible. In other words, we have someone actually fill out the form for them.

Q. And the interview is conducted——

A. The interview is going on——

Q. Let me complete my question. An interview is conducted between a local representative of the Board and the applicant, on the basis of which the representative of the Board completes form S-400, is that right?

A. Yes.

Q. Now, in your affidavit you refer to form S-401. Is there any difference between Form S-400 and Form S-401? And I will refer you specifically to page 2, line 13, of your affidavit in this case.

A. I can now see why people object to these numbers, because to me numbers—you get so many of them, and they [fol. 1474] are being changed, that I would rather refer to these in terms of——

Q. I just want to be sure that the document that is now before you is the application which an applicant or which a local representative of the Board would fill out?

A. Well, this is another form, sir. This is a tax return. This is the application. (Exhibiting document to counsel.)

Q. S-401 is a tax return, is that correct?

A. A tax return, yes. This is where we pick up information with respect to gross sales.

Form 400, leaving out the subscripts and things which identify an application for sales tax or some other tax that the Board administers, this is the application which causes the permit to be issued. Thereafter tax returns are furnished to the taxpayers and the form for that purpose is S-401.

Q. I see. Item 30 on form S-400, which is otherwise entitled "Application for seller's permit and registration as a retailer and department of Employment registration as an employer"—item 30 on that form states, "Type or nature of business," and, in parentheses, "(If mixed, underscore principal type)." Now, I take it that in each case item 30 would be filled in by the local representative of the Board based on the interview he has with the applicant, is that [fol. 1475] right?

A. That is correct, sir.

Q. And if the man says, "I am going to operate a grocery store," he fills in "Grocery store," is that right, or would he fill in a code number?

A. No, he would fill in "Grocery store," and would make further inquiry, "Are you going to sell beer or wine?"

If so, he would put down "License B."

If he were going to sell hard liquor and has a hard liquor license, a "C" license, he would put "License C".

And if it is mixed, he would ask further questions to establish what would constitute his principal gross receipts, what he hopes would constitute his principal gross receipts, and then the person doing this will enter the type of business code in item 4 on the form.

Q. The local representative?

A. The person doing it. So this person knows he will have to conduct a sufficient interview with respect to the nature of business so they are capable of assigning the proper class of business in item 4. And this is what is reviewed at the local office level.

Q. I understand.

A. And ultimately this information is reviewed in headquarters with the tax returns.

Q. I didn't ask you about that. You are going beyond [fol. 1476] my question. We will move along a little faster

if you will just answer the question that I pose. I think we will get everything out before the afternoon is over.

Has this form been revised since 1950 in any way that would affect the inquiry made under item 30?

A. The format of item 30 has been changed, but what we are trying to get at and have been trying to get at ever since 1948 has not changed.

Q. I see.

A. There has been very little change in terms of the overall format, but we are always looking for ways and means of cutting down the cost of our job and improving the overall accuracy of the operation.

Q. But the item of item 30 has not been changed since 1950, so far as you know?

A. Not significantly. Not that it would alter the classification in any respect so far as this particular category is concerned.

Mr. Vaughn: I would like the reporter to mark this form S-400 which has previously been identified in the record as Marshall Exhibit 2 for identification in this deposition.

(Document referred to was marked Marshall Exhibit 2 and is appended to this deposition.)

[fol. 1477] Mr. Vaughn: Q. Referring again to your procedures, sir, when an applicant comes in to obtain a sales permit and this form is filled out, is it a fair statement to say that your field representatives or local office representatives are instructed that in general a business is to be classified according to the owner's concept of the type of enterprise he will operate and not according to the principal line of taxable commodities, as was the case prior to January 1, 1949?

A. That is correct.

Q. Now, let me ask you for some specific examples: Suppose a man came in and said—an applicant came in to one of your local offices and said, "I intend to run a retail establishment where 51 per cent of my business will be in produce items and 49 per cent will be in general run-of-the-mine grocery items." Under what Code would that be classified?

A. Grocery store.

Q. Despite the fact that 51 per cent of his receipts would come from produce?

A. Despite the fact that 51 per cent of his receipts would come from produce.

Q. I have a difficult time reconciling that with the description between Code 20 and Code 21.

A. That is very easy to reconcile, sir. After all, a [fol. 1478] grocery store ordinarily handles produce, so you wouldn't separate on that basis. He has a grocery store. The fact that more than half of his business comes from produce does not alter the fact that he is a grocery store. Grocery stores can sell meat, they can sell produce. He would clearly be a grocery store. Furthermore, sir, if I might add, I don't think anyone would come in and tell us that——

Q. No, I am putting a hypothetical question to you so I can understand your system of classification. Suppose the applicant said, "I expect to run a meat market where 51 per cent of my products will be meat items and 49 per cent of them will be run-of-the-line grocery items," how would he be classified?

A. He would be classified as a grocery store for the same reason I just gave you.

Q. Suppose he said, "75 per cent of my products sold will be meat and 25, I will have some grocery items on hand, too, staples, bread, meat, and the like?"

A. He would be a grocery store for the same reason I cited.

Q. Suppose he says, "90 per cent of my products that I sell will be meat, and 10 per cent will be——"

A. I don't know where you are trying to push me on this, sir.

Q. I am not trying to push you.

[fol. 1479] A. He would come in—if he thought he was running a meat market, ordinarily a meat market will not be running a grocery store. Ordinarily you either have a grocery store without meat or you have a grocery store with meat, and you have two situations in the latter case. The meat department is operated by the grocery store, in which case it is a grocery store. If the meat market is leased to a concessionnaire, it is a separate business, separately licensed, the meat market would be classified as a

meat market, 21, and the grocery end would be classified as a grocery store.

Q. Suppose he said, "51 per cent of my gross receipts are going to be liquor and 49 per cent grocery items," how would he be classified?

A. A grocery store.

Q. And if he said 75 percent liquor and 25 per cent groceries?

A. It would be a package—no, it would still be a grocery store.

Q. How about 90 per cent liquor and 10 per cent grocery items?

A. If he indicated he was going to run a package liquor store it would be a package liquor store. If he indicated he was going to run a grocery store it would be a grocery store.

Q. You wouldn't inquire as to what percentage of his [fol. 1480] gross receipts would come from liquor or groceries, is that right?

A. That is right. It is like taking a department store and trying to figure out what percentage is being done in each department. We are not interested in what percentage is done in each department of the department store. A department store is a department store. Generally speaking a grocery store is a grocery store. A grocery store handles, can handle—a usual, commonly accepted grocery store, can handle liquor. He can handle meat, he can handle produce. But that is a grocery store. The fact that a meat market is handled by a concessionnaire makes the meat market a meat market. The rest of the business would be a grocery store.

But if a man running a package liquor store—and generally speaking they are running one or the other—it is not nearly as difficult as these hypothetical questions would lead one to believe. If a man is running a package liquor store and he has a small amount of coffee or orange juice, hors d'ouvres, or bread, convenience items to take care of the person that comes in for a bottle after ten o'clock, that doesn't make him a grocery store. He is a package liquor store.

Q. I thought you just told me that if 75 per cent of his

gross receipts were from liquor and 25 per cent from grocery items he would be a grocery store.

[fol. 1481] A. The nature of the man's business, he thinks he is running a liquor store, this is essentially what he is doing, he would be coded a liquor store. The fact that he runs a few groceries does not alter the situation.

Q. It depends on what he thinks he is doing?

A. It depends on what he thinks he is doing, yes. This is what is stated in here.

Q. Right. Well, let's analyze that again, sir. If you will turn to page 2 of your affidavit, line 26.

A. Page 2 of what?

Q. Line 26 of your affidavit, where you state, "It is part of our regular procedure to classify retail establishments according to their principal type of business as measured by gross receipts." Isn't it correct that the classification is by principal type of business as measured by what the applicant says he is going to do, what sort of concern he is going to run?

A. I think that this is a construction—or language that we have used over the years, which our people understand, and when we speak about principal gross receipts we are speaking about the principal gross receipts from all of the items that are commonly handled by an establishment that falls into a specific classification.

Q. Well, in other words, isn't it fair, isn't it your testimony, sir, that you classify these different establishments [fol. 1482] based upon what the man tells you he expects to do, what sort of store he expects to run, isn't that right?

A. Yes, that is right. We don't know what he is going to do. We have to rely upon what he tells us when he first applies for a permit.

Q. Right. Are you aware, sir, yourself, of developments in Los Angeles and Orange Counties in recent years where liquor stores have started to sell more and more grocery items?

A. I am aware of permittees moving into more and more lines so that, as I have facetiously stated, you can buy anything in a drug store but aspirin, or you can buy anything in a hardware store but a hammer. This is going on.

Q. Are you aware of the fact that liquor stores actually sell more bread than some supermarkets?

A. No, but unless the tax return would ultimately indicate that taxable sales were over 40 per cent of the gross we would become suspect that we have got something other than the way it is presently classified. We would ask for a check and our field people would tell us whether they think that this man still is properly classified. This is going on continually.

But, if I might interject, I don't think many liquor stores are getting to the point where their principal receipts are coming from the sales of grocery products, not when they [fol. 1483] are paying fifteen to thirty thousand dollars for a license.

Q. But there are a number of liquor stores, to your knowledge whose gross receipts are derived from grocery products to the extent of at least 25 per cent, are there not?

A. I haven't made a specific study of this, sir, no I don't think I should comment.

Mr. Coyle: I think for the sake of the record, I think the witness has been testifying that liquor is a grocery store item, that it is sold in grocery stores.

Mr. Vaughn: Q. Do you have a separate classification for liquor stores?

A. We do, if it is a liquor store, and most of these are pretty clean, most of these—their overwhelming gross receipts come from the sale of package liquor.

Q. Suppose an applicant came to you and said that he was going to sell bakery products in the main and he would also have grocery items?

Mr. Coyle: I think we are making a distinction. Bakery products are grocery items.

Mr. Vaughn: Mr.Coyle, I will refer you to Code 20 of the Business Classification Codes, which purports to separately list under the category "Food stores", bakeries.

A. Code 21, Bakeries?

Mr. Vaughn: Q. Code 21?

[fol. 1484] A. Code 21, Bakeries, and I am sure you can picture a bakery. These generally bake their own bread, cakes, and a bakery is a bakery, and the fact—I haven't seen one, but if a bakery did run a few cans of peaches or some

other canned food it would not make it a grocery store, it would continue to be a bakery. I think if you will check the book you will see that we also suggest that they give considerable weight to the name of the establishment. Generally speaking business people like to advertise what they are doing, and if they call themselves a bakery, they almost invariably are a bakery.

Q. And if they call themselves a grocery story they almost invariably——

A. They are almost invariably a grocery store. I don't think we have much of a problem in classifying, not merely as big a problem as some of these places might indicate.

Q. Suppose an applicant came to you, your local people, and said "I want to run a business house under one roof. I am going to sell appliances, soft goods, and I am also going to have a supermarket in my discount house, and my supermarket is going to constitute less than 50 per cent of my gross receipts. My main item will be appliances." How would you classify that establishment?

A. I would have to have more information, sir.

Q. What more?

A. I would have to know whether it was going to be under a lease operation——

[fol. 1485] Q. One operator, no concessions.

A. Well, you would code it—what per cent did you say the supermarket was going to operate?

Q. I said less than 50, but let's say 25.

A. O.K. He would probably be coded as a department store. He has departmentalized. We don't have many situations of this type, sir. They are generally operated on a lease basis. The concessionnaire in each establishment is coded according to the principal activity of his establishment. The average discount house will have anywhere from 10 to 20 different permits and will have anywhere from probably 10 to 15 different classes of business.

Q. You are aware, are you not, sir, that in the southern California area particularly there are a number of today's markets that began as produce stands, are you not?

A. Oh, yes, that is quite conceivable.

Q. And slowly as their business expanded they took in more items. When does the time come under your system

of classification when you change a produce stand to a grocery store?

A. Well, it came in 1948, it came again in 1952, it is on a continuous review. Under our audit program we have a system of audit where we cover 40,000 accounts a year.

Q. I don't think you understand my question. The man starts out selling 100 per cent produce items, fruits and [fol. 1486] vegetables.

A. I think I understood your question, sir.

Q. As time goes by the percentages——

A. He is not going to tell us except through his tax returns and the way we learn these is through our audit program, and that is the time we change it.

Q. Suppose his produce stand fully develops into what we might call a grocery store and he has more and more grocery products, but adds no non-food products. How would that be reflected on his tax return?

A. By the relationship of taxes to the gross sales.

Q. You mean they would be getting larger?

A. Yes, as his business keeps getting larger, and the larger businesses are the ones that are being audited, and it is during the audit that we learn that an account is not properly classified.

Q. It is the larger businesses that are being audited?

A. Yes.

Q. And in retail establishments, do you have any limit in annual sales below which you do not audit?

A. Absolutely not, because we do believe that we must police the entire system. We do police audits in all classes of business.

Let me explain it to make it clear to you. You realize that in an audit operation you have two bases for auditing: [fol. 1487] You audit for profit. Ordinarily we direct our audit resources to identifying the greatest amount of misreported tax liabilities. We hope to pick up money for the state through our audit program. But then we also have audits for police purposes. We would like the taxpayers to know that lightning can strike and we will do some auditing in all classes of business.

Q. What percentages of your audits of grocery stores are reserved to stores that do a million dollars a year in sales or more?

A. I imagine we audit those a hundred per cent, sir.

Q. A hundred per cent?

A. Yes.

Q. What percentage of those below a million dollars a year in sales do you audit?

A. We probably audit somewhere between two and three per cent.

Q. Let's go back to our produce stand. Are fruits and vegetables taxable items?

A. No.

Q. Are package groceries taxable items?

A. No.

Q. Are canned goods taxable items? When I say "canned" I mean canned food items,—are they taxable?

A. Generally, no.

[fol. 1488] Q. If a man's business were to change from 100 per cent produce sales to 50 per cent produce and 50 per cent non-taxable grocery items, how would his tax return reflect any change in his business?

A. It wouldn't except, sir, that his gross would be greater. If your question is he is continuing to sell about the same amount of produce, but he is expanding a little bit and now selling about an equal amount of canned goods, his gross would be double, wouldn't it?

Q. All right, let's assume that it is.

A. You see, they report gross to us.

Q. Yes, I realize that.

A. But we reflect in our tabulations gross as well as taxable.

Q. So how would that give you a clue as to the change of the character of his business, the fact that the sales had doubled?

A. It wouldn't, except that it could put him in a different cell because of his gross being larger, he is now a larger store, and he is taking 100 per cent deductible, we would probably want to take a look.

Q. I see. Now, I take it, though, that the amount of sales of a particular establishment has no bearing on whether he is classified as a grocery store or any other type of store?

[fol. 1489] A. None whatever, sir. It doesn't matter how small the business is or how large, it still is a question of

what is the principal activity at the place of business or by a concern.

Q. Suppose you had a trailer half a mile off of the main road on a dirt highway, whose total inventory amounted to about sixty dollars and whose daily sales amounted to about twelve dollars, but they were all grocery items. That would be classified as a grocery store, isn't that correct?

A. Yes.

Q. And grocery sales out of a home would be classified as a grocery store, isn't that correct?

A. It would be if this were the principal gross receipts. I guess you have brought that one back in.

Q. If you will turn, sir, to Exhibit 5 of your affidavit.

A. Yes, sir.

Q. In that exhibit and in others which are attached to your affidavit you differentiate between multiple outlet and single outlet concerns. I take it that a single outlet concern is an entity, a legal entity, such as a person, corporation or partnership which operates one retail outlet, is that right?

A. Operates one retail outlet and reports for that outlet on a regular tax return.

[fol. 1490] Let me qualify this by saying that he may operate two, three, or four outlets. As long as he reports for each outlet on a separate return he would be classified as a single outlet concern.

Q. He would be classified as two single outlets?

A. Yes, two, three or four. All of our statistics come as a by-product of tax accounting, and as long as a taxpayer reports all of his business for a particular location on a separate tax return he is classified in our statistics as a single outlet concern, even though in fact he may be buying for three, four or five, or even more stores.

Q. And a multiple outlet concern is a single legal entity which operates two or more retail outlets and reports to you on a consolidated return, is that correct?

A. That is correct.

Q. Now when a man who owns one retail grocery store in Los Angeles County opens up his second and chooses to report to you on a consolidated return for the two stores, this would be equivalent to the loss of one single outlet and the addition of two multiple outlet concerns, is that correct?

A. That is correct.

Q. And now your statistics developed for this case——

Mr. Coyle: I wonder if maybe the witness didn't understand the question. It would be the equivalent of a loss of two single outlets.

[fol. 1491] Mr. Vaughn: Not by my lights.

A. It would be the loss of——

Q. As soon as he opens up the second store——

Mr. Coyle: Oh.

Mr. Vaughn: Q. —and immediately commences reporting on a consolidated basis, you lose one single outlet concern and you add two multiple outlet concerns outlets.

Mr. Coyle: That is assuming he does not acquire the second store that he opens.

A. Yes, there is this qualification.

Mr. Vaughn: Q. Suppose he acquires——

A. For example, if he buys——

Q. If he acquires another outlet run by somebody who is reporting as a single outlet, then that results in the loss of two single outlets, and a gain of two multiple outlets, is that correct?

A. That is correct.

Q. The statistics which are reflected on Exhibit B-5 (34) show generally a decline in the number of single outlets grocery stores operated in Los Angeles and Orange Counties from the year 1950 to 1961. Can you tell me, sir, what percentage or what portion of that decline is attributable to the phenomenon which I have just described?

A. Well, obviously it would be very small, because the number of increased outlets in multiple outlet stores has [fol. 1492] not been nearly as great as the decrease in the single outlet concerns. Let me make this clear: You have 886 multiple outlet concerns in 1950. In 1961 you have gone up to 923.

Q. Right.

A. Now this is a gain of 67. But you had a drop in single outlet concerns during that period of 1547. So it becomes quite apparent that 1547 have disappeared. Even if we assumed, and certainly you wouldn't be justified in doing so, but even if you did assume that every time this phenomenon

that you described happened, every time that there was another two multiple oulets there were two fewer single outlet concerns, you realize that we only had about 67 to work with. It is pretty hard.

Q. 67 new multiple outlets concerns?

A. Net change.

Q. Net change, right. You are acquainted with the Safeway Stores, are you not?

A. Yes.

Q. Are you acquainted with the fact that their number of stores in Los Angeles and Orange Counties since 1950 have declined?

A. I am not familiar with that. I cannot speak specifically as to that. I am certainly familiar with Safeway Stores, but I can't tell you whether they have increased or declined, because I haven't made any research into this. I [fol. 1493] can tell you how many stores they have today, but I don't know how many they had then.

Q. All right. You are aware, are you not, that the stores in the Los Angeles Metropolitan area are and have been, let's say, since the war, become larger and fewer in number?

A. I don't think there is much doubt about that, sir.

Q. Yes, of course. And did you know that Safeway in the 1930's had in excess of a thousand stores in Los Angeles and Orange Counties?

A. Say that again, please, sir.

Q. In the 1930's Safeway had in excess of 1000 stores in the Los Angeles metropolitan area.

A. I wouldn't know. That is prior to my going to work for the Board of Equalization, and I am in northern California.

Q. You wouldn't know that?

A. I wouldn't know that.

Q. Do you know that most of those stores were very small?

Mr. Coyle: He just said he didn't know.

A. I just don't know. In 1950 I was going to school and I wasn't thinking about these things, and in 1935 to 1945 I was working—as my affidavit shows, I was working with employment statistics, not sales statistics.

Q. The point I am trying to get at, sir, is not really

[fol. 1494] complicated and it is that it is possible, is it not, statistically, that the larger chains in the Los Angeles metropolitan area have, or some of them have, had experienced a decline in the number of stores of the last decade?

A. Well, some of the individual chains might have. Again, this is something I haven't studied, but in terms of the number of multiple outlet stores in the last decade in the Los Angeles metropolitan area they have gone up by the number that I have cited. In 1950 there were 856 and in 1961 there were 923.

Q. You don't know how many chain stores, that is, stores operated by multiple outlet concerns as we have defined that, have been closed since 1950, do you?

A. No. All of our statistics will show in terms of anything that we have published is a net change that has taken place.

Q. Right.

A. Everything that we have presented here is the net change, as they are inventory figures. Now with respect to the present situation, I can tell you what per cent of the chain stores——

Q. I think that goes beyond my question.

A. O.K.

Q. I am trying to lead to a particular thing here. What I am trying to lead to is this: Since you do not know [fol. 1495] how many multiple outlet concerns have been closed since 1950 and you can only tell me the net change, the fact that multiple outlet concerns have increased on a net gain basis at a slight rate over the last ten years, and single outlet concerns have decreased at a greater rate over the last ten years——

A. Did you say decreased?

Q. Decreased, does not necessarily mean that there have been a few single store operators that have added a store and have thereafter reported to you on a consolidated basis, is that right?

A. I am not following you.

Q. All right. You previously said that it is obvious from the statistics appearing in Exhibit B-5 (34) that there have been few single outlet concerns which have acquired or built a second store and have become multiple outlet concerns, because the number of multiple outlet concerns or

the number of multiple outlets have not increased as rapidly as the number of single outlet concerns has decreased, isn't that what you said?

A. Well, let me try—I think I know what you are driving at, and I am going to try to answer it.

Q. All right, sir.

A. The fact that 78 per cent, more than 78 percent of the multiple outlet stores in the Los Angeles metropolitan [fol. 1496] area are operated by chain stores that have more than ten outlets would lead me to conclude that what you are driving at I can't support. I mean I can't go along with the conclusion you are trying to draw.

Q. You are not answering my question.

A. Well, I am trying.

Q. You made the statement that table B-5 (34) tells you that there have been few single store operators who have added another store and hence become multiple outlet concerns because single outlet store operators have experienced a decrease in number while multiple outlets have increased at a lesser rate from 1950 to 1961, is that correct?

A. I submit the answer I gave you is pretty germane to what you are trying to get at, and that is that there are 23——

Q. I will withdraw the question and I will ask you this question: What percentage of the decrease in the number of single store operators in Los Angeles and Orange Counties from 1950 to 1961 is attributable to single store operators adding another store and reporting to you on a consolidated basis?

A. I cannot give you the precise per cent, but it is very, very small, for the reason I tried to give you in answering your previous question.

Q. All right. Now what is that reason?

[fol. 1497] A. Well, the fact that 23 grocery chains in the Los Angeles metropolitan area account for 79.2 per cent of the multiple outlet grocery stores in the Los Angeles metropolitan area indicates that there are not enough stores left to have any substantial—now I have cut this on 10 or more; if I cut it on five— I don't know at what point you consider a chain a chain of any consequence. You are apparently driving at this question of a two store chain. I don't think we have very many of these. In fact——

Q. How many do we have?

A. I don't know.

Q. You don't know?

A. I haven't been asked to check this, but I can say this, that we have very few two outlet chains.

Q. What do you call "very few," less than ten?

A. Oh, I can't——

Q. Well, you have something in mind, Mr. Marshall. Less than 50?

A. Well, I can start working from these numbers. You see, I like to be very specific——

Q. So do I.

A. —and I have accounted for 759 of this 923. That leaves only 164 to account for those chain stores that have nine, eight, seven, six, five, four, three and two stores. There just isn't much room.

[fol. 1498] Q. You say you find 23 chains with 10 or more stores?

A. In the Los Angeles metropolitan area, yes, sir.

Q. And I will repeat the question: What do you regard as "very few?" We are being precise.

A. Well, I would want to count them.

Mr. Coyle: I think we should make clear on the record——

A. They can be counted.

Mr. Coyle: Mr. Marshall compiled certain statistics for us on a reimbursable basis and we made a request they compile those statistics, just as I assume that you made a request of him, but Mr. Marshall hasn't volunteered any information to us, and if we didn't request the information he didn't compile it, just as he didn't compile it for you. So these things that he might compile were not compiled because we didn't request it, because we didn't think of making the request.

Mr. Vaughn: Well, I haven't any doubt about that, but my question was just designed to determine what Mr. Marshall meant in his testimony when he said "very few"?

A. Well, I would like to count these. I mean if it is important——

Q. You have made no such count?

A. I have made no such count, sir.

Q. I am sorry.

A. I could tell you what it would involve to make such count. It would mean going through 40——

[fol. 1499] Q. I didn't ask you that, sir.

A. O.K., pardon me. I am trying to give you as much information as I can.

Q. Right.

(At this point a recess was taken.)

Mr. Vaughn: Q. Sir, would you refer to Exhibit B-6 (36) to your affidavit, and I would like to compare that for a moment with Exhibit B-7A (37) and with specific reference to the number of openings by single outlets in——

A. Will you give me your later page, I didn't catch that.

Q. B-7A (37). I believe that throughout the exhibits referred to under the captions B-7 (37 to 43) and some letter that you have referred to 127 openings by single outlets in 1960, and in Exhibit B-6 (36) you refer to 128? I assume that that is a typographical error, sir, in Exhibit B-6 (36).

A. I couldn't say what that is.

Q. The two figures should be the same, should they not, sir?

A. Well, I believe that the two figures should be the same, yes. I cannot account for the discrepancy of the one.

Q. In any event, it is correct, is it not, that—well, strike that, I am sorry. I would like to talk about openings and closing for a moment as they are reflected in your [fol. 1500] Exhibits B-6 (36), B-7A (37) through B-7F (42).

I take it that whenever an applicant comes in for a new permit that is regarded for purposes of these statistics as an opening, is that right?

A. Yes.

Q. And whenever a new legal entity, an individual or partnership, or corporation or any other type of entity, commences operation of a new or existing store, a new permit is required, is that right?

A. Whenever there is a change of ownership a new permit is required.

Q. All right.

A. This means that one is closed and one is opened, and there is no change, and the figures on table B-6 (36) deal with net change.

A. That is correct.

Q. Now if you open up a brand new store, that is an opening only, right?

A. Yes.

Q. And if, for example, a store was condemned so that a freeway could be placed on the property formerly occupied by the store, that would be a closing only, is that correct?

A. That is correct, sir.

Q. If there is a sale of a store from one grocer to [fol. 1501] another, that is both an opening and a closing, correct?

A. That is correct.

Q. If a sole proprietor of a store were to incorporate, to become a corporation, that would be both an opening and a closing, right?

A. Yes. However, where we were able to identify those transactions, they were wash transactions that did not get into these statistics.

Q. And they are not there as openings or closings?

A. That is correct. But that is only where these could be identified and an effort was made to identify these, but unless the person affected, most directly affected by the transaction reported these things to us we would not be in a position to bring about a wash transaction.

Q. You did not know, then, what percentage of the 128 or 7, let's say 127 openings of single outlets were openings of brand new stores, or just a change in the entity operating the store?

A. No.

Q. You do not?

A. No. The thing is there were more openings, and there were more closings than what is reported here. The wash transactions have been omitted from this.

Q. And so that I understand you further, if a partnership were to incorporate, you would have——

A. A wash transaction.

[fol. 1502] Q. And you would try and find out that information and you would not include it in this table B-6 (36) or any of the subsequent tables concerning openings and closings?

A. That is right.

Q. But you do not know what percentage of these openings or closings are represented by such transactions?

A. That is right.

Mr. Coyle: I think he testified too, just to clarify our understanding, that he does not know all the wash transactions. There may have been wash transactions that were not reported to him, because it would be up to the parties to report if there was a wash transaction?

A. Right.

Mr. Vaughn: Q. And I take it the same would be true if a corporation changed its name, an opening and a closing, you would not include them if you knew that fact?

A. This is predicated on the information called to our attention. No attempt is made by us to check into the record beyond the information that is called to our attention.

Q. Did you try also to exclude as a wash the instance where one grocery would sell his store to another grocer?

A. This is what I indicated, when they tell us this.

Q. Or when a partner dies or a partner is added, you also try to eliminate those, is that right?

A. Yes.

[fol. 1503] Q. What if an individual closed his store at a particular location and opened one up directly across the street, would that be an opening and a closing in these statistics?

A. It would be an opening and a closing or it could be a wash transaction.

Q. If you knew that factor would you——

A. If they had reported it to us we would have treated it as a wash transaction. If it wasn't reported to us then it would show up in these figures.

Q. Is it possible that you could have known—well, let me ask you this: Let me show you what I think is one of your forms. This is a form entitled, "State Board of Equalization, Department of Business Taxes, Sales and Use Tax, Request for Close-out of Account." Is this a form which you customarily use to close out accounts?

A. Always.

Q. Always.
A. This is always used.

Mr. Vaughn: I ask the reporter to mark the request for close-out of account form, which is numbered, by the way, S-406, as Marshall Exhibit 3 for identification in this deposition.

(Document referred to was marked Marshall Exhibit 3.)

Mr. Vaughn: Q. I note that on this form there is a box entitled, "Reason for close-out," and there are four choices:

[fol. 1504] "Did not operate; business discontinued; change in ownership, change in business location."

Now is it mandatory that one of these blocks be checked in every instance of close-out?

A. The instructions call for one block to be checked in every case. I don't believe this instruction is followed out absolutely rigidly in 100 per cent of the cases, but it is checked in the overwhelming majority of cases.

Q. Is it correct that you determine the information which you fill in the reason for close-out block on form S-406 in essentially three ways: First, you may be advised by the owner of the business for the reason for the termination of the permit at the particular location—is that right?

A. I didn't get the nature of the question. You started "In three ways".

Q. Well, one of the ways that you find out the information which you would fill in the reason for close-out block is that you were advised by the owner of the business that he was terminating his business for one reason or another?

A. The taxpayer comes into the office pretty much as he did when he took out his obligation. Now he is notifying us that he is discontinuing his business and he may want to get his deposit back if he has a cash deposit on file and in [fol. 1505] closing it out our people are interested in learning as much about the close-out as possible so that they can determine the liability of the successor to get a permit, so this is another fairly vital bit of information.

Q. Yes. Another way you determine the reason for close-out is that if a successor comes in and asks for a permit, is that correct?

A. Yes, and then we go to the predecessor and see that we get rid of his——

Q. Tax liability, if any?

A. Yes.

Q. Another way you find this out, if nobody comes in you may have a tax return filed for a particular entity in one year and you investigate, is that right?

A. We could have another possibility, and that is that he does file a tax return.

Q. Indicating——

A. Indicating no business, nothing.

Q. I see.

A. He doesn't tell us he is out of business and he files his tax return.

Q. Just says he owes nothing?

A. He says he owes nothing, and until we pick up an audit or something he still has an outstanding permit. It is not worth anything, but he has it. This is very rare, but I mean we have it.

[fol. 1506] Q. Sir, I have another letter which you were kind enough to send to us. You sent it to Mr. William W. Aslup of O'Melveny & Myers, under date of September 7, 1961. Do you recognize that as a copy of a letter you did send to Mr. Aslup?

A. I do.

Mr. Vaughn: Mr. Reporter, I will ask you to mark that as Marshall Exhibit 4 for identification in this deposition.

(Letter referred to marked Marshall Exhibit No. 4.)

Mr. Vaughn: Q. Before we get to that letter, sir, would it be fair to say that in Exhibit B-6 (36) and in the exhibits B-7A (37) through F (42 of your affidavit, that the words "Opening and closing" more accurately refer to and opening and closing of your files rather than the opening and closing of stores?

Mr. Coyle: You are assuming something that is not on the exhibits. The exhibits say "Grocery stores obtaining permits."

A. That is strictly an inventory operation.

Mr. Vaughn: Q. Well now, let's just talk about Exhibit B-6 (36).

A. O.K., that is better.

Q. The openings and closings there are really more properly the opening and closing of your files than the opening and closing of grocery stores?

[fol. 1507] A. They are the issuance of a permit to operate at a particular location by the particular local entity and the closing of—or the withdrawal of the permit issued to a particular entity to operate at a particular location.

Q. But just so somebody reading this deposition and these exhibits will understand, you do not purport to say that there were 119 new stores opened by multiple outlet concerns in 1960, isn't that right?

Mr. Coyle: Also, to make the deposition clear——

Mr. Vaughn: Well, can he answer my question?

Mr. Coyle: I don't think you accurately stated what the witness has testified. The witness has testified that this Exhibit B-6 (36) was prepared for the purpose of showing the net gain or the net loss, and the figure 119 does not indicate that 119 new permits were issued, it indicates that 119 permits were issued in situations which he did not know the situations, and it was not a wash transaction.

Mr. Vaughn: You say every one of those 119 openings by multiple outlet concerns were not a wash transaction, is that right?

A. I didn't say that, I didn't say that.

Q. Well then, my question, which I will repeat, is that you did not mean to say, did you, that there were 119 openings of new stores by multiple outlet concerns, isn't that right?

[fol. 1508] A. There were 119 permits issued to multiple outlet concerns to operate at particular locations that did not represent, according to our records, wash transactions.

Q. But you know there are wash transactions in that 119, do you not?

A. We tried to eliminate as many wash transactions as we could. It is a question of what was on the forms that were filed with us.

Q. And you know there are some wash transactions in there, do you not?

A. I don't know. I would have to go back and work over records. It involves another research project. I

couldn't say there were or weren't. I imagine there may be. I think it is certainly conceivable that there could be, because not everyone is reporting as comprehensively as would be necessary to make a flat positive statement that every one of these 119 were not wash transactions. There could have been one, two, or three wash transactions. I couldn't say.

Q. Now, if we may turn to the letter which has been identified as Exhibit 4 to this deposition. In that letter, sir, as I read it, and correct me if I am wrong, you have listed or stated that there were 939 grocery stores whose sales tax permits were closed out in 1960, is that correct?

A. That is correct. These included the wash trans- [fol. 1509] actions and that accounts for the difference in the figures.

Q. That accounts for the difference?

A. In the figures, surely.

Q. Now you say that 69 of those 939 stores had sales of under $10,000 a year, is that correct?

A. Yes.

Q. And you determine that, do you not, by taking the sales for the year, if it is available, and in the case where it is not available and you have sales for a given period you project any of those sales based upon the information available to you, is that correct?

A. That is what we did.

Q. So in all cases these are annual sales figures?

A. Yes, this is put on an annual basis, based on the gross sales reported to us for the period the man was in business.

[fol. 1510] Q. Do you have any way of knowing, based upon the information that you have collected, what portion, or in each of these categories of dollars, what number of them were wash transactions and which were not?

A. No.

Q. You do not. You don't know how many were just closed without a successor in any category?

A. No. You could get an approximation by relating the figures in the two sets. It would take a little time to do it, but it is possible, with the qualification that to the extent that there may be a few wash transactions that were not identified in the figures shown in Exhibit B-6 (36), but other than that you could go through this—you couldn't

pinpoint it as to the class of annual gross sales, but overall you could certainly get the figure. You have got the basis to do it.

Q. You have to make an assumption——

A. Where they fall, and of course this would be very rough, making the assumption as to where they fell.

Q. Wouldn't you imagine that you would find that the actual close-outs with successor were more predominant in those stores that had the lower sales?

A. Oh, I think this is almost a foregone conclusion. The man didn't have anything to sell. He had a white elephant on his hands. He couldn't make a go of it and he couldn't convince anyone else that they might find this a quote, [fol. 1511] "gold mine", unquote.

Q. That represents the reason for a great number of close-outs without successor, does it not?

A. People that can't make money in the grocery business go out of business, and unless they can convince someone else that they might make money they are going to close out without a successor.

Q. And generally speaking their store is not a desirable store?

Mr. Coyle: That is not what the witness said.

A. I am just reporting what the results of operations in this line of business have been as reflected by tax returns filed with us. It might help you——

Q. Go ahead.

A. You might wonder why there were 69 stores with annual gross sales under ten thousand, which you might believe is almost an impossible situation. Well, I imagine—I will just volunteer this—I imagine that when a man is going broke he may take a little time between where he has actually ceased to operate looking for someone, and this running of time is reflected in the tax return submitted to us.

Q. From the tax return submitted to you are you able to state what, generally speaking, a grocer is able to make by way of gross profit on his sales?

A. Absolutely not. Their gross profit or net loss. [fol. 1512] All we get is the total volume of business done and the amount of exemption and the tax that he owes us.

Q. If you will refer now, sir, to Exhibit B-5 (34) to your affidavit, do you make a count as of every January 1 to determine the number of grocery stores that there are in Los Angeles or Orange Counties, or in every county in the State?

A. That is correct.

Q. Do you do this by actually making a nose by nose count of the number of permits that you have in your files, or do you merely take—or do you take—I shouldn't say 'merely'—do you take the net change of openings and closings in a given year and subtract it from the prior years' total?

A. It is a physical inventory, it is absolutely a nose count. It comes off on a magnetic tape, and the magnetic tape is used to control account delinquencies, so it is a pretty solid figure.

Q. I see. Now, I would like next to show you a letter from you to me dated April 9, 1962 and ask you if you can identify it as a copy of a letter you sent to me.

A. This is a letter that I sent to you.

Q. Yes, sir.

Mr. Vaughn: I would like to have the reporter mark that letter as Marshall's Exhibit 5.

(Letter referred to marked Marshall Exhibit No. 5.)

Mr. Vaughn: Q. Now, sir, it is correct that I have [fol. 1513] requested you to supply me with the names and addresses of the 301 stores which closed according to your Exhibit B-6 (36) to your affidavit, is that right?

A. That is corect.

Q. In addition to which I asked you to supply me with the names and addresses of the 81 stores which were opened in 1960 but closed by November 15, 1961, according to your Exhibit B-7B (38) and other exhibits which reflect those figures, is that not correct?

A. That is correct.

Q. And you courteously went to the effort of gathering that information for us to the extent possible. I take it, however, that you were unable to find—of the 301 stores which closed in 1960 you were able to provide us with the names and addresses of only 214 of them——

A. That is correct.

Q. —is that correct?

A. I think if you counted the figures I gave you correctly that is correct. I could stop and count them.

Q. I think you better do that to be sure we have got——

Mr. Coyle: I think we can stipulate they probably counted them correctly.

Mr. Vaughn: Yes. I just did it right now.

A. Yes. O.K. Here they are (indicating).

Q. Yes. But you say in your letter, sir, that you [fol. 1514] supplied us with 38 multiple outlet concerns and 176 independent concerns, which add up to 214. Now the total we asked for, of course, was 301. Will you explain to me why you were unable to supply us with any more than 214?

A. Yes. The explanation for this is information that we were asked to compile for the Departmentalists was identified solely by account numbers. There is no reason for us to take the trouble and the time and effort of identifying the name and address of these closed out businesses.

Now had your request come in much earlier we could have gone back to our central files and established the names and addresses on these accounts, but there was a rather considerable delay from the time the information was compiled for the Justice Department and the time your request came in.

When an account is closed out and the taxpayer has paid us all of the money that he owes us, we destroy the records. We receive two million pieces of paper on sales taxes a year, and this would crowd you out of the building, so we have a regular program for the destruction of records, and these files are destroyed. We couldn't give you the information. All we had in our files were account numbers.

Q. You did have all the names and addresses for those and you supplied them to us for those which had opened in 1960 and closed by November 1961, because those obviously relate——

[fol. 1515] A. Yes, they were current enough so that we still had them. But when people go out of business and they don't owe us anything we lose all interest in them. This is the problem, we just didn't have them. We worked

hard and we did what we could to give you the information that you requested. This is as many as we could identify.

Q. In other words, when you compiled the information set forth in these exhibits for the Department of Justice concerning openings and closings, no matter in what year, you went not to the company's file, but to what, a card with the code number on it?

A. Well, let me try to describe it to you.

Q. Yes.

A. —if I can. First we went to a tab listing that gave us all of the close-outs month by month over this period of time, and we wrote down on a 3 by 5 card for each of these the account number, and then we took the information and went to our central files and abstracted the information that was needed to fulfill the request of the Justice Department, and we did not at that time—at that time we did not bother to take down the names and addresses of the taxpayer, because we were not asked for this. We simply abstracted the information with respect to the gross sales, and whether it was a wash transaction, so that we could go on with compiling answers that were put to us. Then when your request came in we had to [fol. 1516] go back to the central files to pick up the names and addresses.

Q. I see. And in some cases those central files had been destroyed?

A. By that time they had moved.

Q. And there is no way of duplicating that information?

A. No, it is gone.

Q. It's gone?

A. It's gone. Had you made your request earlier, at the time of their request, we would have been able to furnish you with all the names and addresses, because in every case we did have the necessary to tabulate the information that was shown in our tabulations that were furnished to the Department of Justice.

Q. In relation to the statistics that you have gathered showing the stores that opened in 1960 but which were closed by November 15, 1961, did you eliminate wash transactions in gathering those figures?

A. We attempted to, yes.

Q. The heading on these exhibits, though, refers to gro-

cery stores which obtained permits in 1960 and which either still retained their permits——

A. Which exhibit are we talking about, sir?

Q. Let's look at B-7E (41) and B-7F (42). Now that refers to grocery stores which obtained permits in 1960 [fol. 1517] and which either still retained their permits or had discontinued——

A. Just a moment. We are talking only about Exhibit B-7E (41)?

Q. And "F" (42).

A. Do you want to go—I think we can settle this first one.

Q. All right, go ahead.

A. I think it would be less confusing.

Q. Let me put my question to you so you will know what I am asking. That refers to grocery stores which obtained permits in 1960 and which still retained their permits as of November 15, 1961. Do you know how many of the permits obtained in 1960 were by reason of a successor business or change in identity of the——

A. No, this is the total number that obtained—this is all other people that obtained permits during this period, and that still had the permits on November 15, 1961.

Q. And in obtaining the permits, you don't know the reason for obtaining the permits?——

A. No.

Q. Whether it was one grocer selling to another, or a corporation changing its name, one partnership changing to a corporation, or whatever, is that right?

A. That is right.

Q. Now, with respect to Exhibit B-7F (42) where you referred to grocery stores obtaining permits in 1960 and [fol. 1518] discontinuing permits by November 15, 1961, you do not know the reason for this discontinuance in any case, I take it, or you do not reflect that in your statistics?

A. We don't reflect that in our statistics.

Q. And this could be a discontinuance of a permit because of a change of name of an entity which was operating at a particular location, is that correct?

A. The other part of it. These are permits that were

taken out during this period, and still in effect at the end of the period. So with respect to these permits——

Q. I am talking about B-7F (42), now, which I think refers to the discontinued permits, does it not?

A. I know, but it is only with respect to those that were acquired in 1960.

Q. That is right.

A. Now,——

Q. You take those where there was a new permit in 1960?

A. Yes.

Q. You have a stack of a hundred and whatever it is.

A. Yes.

Q. 246?

A. Right.

Q. You eliminate 81 from those just by seeing which permits were still in effect, is that right?

A. Yes.

[fol. 1519] Mr. Coyle: 81 are the permits which were discontinued.

A. Of that 246, 81 disappeared. It is another way of saying that one third of the ones that started it—one third of the grocery stores that started in business in January, 1960, or any time between that date and November 15, 1961, one third of them were gone by November 15, 1961. A very high rate of mortality.

Q. Let's say that "A" Company in 1960—in 1959 was operating a grocery store. It decided that it would change its name to "B" Company in 1960, which it did, and it came to you and got a new permit under the name of "B" Company. In 1961, before November 15, it decided again that it wanted to change its name again to "C" Company, so it came to you and it got a permit to operate under the name of "C" Company. Now is it not a fact that this would be reflected in the statistics set forth on Exhibit B-7F (42) as an opening in 1960 and a closing in 1961.

Mr. Coyle: That is not exactly what he testified.

Mr. Vaughn: That is just what he testified, Mr. Coyle.

Mr. Coyle: He testified that he surveyed those new openings in 1960 to determine whether or not from his records

they were wash transactions. A change in name would have been a wash transaction if indicated on the application.

Mr. Vaughn: I think the testimony stands for itself. [fol. 1520] But in any event, you made no attempt to weed out the wash transactions in determining the discontinuance of permits prior to November 15, 1961, with respect to stores that had obtained a permit in 1960, isn't that right?

A. Read it out of here. Let's go back. (Referring to document.) I think that 13 of my affidavit spells it out.

Q. Right. You just counted the new permits, for whatever reason obtained, that came into being in 1960 and then deducted from them those permits which has been—what is the word?

A. Discontinued.

Q. —discontinued for whatever reason, and came up with the figure 81 discontinued, isn't that right?

A. 81 discontinued.

Q. Right. Now, if you will refer to paragraph 11 of your affidavit and to the sentence beginning on line 11, as reflected in B-6 (36), the issuance of a permit to operate a new store would be reflected as an opening and a discontinuance of a permit would be classified as a closing. Now with respect to Exhibit B-6 (36) you did exactly the same thing, is that right?

A. I don't believe so. They are not the same, in that the openings are the same——

Q. Yes.

A. —and the closings in B-6 (36) represents all closings.

Q. You mean all discontinuances?

[fol. 1521] A. All discontinuances, rather than only those that came into business subsequent to January 1, 1960. And this is the distinction, the difference.

Q. All discontinuance of permits for whatever reasons?

A. In B-6 (36) we are talking about all discontinuances, and this was done in order to show the net loss that resulted. Where in Exhibit B-7F (42) we are dealing with the specific accounts that were opened on and after January 1, 1960 and on or before November 15, 1961.

Q. Right.

A. So they are quite different.

Q. The two tables are quite different, aren't they?

A. Yes, they are quite different.

Q. But the method used was the same in each instance? You would merely count up the number of permits for the given period of time, the new permits, for whatever reason they were opened, and then you would count up the number of closeouts or discontinuance of permits for the given period of time, for whatever reason the discontinuance took place?

A. Out wash transactions were eliminated from both of these tables, sir.

Q. From both of the tables?

A. Yes.

Q. You are then prepared to say that those 81 closings reflected on Exhibit B-7F (42) represent only those clos-
[fol. 1522] ings which were without a successor, is that right?

A. Which we could identify as not having a successor. There are many opportunities where there is a grocery store in business on January 15th operated by "A" that is out of business by March 15th, that may be operating as a grocery store on April 1st. That does not necessarily mean that there was a successor. These are counted, one closed out on March 15th, one opened on April 1st. There can be a lot of this.

A man has a business, he can't make a go of it, he can't sell it, he is out of business, the store is vacant, someone else thinks they can make a go of this, and they may try a grocery store at that location and a permit is taken out. The fact that there is a grocery store operated at that location throughout much of this period does not indicate that there could not have been one or two close-outs, not wash transactions, but what we would call bona fide close-outs and bona fide reopenings.

Q. Take the stores that opened in 1960: How many of the permits issued for those stores were discontinued, for whatever reason, by November 15, 1961?

A. Wait a minute. Will you repeat the question, please? I am not sure of it.

Q. Take the stores opened in 1960.

A. All right.

Q. As to each of those they would have a new permit, [fol. 1523] is that right?

A. Yes.

Q. How many of those permits were discontinued, for whatever reason by November 15, 1961?

A. 81, which excludes, again, the wash transactions.

Q. I didn't ask you to exclude the wash transactions, I want you to include the wash transactions.

A. I can't answer that.

Q. You don't know.

A. I don't know.

Mr. Coyle: Which exhibit are you referring to?

A. I think he was referring to Exhibit B-7F (42), and there the statistics we gathered were with respect to the number of new permits that were obtained, new entities, and the number of those that were discontinued.

Q. Why didn't you say "Discontinued without a successor" in your heading? And why didn't you say it in your affidavit?

Mr. Coyle: Are you asking for his motives?

Mr. Vaughn: Q. Uh huh.

(Laughter.)

Mr. Vaughn: Q. Isn't it a fact that you don't know how many of those 81 discontinuances reflected on Exhibit B-7F (42) were without a successor?

A. These were without a successor in accordance with [fol. 1524] the information on our records, and I described pretty thoroughly how we get this information, and I would venture a guess that a very high percentage of these were without a successor because we attempted to get information with respect to successors.

Q. All right, sir. Now, I show you a series of pages. The first is marked "Table A" and consists of five pages, and the second is headed "Table A" and consists of three pages, which I will ask you to look at and see if you can identify it.

A. This is some information which you requested in your letter of——

Q. April 9, 1962?

A. July 20 of 1962.

Q. Right, and it was——

A. This is information that we sent to you on April 6th, 1962.

Q. April 9th is this——

A. April 6th is the date we have. The transmittal was April 9th.

Q. Right.

Mr. Vaughn: I would like the reporter to mark those pages, tables A and B, jointly, as Marshall Exhibit 6, for identification in this deposition.

(Tables referred to were marked Marshall Exhibit 6 and are appended to this deposition.)

[fol. 1525] Mr. Vaughn: Q. Do you have a copy of this, sir, for your use?

A. Yes.

Q. Table A, the first page of Table A is headed "Names and addresses of grocery stores of multiple outlet concerns in the Los Angeles Metropolitan area that were closed up (discontinued without a successor) during 1960."

A. That is not the heading that we had, but maybe——

Q. Isn't this the document that you sent me?

A. That is the document I sent you. Apparently the heading was re-typed on the sheet that I have. O.K.

Mr. Coyle: Let's make the record clear here now. The witness has a copy which purports to be what he sent you.

Mr. Vaughn: Q. Isn't it a fact that you sent the original of the document which has been marked Exhibit 6 to me as your work?

A. I am pretty sure this is our work. I am not positive, but I can go——

Q. I will represent to you, sir, this is what I got with your letter.

(Recess.)

Mr. Vaughn: Q. Have you determined, sir, whether this document or series of documents——

A. That is correct.

Q. —marked Exhibit 6, is the——

[fol. 1526] A. One we furnished you, yes.

Q. —the one you furnished us. Maybe you can work from this one rather than from your copy, because——

A. Better.

Q. —because I have another one here that I can use. That portion of Table A which I have described runs for one page, does it not, and then we go to that portion of Table A which is described as "Names and addresses of independent grocery stores in the Los Angeles metropolitan area that were closed (discontinued without a successor) during 1960."

A. Correct.

Q. That runs on for five pages, and then we have Table B, which is headed "Names and addresses of grocery stores of multiple outlet concerns in the Los Angeles metropolitan area opened in 1960 and close by November 15, 1961," which consists of one page, is that right?

A. Correct.

Q. And finally we have two pages headed "Table B. Names and addresses of independent grocery stores in the Los Angeles Metropolitan area opened in 1960 and closed by November 15, 1961," right?

A. Correct.

Q. Now if you would be so good, sir, as to refer to the first page of Table A and to the entity shown as Safeway at 120 South Eucalyptus, Englewood. Do you see that there?

[fol. 1527] A. Yes.

Q. All right. Then if you turn to page 2 of the Independent Grocery Store section of Table A you will see at approximately twelve from the bottom, "Best Way Market, 120 South Eucalyptus, Englewood," right?

A. Would you identify the page once again?

Q. Page 2 of the independent portion.

A. O.K., all right.

Q. I think it is 13——

A. I see it, yes.

Q. That is the same address, is it not?

A. That is correct.

Q. Can you explain to me how we have both at the same address listed under two stores?

A. Certainly. Safeway abandoned the store.

Q. So that accounts for it being listed——

A. It has closed and out. Then Best Foods——

Q. Or Best Way?

A. Or Best Way picked up this location, maybe within a month, maybe three months, maybe eight months later, maybe a year later, and then they too closed out.

Q. They closed out in 1960, did they not?

A. Right, according to our records.

Q. Now, if you will refer to Table B under "independent Grocery Stores" on the first page, the eleventh store down, [fol. 1528] that is Best Way Market, 120 South Eucalyptus Street, Englewood, isn't it?

A. I still don't see it.

Q. It is in Table B under the independents.

A. Oh, I am sorry.

Q. The eleventh one down.

A. Yes.

Q. So it closed in 1961, too?

Mr. Coyle: Mr. Vaughn, you are assuming something that is not in the heading of Table B. These are opened in 1960, and closed by November 15, 1961.

Mr. Vaughn: That is right.

Mr. Coyle: So it may have closed any time from the first of January, 1960 to November 15, 1961.

A. You see, this is giving you a style name, and Smith could have been running it as a Best Way Market, and he goes out of business and someone else tries to run it as the Best Way Market and also going out of business.

Mr. Vaughn: Q. Are your permits by trade name?

A. Our permits are carried in our alphabetical files both by the trade name and the owner.

Q. What information have you supplied on these tables?

A. Well, I have supplied whatever information we abstracted from our records, and——

Q. Is that trade name or ownership?

[fol. 1529] A. You can tell, both are given here. Sometimes they have just given us the owner's name, sometimes they have given us a style. Generally speaking we furnished you styles, style names.

Q. That is what you did, generally speaking?

A. Yes. Often they don't have any style name. Sometimes they have a style name but don't give it in the application.

Q. All right. Now, would you turn back to the first page of the table and look at the last three entries. You have a LaSalle Market at 2093 West Washington Boulevard, Los Angeles, a a Salle Market at 1914 West Washington Boulevard, Los Angeles, and a LaSalle Market at 1900 West Washington Boulevard, Los Angeles. Do you believe that those are—that would be only roughly less than two blocks apart, isn't that right?

A. Yes.

Q. Do you know whether there are three LaSalle Markets within the space of those two blocks?

A. They had permits for three, sir. They paid a dollar for a permit for each of those three locations.

Q. I see.

A. I wouldn't know any more about it than that.

Q. Sir, we have had somebody check that and we have found that there is only one market at one of these addresses, and there doesn't appear to be any sign of any [fol. 1530] other. Now do you have any information which would contradict that?

A. Only that we had three permits, that they paid $3.00 to get three permits, and the permits were furnished for these three locations. Under our law a person is required to get a permit to operate at a specific location. For some reason or other these people did get three permits.

Q. And your records would reflect three markets, is that correct, three grocery stores?

A. We have given them permits to operate grocery stores at three addresses.

Q. By the way, I take it that the information with regard to the names and addresses of the grocery stores which you have listed on your exhibit B-5 (34) for the years 1950 to 1959 would no longer be available?

A. Come again?

Q. The names and addresses of the grocery stores listed on your exhibit B-5 (34) for the years 1950 to——

A. You are talking about my affidavit?

Q. Correct, B-5 (34), showing the number of grocery

stores in each year from 1950 on, I take it that the names and addresses of those grocery stores are not available?

A. No, no.

Q. From 1950 to 1959?

A. No, absolutely not.

Mr. Coyle: You are referring to grocery stores that [fol. 1531] have gone out of business. Of course, that would be available for those that are still in business.

A. That is correct. Those that are out of business, the records are gone. Not only with respect to the grocery stores, but with respect to any permittee.

Mr. Vaughn: Would you be able to give me the name and address of any store that fell within the total 6221 in 1950?

A. I don't see that number—oh, wait a minute, O.K. On Exhibit B-5 (34)?

Q. Right.

Q. You are asking if we could give you the names and addresses of any of those?

Q. Yes.

A. We could give you the names and addresses of some of them. I would venture that probably not more than 30 percent.

Q. I see.

A. This would involve, sir, going through about two million records.

Q. I realize that. I am not going to ask you to do it.

(Laughter.)

Q. (Continuing) I just wondered if you could.

A. Yes, we could, if they were still in business.

Q. Now I take it, then, that if you have any instance where a concern has bought or has acquired permits for [fol. 1532] three locations but actually operates only one location, to that extent your figures overstate the number of stores?

A. We have a procedure whereby we submit to every multiple outlet account a list of every store that they are operating each time we send them a tax return, unless they have all of their places in one local jurisdiction, which is

defined as a city or the unincorporated area of a county. There are technicalities, but this is the way—any multiple outlet concern that operates stores in more than one local jurisdiction gets a complete listing of every store that we have licensed and we ask him to advise us of any stores that he has discontinued.

Q. But your records show three LaSalle Markets?

A. They show three LaSalle Markets, and furthermore that all three were closed out during 1960.

Q. And that makes up three of the 301 closings?

A. Yes.

Q. —reflected on Exhibit B-6 (42) to your affidavit?

A. Yes, —three of the 42.

Q. Now, if you will refer to table A in the first name under the Independent, Frank DeLeon, 1146 Effie Street, Los Angeles, and then refer to the twelfth name on that list, Antonia's, 1146 Effie Street, Los Angeles—right?

A. Yes.

Q. Now do you conclude from that that either Frank DeLeon or Antonia's acquired that market location some [fol. 1533] time in 1960 and disposed of it some time in 1960?

A. Either one of these could have.

Q. You don't know who the first in time is?

A. No. That is why I am saying either one of them could have been at that location for any period of time, five, ten years or any longer or shorter period of time, and discountinued the operation. The location could be vacant and then the other person acquired the location, and in the same year, in 1960, and closed out in 1960.

Q. Right.

A. In fact, the person might have taken out a permit for that location and never operated there. You recall on that form there is a box that says, "Never operated." People do this.

Q. Now Table B refers to those stores which were opened in 1960 but closed by November 15, 1961. Now if Table A is accurate, either Frank DeLeon or Antonia's should appear on Table B, should they not?

Mr. Coyle: You are assuming something not in the rec-

ord, Mr. Vaughn, you are assuming that either Antonia's or Frank DeLeon opened this store in 1960.

Mr. Vaughn: Isn't that the necessary implication?

Mr. Coyle: No.

Mr. Vaughn: Isn't that necessarily so?

Mr. Coyle: No on the basis of previous testimony.

[fol. 1534] Mr. Vaughn: I am asking the witness if it is necessarily so.

A. One or the other—since in Table A we are showing those that were discontinued in 1960——

Mr. Vaughn: That is right.

A. Those were discontinued. Now that means that if there was a successor the sucessor would have been in 1960.

Q. There had to be——

A. Yes. If one is a successor, there would have to be a successor, so one of them would appear back here. Now the—I am not sure whether I can give you the precise reason for that not being on there. We did try to get on Table B every close-out that we could identify——

Q. But in this instance——

A. We didn't get it.

Q. —you didn't get it?

A. In other words, this is one of the many that we could not get. I am at a loss as to how we got the name with respect to table A and not able to get it with respect to Table B.

Q. Is it possible for one store——

A. The very fact that these are on here indicates that we tried to give you everything we could.

Q. Yes. Is it possible that a store known as Antonia's was operated by a man named Frank DeLeon and that [fol. 1535] store was closed some time in 1960?

A. This is a possibility, but the fact that these are both on here, and this is probably the explanation—I think I have the explanation for that——

Q. All right, would you give it to me, please?

A. We do have some rather minor shifts in administrative district boundaries, generally occasioned by annexations on the part of cities, which go into the unincorporated area, which forces us to re-define the accounts that are

served by a particular district office. Except for the City of Los Angeles, the City boundaries must be put wholly within an administrative district for mechanical control purposes. You see, it is conceivable that if the situation you suggested might have happened, that Frank DeLeon was in, say, District A-B, to illustrate—I don't know, but just to illustrate—and when the change of district boundaries occurred he was put in, we will say, A-C—he has, however, a different account number——

Q. And so in the shift in boundaries it makes a double accounting of a single store, is that correct?

A. This could happen. It certainly is a very minor thing when you realize the few cases. But this just illustrates that when you cover a County as big as Los Angeles a little thing like this could happen. I think to the best of my knowledge this is probably the explanation of the situation, [fol. 1536] but I couldn't be sure of that.

Q. Do you know the reason for the discontinuance of the permit to either Frank DeLeon or Antonia's?

A. No, except that our reqeust for close-out of account shows that the account was discontinued without a successor.

Q. If I were to tell you that we have checked this and we have found that that property is now part of a freeway and was condemned for freeway purposes, I take it that you would have no contrary information?

A. No.

Q. You don't know why any of these stores closed out, do you?

A. No. If a freeway puts them out of business they are closed out.

Q. You don't know how many of these close-outs are due to freeways?

A. No. Our statistics reflect the number of discontinuances, and in a case where a man is put out of business to make way for a freeway there would be no successor, and this is what we have on this list.

Q. You remember we were talking about the LaSalle Market, the three entities on West Washington Boulevard, the first of which is listed as 2093 West Washington Boulevard. Would you look on the first page of Table B and there we find, a little below the middle, LaSalle Mar-

[fol. 1537] ket, 2093 West Washington Boulevard, Los Angeles. Can you tell me what the reason for that is?

A. No.

Q. It is listed as closed out as LaSalle Market in 1960 and again in 1961, is that right?

A. It is possible.

Mr. Coyle: Well, Mr. Vaughn, I think you are assuming something that is clear from the titles of these exhibits that Table A lists the names and addresses of grocery stores of multiple outlet concerns, grocery stores, in the Los Angeles metropolitan area which were closed out during 1960. The other table lists the names and addresses of concerns that were opened in 1960 and closed by November 15, 1961. A store could very well probably be on both lists, if it were opened in 1960 and closed in 1960.

Mr. Vaughn: Q. Mr. Marshall, referring to Table A, first page of the Independents, you see there No. 11 is Sims Market. Do you know whether or not that is a grocery store?

A. It was coded as a grocery store.

Q. If I were to tell you that there is no market there at all and that there is an apartment house at that address would you say that there is an error in your tables?

A. Probably only with respect to the fact that the mailing address was picked up instead of business address. This is a possibility.

Q. I see. If you will look down, then, at No. 15, the [fol. 1538] fifteenth down, Charles and Selina Doss, do you know whether or not that is a grocery store?

A. It was coded as a grocery store.

Q. If I were to tell you that it was a hot dog stand and had been for many years would you say that my information was incorrect?

A. I would say that I would question your information, sir, because I have checked out that particular account and I find that we have taken out a new application from that particular party and they went into business on January 11, 1961, so your information, I don't know how sound it is, where you got it, but your information apparently is not complete, because these people did set up a business, they

took out a permit on January 11, 1961, to operate a C. & S. Sandwich Stand.

Can you tell me where that is here (referring to document)?

Q. Yes, No. 15, sir.

A. At the address shown on Line 15 of Table A. And so it is apparent to me that if it has been operated by these people for a long time that there would be no reason for them to take out a new permit on January 11, 1961.

Q. But you haven't been able to check to determine whether they were—to recheck and determine whether they were operating a grocery store at that address prior to that time?

A. Those records have been destroyed. That has been closed out.

[fol. 1539] Q. All right.

A. But whatever they were operating there before, that account has been closed out. They have established a new account, and——

Q. If they had an account there before?

A. Well, yes. We have got it quoted as a restaurant, not as a grocery store. In other words, we agree that this is now a restaurant, and has been since January 11, 1961. What it was prior to that we don't know but our records did show it as a grocery store and was closed out in 1960.

Q. All right. Now if you will refer to the 20th name on that list, Allan D. Thompson, 4416 West Pico Boulevard, our information is that there has been no store at any time for over ten years. Do you know if that is correct or incorrect?

A. I wouldn't know.

Q. All right, sir.

A. They did have a permit, as to our knowledge they did have a permit outstanding, which was finally closed out in 1960.

Q. And if that information was proved to be inaccurate that would be an error in your tables, would it not?

A. No.

Mr. Coyle: Which table?

Mr. Vaughn: Table A.

A. No, no. Our table goes to the outstanding permits

[fol. 1540] the fact that they are not active. If they are outstanding, they are outstanding, and this is what we are reporting.

Mr. Vaughn: Q. I see. You could have a permit outstanding for as many as ten years after the business had actually been discontinued?

A. There would be—I have heard cases of this, but if a taxpayer mistakenly thinks he can use a permit in the future and hangs on to it, all he is obliged to do is to fill out the tax return and send it to us. A man operating a very small business might be reporting once a year. He gets a return once a year, it is sent to his home, all he has to do is put down, "No tax liability," put on a 5 cent stamp and return it. He figures that if he is taking the trouble of putting "No sales" and wasting 5 cents postage it is worth hanging on to this permit, in the hopes that he might be able to use it at some future date. It could be an outstanding permit. I would say that we have very few of these, but it certainly is possible.

Mr. Coyle: Mr. Vaughn, I wonder if your investigation discloses that that is a residence there now out at 4416 West Pico Boulevard?

Mr. Vaughn: I am not testifying and not answering any questions.

Mr. Coyle: It might help the witness——

Mr. Vaughn: As a matter of fact, there is no reason why I shouldn't answer that. I have a marginal note on my [fol. 1541] copy of Table A which does not supply that information and my memory isn't good enough to answer it.

Q. Now if you will look at Mrs. Corinne Davis, down that page a little ways, 1561 East 25th Street, Los Angeles.

A. What item is that, roughly?

Q. Roughly 27.

A. I have got it, yes.

Q. Again my information, sir, is that that is a dress shop.

A. Now?

Q. Now, and it has been for some time.

Mr. Coyle: That is kind of a vague statement. How long is "some time"?

Mr. Vaughn: Mr. Coyle, I am just going to ask Mr. Marshall questions and——

Mr. Coyle: Well, I am objecting to that question because you don't say how long "some time" is.

Mr. Vaughn: I haven't finished my question.

Mr. Coyle: Oh, finish your question. I am sorry.

Mr. Vaughn: I just have made a statement so far.

Mr. Coyle: Go ahead.

Mr. Vaughn : Q. Do you have any information to the contrary, sir?

A. No, I haven't attempted to check any further. You have asked for a list of the grocery stores that were in- [fol. 1542] cluded in a list of close-outs and we did have an account outstanding at that address that was closed out, that was quoted at either a 20, 23 or 34.

Mr. Vaughn: Q. If you will go up about five to the location known as Chicago Creamery, 2116 Brooklyn Avenue Los Angeles.

A. What page, sir?

Q. The same page, first page of Table A of Independents.

A. Yes.

Q. Do you see the Chicago Creamery there?

A. Yes.

Q. At 2116 Brooklyn Avenue.

Now if you will then refer to the last page in the tables, next to the last page in the tables, the sixth down from the top—this is Table B—you will see "Mr. Solomon Chasin, 2116 Brooklyn Avenue, Los Angeles." It is my information, sir, that Mr. Chasin is still operating a store known as Chicago Creamery at 2116 Brooklyn Avenue, Los Angeles. Do you have any explanation for that fact?

A. Yes, that is easy to explain. This man's permit might have been revoked for any reason, and this is a close-out until he gets himself back in good graces. At the time we ran the study the business was not permitted and closed.

Q. Oh, you revoke permits for failure to pay taxes or other——

[fol. 1543] A. Yes, after due notice and everything else, a person can no longer legally operate. He may have actually have been closed for awhile. Nothing to stop him from

going back into business when he gets back to our good graces.

Q. I see. And is there a possibility that he could be illegally operating continuously?

A. He could be illegally operating.

Q. Now going back to Table A, the first page of the Independents, right above Mrs. Davis is Petri's Market, at 5422 Alhambra Avenue, Los Angeles, and the same entity is listed as the fifth entry on the next to the last page of the tables in Table B, Petri's Market, 5422 Alhambra Avenue, Los Angeles. Do you see that, sir?

A. The same answer I gave you on the previous case, identical, will apply here. I see it here.

Q. What is you explanation again, sir?

A. It is closed. In other words, he opened in 1960. That was the first condition. On Table A of the Independents we don't say when they were opened.

Q. That is correct.

A. In Table B we indicate that they were opened in 1960 and closed out before November 15, 1961.

Mr. Coyle: Where is this listed on Table B? I haven't found it.

The Witness: It is near the top, it is the fifth item [fol. 1544] from the top, I believe, Petri's Market.

Mr. Vaughn: Fifth item from the top.

The Witness: Fifth item from the top.

Mr. Vaughn: O.K. Now, sir, if you would turn to page 2 of Table A, listing the independents, and fourteen from the top you will see, "Henry McRay and Caesar LeFire," and then if you will move down—that is 6524 South San Pedro, Los Angeles—then if you look at the 28th entry on that page you will see "Friendly Grocery" at the same address—correct?

A. Yes.

Q. My information, sir, is that Henry McRay and Caesar LeFlore are still operating the Friendly Grocery at that address. Can you explain that?

A. This is another case where they have been closed out for not taking care of their sales tax obligations, and later on, subsequent to the time that this information was

gathered, they got themselves back into good graces. This takes a reopening.

Q. I see. Now if you will look at the top of page 3 of Table A, the first name, Robert C. Woolfork——

A. I see it.

Q. Our information is that this man was some time in 1960 operating a trailer a half mile off of the main highway on a dirt road, making sales of about $12.00 a day, and an inventory of $60.00 worth of merchandise. I take it from [fol. 1545] your prior testimony this would not disqualify him from being listed as a grocery store, is that right?

A. As I said before if his principal gross receipts came from the sale of grocery products. I don't know how else we could classify him.

Q. All right, sir. If you will look down to the seventh and ninth entries on that page 3 of Table A you will see Cox's Market and Tony's Market, both referred to as being located at 1619 Burbank Boulevard.

A. That is a very simple explanation. Either one of them, I don't know which one, went out of business at that location, and the location was vacant for any period of time. The other man went into business and he, too, went out of business within the year; that is, during 1960.

Q. Yes, sir. And you have listed both of those stores as closed without a successor, isn't that right?

A. That is correct. There is no reason why that cannot be so. It happens again and again.

Q. But as a matter of fact, there was a successor——

A. No.

Q. —operating at that location.

A. No, not necessarily. According to our records, no. any other store, as far as that is concerned, at a given location, and none of them represent succesors. Let me [fol. 1546] illustrate: I move directly to this location. I pull myself out. The store is vacant, it is vacant for two months. You come along and you decide "Maybe I can make a living operating a grocery store at this location." Two months later you go broke and you pull yourself out and the store is vacant for a month.

Mr. Coyle comes along and he tries to make a living running a small grocery store, and he could be out of business within the year. All of this could happen.

Q. In other words, we are just misunderstanding each other on the word "successor".

A. Well, successor in our case—it is a legal definition. Liability attaches. When a man goes out of business—let's put it this way: When a man buys a business, if he dosen't clear the liability of the predecessor he assumes it. So any buyer is under some compulsion in order to protect himself to see that the predecessor does not owe the State of California any sales tax liability, because if he doesn't make the necessary clearence, he assumes the liability of the predecessor. And any prudent buyer would handle the matter through escrow, which compels us to act within 10 days in establishing whether there is any amount owing on the part of the predecessor.

Many of these people just fold. The landlord, as far as he is concerned, is interested in having his place rented, and he will rent it to anyone who comes along and puts up some money.

[fol. 1547] Q. For the purposes of these tables, sir, your definition of "successor" is somebody who acquires the assets and liabilities, including tax liabilities of a predecessor, and does not include the man who may close up his store, take out all his merchandise, leave the store vacant for two months, and then someone else comes in to operate the store?

A. That is correct.

Q. And I take it you are not able to tell me which of these entities listed on these tables who closed their doors—strike that. You have listed locations here and the entities that operated them and closed their doors. I take it that you are unable to tell me which of those locations were later,—months, weeks, whatever——

A. Not at this stage.

Q. —taken up by another operator who has operated it successfully, is that correct?

A. Not at this stage. We could have told you this had your request for information been made early enough and properly phrased.

Q. Sir, looking at page 4 of Table A, the fifteenth and sixteenth entries on that page, both the Elm Haven Market, 18630 South Figueroa, the other at the same address—is that right?

A. Yes. The fact that one doesn't have "Street" in back of it and the other one does, and the fact that "Market" [fol. 1548] was abbreviated in the case of one and not in the other, does not make any difference. They are identical establishments, and here is a case I had to speculate where there may have been a successor that wasn't reported to us, and the reason that I speculate that this was the situation is the fact that the same style name was used. You see, when the same style name is used this would indicate maybe there was a sale of the property from one to another.

Q. Now, sir, if you will now turn to the first page of the Independent grocery store portion of Table B, and seventh from the bottom you see "Elm Haven Market, 18630 South Figueroa".

A. The same explanation as I gave as to the others.

Q. And if you will turn then to the second page of that table and at the very top, Norman Wallenfand and Robert DeVaun, the same address as the Elm Haven Market, is that correct?

A. There isn't any question in my mind that it is the same location, but the reasons for these changes in ownership indicates that—especially now that there is a new name here, there could have been a break in the operation.

Q. Could that have been that Norman Wallenfand and Robert DeVaun operated the Elm Haven Market and they listed it twice, once by trade name and once by——

A. No, not that. These are different account numbers. We are controlled by account numbers.

Q. I see. But in any event, the same location is listed [fol. 1549] four times in these two tables, is that right?

A. There is a difference here. There is no reason why it should be, the record ought to be clear on that.

Mr. Vaughn: All right. May I see Mr. Von der Hae's affidavit?

Mr. Coyle: I am very happy to let you see Mr. Von der Hae's affidavit (Handing document to counsel.)

Mr. Vaughn: Thank you, your are very kind.

Q. I would like to show you a copy, sir, of the affidavit of Theodore A. Von der Hae's in this case and call your attention to the document which is attached to that affidavit as Exhibit A, which is, in turn, entitled, "Table B, Analysis

of Gross sales of Grocery Stores with Estimated Annual Sales of Less than $5000.00 that opened in 1960 and closed by November 15, 1961 in the Los Angeles Metropolitan Area."

I take it you have a copy of that before you?

A. I have a copy of that before me.

Q. This is also a document which you supplied to us, is it not, in conjunction with your letter of April 9, 1962, which has been identified as an exhibit in this deposition?

A. Yes.

Q. Thank you, sir.

A. I should point out, sir, that it was a typographical error.

Q. Yes. Why don't you make the explanation on the record?

[fol. 1550] A. That occurred in the third and fourth lines under the heading of "Independent Outlets." The number of independents outlets doing from $100,000 to $140,999 annual sales should have been 10 instaed of 11.

Q. Wait just a second. O.K., thank you.

A. And the number doing from 150,000 to $199,999 should have been two instead of eleven. The total figures shown in the following column should be adjusted accordingly.

Q. To 42 rather than 52, is that right?

A. Well, the total has always been right.

Q. Oh, I see.

A. The total has been right.

Q. I see.

A. And this is why I couldn't fully appreciate why this wasn't called to my attention, because—the point I am trying to make is that the figures in the last column have to be adjusted to reflect the corrections made——

Mr. Coyle: I suggest that you read into the record those corrections in the last column so the record will be clear.

Mr. Vaughn: Yes, fine.

A. Total number of outlets that were opened in 1960 and closed by November 15, 1961 that did from $100,000 annual sales to $149,999 annual sales should have been 12 instead of 13; and the number that had annual sales from $150,000 to $199,999 should have been 3 instead of 12. The total [fol. 1551] figures on that table is correct as submitted.

Mr. Vaughn: Thank you. There is a possibility for error in the statistics which you keep, is there not, sir?

A. Any time that you deal with 360,000 outlets where you have turn-over running anywhere from 90 to 120 thousand per year and where you depend upon information being submitted by taxpayers and also help to classify these, naturally you can have some errors. The errors, however, cannot affect the overall statistical picture materially.

Q. But when we are dealing as in this case with smaller figures than you are accustomed to deal with in some respects—I mean ones, twos, and threes—the errors might become more important, isn't that right? Rather than dealing with thousands?

A. The point is that our people actually have to deal with the thousands. Now, you are only interested—your numbers are only in the percent magnitude of 4741. There isn't any question that the number of single outlet grocery stores is dropping and has dropped very materially since 1950.

Q. Do you have an opinion as to the reason for that?

A. I presume competition is just too severe for the smaller independent Mama and Papa grocery store, the small independent store. They just cannot do enough business to make both ends meet. They have give up their locations and turn to other means of livelihood. There was a 33 per cent drop in independents since 1950, a 33 per cent drop.

[fol. 1552] Q. Would you calculate the percentage of drop from January 1, 1961 to January 1, 1963?

A. You want the percentage drop from 1-1-61 to 1-1-63?

Q. Yes. You will have to go to another one of your exhibits.

Mr. Coyle: What is that exhibit?

The Witness: I know what it is.

Mr. Vaughn: B-4A (35). And this is a drop in single outlet stores.

A. B-4A (35) showed that there were 3590 outlets on January 1, 1963.

Q. Yes.

A. On 1-1-61, two years ago, there were 3818. During

the time when the population was going up approximately 6 to 7 percent.

Mr. Vaughn: Q. Your figures show also, do they not, that there are many fewer stores per thousand of population now than in 1960?

A. Oh, yes.

Q. Do you know what accounts for that?

A. The development of the larger stores that are able to serve more people.

Q. You mean fewer stores serve a greater amount of people, is that right?

A. We have more people for a given number.

[fol. 1553] Q. The stores are becoming larger, is that right?

A. Yes, stores are becoming larger. They are putting the pressure on the little stores. I don't know what came first, the chicken or the egg.

Q. You say "putting pressure on the little stores, isn't this the phenomeon that there is being fewer and larger stores because people like larger stores?

Mr. Coyle: I think this is outside his area.

A. I don't know why that is going on——

By Mr. Vaughn:

Q. You don't know?

A. No. All I know is the number of grocery stores has dropped very, very substantially, 33 percent, since 1950, at a time when the population of the County went up 71 percent—let me correct that—Instead of the County, I should say that the population of Los Angeles Metropolitan area had gone up 71 percent.

Q. Would you say that most of the stores that constitute that 33 percent have been small Mama and Poppy type stores?

A. I couldn't say just what they had been. There has been just a tremendous turn-over. This is a net change, this figure is a net change.

Q. Yes.

A. And the number of grocery stores that have changed during this 12 years period, they probably have had a complete turn-over three or four times. Now this took place

[fol. 1554] in independents. Not too much of it in terms of change in corporate structures, they go on, although they have had some changes, as is illustrated in the list of accounts. For example, Safeway closed out as they moved from smaller to larger stores; but I have nothing in the way of a frequency distribution of the amount of business done by those. There are numerous single outlet concerns that do a large volume of business. There are a certain number of single outlet concerns that report to us as single outlet concerns that in effect and in fact are multiple outlet operations. But we know this, that the 33—I should say the 37 chain stores that have 10 or more stores in California——

Q. In California?

A. In California. This is a figure that I do have. They are doing—now I am going to——

Q. I am not asking you for this information and I would appreciate it if you would not volunteer it. If Mr. Coyle wishes to elicit it by way of his examination he is privileged to do so.

Mr. Coyle: I thought you did elicit that. What was your last question?

Mr. Vaughn: I don't think I elicited anything about the State of California, which is irrelevant to this case.

Q. As a matter of fact, Mr. Marshall, going back to one thing you said a moment ago, you have always maintained [fol. 1555] that your statistics show business turn-overs and not business failures, isn't that right?

A. That is correct.

Q. Now would you say that the elimination or the decline in number of single stores is greater in the period 1950 to 1955 than from 1955 to 1960?

A. We would have to look at that. Your question is whether the decline from 19—I can't tell you that. Our statistics—we have a blank spot in our statistics in 1955, if you will look at the exhibit.

Q. Oh, yes, that is right.

A. I can't help you.

Q. How about 1950 to 1957 and 1957 to 1963?

Mr. Coyle: I am not sure the question is clear. Do you mean a numerical decline or a percentage decline?

Mr. Vaughn: Q. Let's talk about numbers first.

A. This is dangerous. You have got a different base to answer your question from. (Witness referring to documents.)

What is your second comparison?

Q. 1957 to 1963.

Mr. Coyle: What was the first comparison?

Mr. Vaughn: '50 to '57.

The Witness: That is not in any exhibit.

Mr. Vaughn: Yes, it is.

The Witness: Oh, wait a minute. This is over here. [fol. 1556] We are talking about single outlets?

Mr. Vaughn: From 1950 to 1957, the number of single stores declined by 1115, is that correct?

A. Or an average of 159 per year.

Q. And from 1957 to 1953 the decline was 660, isn't that correct?

A. That is correct. And that was how many years? That was 110 per year, so the rate of decline—you have got to do another thing here. You are dealing with a smaller base. You realize as you get down to smaller numbers, as you express it as a percent you will find that there is less difference than would be apparent in terms of comparing the figures.

Q. You get down to a point where you are not going to eliminate as many and its starts to level off, isn't that right?

A. You get to the point where the percentage might be higher, but the numerical number might be lower.

Q. I see what you mean.

A. The answer is that the rate of decline has slowed up somewhat.

Mr. Coyle: Why don't you ask him what the percentage of decline is at this time?

Mr. Vaughn: You can ask him that. You can ask him that. I am not going to be your anchor.

The Witness: Do wou want me to calculate it? I will do whatever you want.

[fol. 1557] Mr. Vaughn: No, I would like my examination just to be just what I want to ask you, and Mr. Coyle can ask you all the questions that he wants to.

The Witness: Well, I thought I answered your question.

Mr. Vaughn: I am sure you did. I asked you what was the decline between 1950 and 1957.

Mr. Coyle: Then I asked you whether you were referring to the numerical decline or the percentage decline.

Mr. Vaughn: And I said numerical.

Mr. Coyle: And you said we will start with the numerical.

Mr. Vaughn: Yes, and I decided not to go on.

(Laughter.)

The Witness: I think my answer does indicate——

Mr. Vaughn: You just answer my questions, Mr. Marshall.

A. I am trying to.

Q. Right.

The Witness: I have been all afternoon.

Mr. Vaughn: Mr. Coyle, let's have him do it numerically, I mean on an average, or a percentage, I beg your pardon. The same thing on a percentage.

(Witness computes on a piece of paper.)

Mr. Vaughn: While he is doing this, I want this on the record, Mr. Reporter. Mr Coyle, I have tried to refrain from interrupting your witnesses with questions to ask. Out [fol. 1558] of courtesy, I wish you would give me the same courtesy.

Mr. Coyle: I am just trying to——

Mr. Vaughn: You are trying to be helpful, I know, Mr. Coyle.

Mr. Coyle: That is correct.

The Witness: The approximate average annual rate of decrease in single outlet stores between 1950 and 1957 was about 3 percent. Between 1957 and 1963 it was around 2.4 percent.

Mr. Vaughn: O.K.

A. These are rough calculations. Both numbers would be subject to very slight adjustments.

Q. Thank you, sir. Would you turn to Exhibit B-6 (36) to your affidavit, please. According to your records, sir, were there more single outlets opened in the year 1960 than there were multiple outlets?

A. Yes.

Q. And I take it that this would mean a new entry into business? Or let me ask it this way—strike that. If a man who had one store opened a second store, would that be reflected as an opening of a multiple outlet?

A. Not necessarily.

Q. If he filed a consolidated return for the two stores would it be?

A. No, it would be an increase in the multiple outlets. [fol. 1559] Q. An increase in the multiple outlets?

A. Yes.

Q. So each of the 128 openings by single outlets were people who, so far as your records show, had only one store? That is the first store they opened?

A. No, my records do not show this. All this says is that someone came in and filed an application for a sales tax permit at a specific location, and as far as he was concerned he was going to report to us the business at that location on a separate tax return.

Q. That is all that intends to say?

A. That is all that it says.

Q. If you will turn to Exhibit B-7A (37), you list there the number of stores opened in 1960 by the 10 largest chains, the next ten chains, the remaining multiple outlets, and single outlets, is that correct?

Mr. Coyle: The title speaks for itself. It says "Obtaining permits."

Mr. Vaughn: All right, O.K. Those obtaining permits in 1960?

A. Yes.

Q. Now would you tell me what the total is for the number of permits obtained by the leading 20 chains in 1960?

A. The leading 20 chains obtained 67 new permits.

Q. And new permits were issued to all other concerns [fol. 1560] outside of the top 20 in what number during 1960?

A. This is multiple and single, is that what your question is, sir?

Q. Everything but the leading 20 chains.

A. Everything but the 20? 179.

Q. If you will turn to Exhibit B-7E (41) to your affidavit,

sir. Under the heading "Single outlets" you indicate that there were—of the 127 grocery stores which obtained permits in 1960 and were operated as single outlets, how many still retained their permits as of November 15, 1961?

A. 74.

Q. Is that more than half?

A. That is obvious.

Q. It is 58.3 percent, as a matter of fact?

A. Yes.

Q. Now, how many of those 127 outlets had their permits discontinued?

A. The difference between those two numbers.

Q. Doesn't that mean, sir, that if 74 retained their permits and the difference discontinued their permits that you did not cull out from the difference on Exhibit B-7F (42) those who may not have retained their permits but were washouts?

That isn't very artfully worded. Would you like me to try it again?

A. I think I follow your question.

[fol. 1561] Q. In other words, what I am saying, sir, is that if you compare Exhibit B-7E (41) and B-7F (42) you will show that every store opened by a single outlet operator in 1960 was either accounted for in the discontinued permit category, or the retained permit category, isn't that right?

A. The numbers in these two charts balance completely.

Q. Yes. So isn't it a fact that in developing these statistics you did not cull out the washouts from the discontinuances?

A. Oh, yes, in both cases we culled out the washouts. Didn't put them in.

Q. They are not in the 127 Universe, is that it?

A. Yes, that is right.

Q. But the 127 Universe was taken from those—not from those who discontinued their permit without a successor and those who retained their permit, that is not how you got that figure; instead, you got it from counting the number of new permits in 1960, isn't that right?

A. I got it from the number of people that got new permits that were new openings, not successors.

Q. New openings, right.

A. New openings.

Q. So that is 127, right?

A. Yes.

Q. Of those new openings, then, there was not a single [fol. 1562] one where the permit was not either retained in the name of the original entity or discontinued without a successor, is that correct?

A. That is what we——

Q. So there wasn't a single wash transaction out of those 127?

A. That is right.

Q. Your records do not reveal a single washout?

A. That is the point, yes.

Q. So your previous testimony that—I take it that you have examined each one of these 127?

A. We examined every account as an individual entity and used the information submitted to us with respect to that account.

Q. And you did not find a single instance in which a store was sold to a successor, right?

A. They were eliminated.

Q. No. Let's get back to that. They were not eliminated from the 127 openings, were they?

A. Yes.

Q. The ones that were opened in 1960 and sold to a successor prior to November 25, 1961 are not listed in your tables as openings at all, is that your testimony?

The Witness: May I have that——

Mr. Coyle: Here is your affidavit (handing document [fol. 1563] to the witness).

Q. So you have understated the number of openings for the year 1960?

Mr. Coyle: Which exhibit are you referring to, Mr. Vaughn?

Mr. Vaughn: Let's look at Exhibit B-7A (37).

A. These are the new openings.

Q. All of them?

A. The new openings, not where a store has already been there and where—and where equity was sold.

Q. I see.

A. In other words, the wash transactions are excluded from this.

Q. I don't think, sir, that you fully understand. In other words, on Exhibit 7-A (37), the 127 figure in the total column under "Single outlets" means only brand new stores, is that right?

A. That is correct.

Mr. Coyle: What does a brand new store mean?

A. Brand new in the sense——

Mr. Vaughn: That it wasn't acquired from anybody else.

A. Right. If Safeway went across the street into a bigger operation this would be a brand new store.

Q. Oh. And if it closed its store across the way you would say this is an opening?

[fol. 1564] A. No. It would be a close-out. You said if he closed. Maybe I didn't hear you right.

Q. Suppose Safeway has a store, a smaller store, which it decides to close, and moves across the street and opens [fol. 1565] another store?

A. That would be a new store.

Q. That would be one of the 127?

A. That would be one of the 127.

Q. All right.

A. But if they sold the smaller store that would not be one—to a grocery concern, to an independent or chain or to one of his employees, this would not be a new opening.

Q. And you culled out, sir——

A. That would be a wash transaction.

Q. All right.

A. A plus and a minus.

Q. But you admit the possibility that there may be some——

A. We have indicated that there is a possibility that there could be some of these cases, but certainly not any great number.

Q. Well, you know there are some of those cases, don't you?

A. I say there could be. If I had known them we wouldn't have——

Q. Right.

A. It is what the record shows. These figures are based on what the record shows of the individual documents that were processed.

[fol. 1566] Q. So we have 127 new stores opened in 1960?

A. Correct.

Mr. Coyle: Now, new stores doesn't mean that it is a brand new store necessarily. It may be an old store that has been deserted?

Mr. Vaughn: Now, please don't testify.

The Witness: I am trying to keep it straight, this is what we have been saying all afternoon. I have been saying all afternoon——

Mr. Vaughn: Q. This 127 consists of what, now? Tell me what it consists of.

A. It consists of new stores which are a new entity that sets up business at a location that—it is either in a brand new building or could be in a building that had been vacated by a food store and been vacant, where the individual did not acquire the business from a predecessor that was operating a grocery store. To me—I don't know English, it is inclined to get——

Mr. Vaughn: Q. Pretty complicated?

A. Complicated. But——

Mr. Vaughn: I think that is clear, what you said.

A. I am trying to say, and I think you appreciate it, that these are new rather than successors.

Q. All right. And all of those were operated by people who, if they had another store, didn't tell you about [fol. 1567] it?

A. No, that isn't the case at all. I am trying to make clear to you that the choice of how a person is going to operate is up to him. Maybe I didn't get your question. Let's back up and try——

Q. I am just trying to interpret this 127 to the words "Single outlets." That means at least this, that that store was opened by somebody who filed a separate return for that location?

A. That is the point.

Q. All right.

A. That doesn't mean that he doesn't have one or two

or three other grocery stores, and it doesn't mean that he couldn't be reporting on the other three as a chain. It is his choice. We don't attempt to tell them which way to file.

Q. All right, sir. Now if you will turn to Exhibit B-7E (41)?

A. O.K.

Q. That 127 single outlets in the first column is the same 127 that is referred to and that we have just been talking about——

A. Yes.

Q. —on Exhibit B-7A (37).

A. Yes.

[fol. 1568] Q. Now, 74 of those 127 outlets retained their permits, at least past November 15, 1961, without any change of any kind whatever, is that right? The same entity was operating those 74 stores by November 15, 1961 as had opened the stores, isn't that right?

A. According to our records that is correct. There may have been a change of entity, but our records wouldn't show that, such as a man married and brought his wife in and we would not find this out for a year or two, but basically our records show that the same man was operating the business on November 15th.

Q. And it is your testimony that all of the remainder of those 127 stores were, so far as your records show, discontinued without a successor by November 15, 1961, is that correct?

A. Yes.

Q. So of the 127 stores which we started with you did not find a single discontinuance with a successor, isn't that right?

A. No, I think that of the 53 stores that were discontinued, some of them may have had successors.

Q. Yes. Isn't it a fact, sir, and doesn't your affidavit say it, that you did not cull out the wash sales, that if a permit was closed or discontinued for whatever reason that you included that in your tables?

A. No, I think we have to—we look at brand new [fol. 1569] grocery stores. That is our base.

Q. That is the 127 are brand new grocery stores?

A. Those are the brand new grocery stores, and of

those brand new grocery stores only 74 were still in business under the same ownership on November the 15th.

Q. But they could have been in business under a different ownership, isn't that right?

A. Yes, I think they could be under a different ownership.

Q. In fact, they all were, weren't they?

A. No, because—no, absolutely not, because there is a net decrease of—during that period of 132, a net decrease of 132.

Q. Right. But suppose——

A. Now it may not have been—out of this 127 there could have been out of the other businesses some that were registered and licensed before January 1.

Q. Oh, I see. You did not take the 127 brand new grocery stores and chart what happened to them, you just took 127——

A. Yes, we did chart what happened to them. There were 74 left of those.

Q. All right. What about the other 53, what happened to the other 53?

A. Well, the other 53, we didn't attempt to indicate [fol. 1570] what happened to the other 53.

Q. You just indicated that their permit had been discontinued?

A. Their permit had been discontinued. These people had gone into business in 1950 and they were no longer in business on November 15, 1961.

Q. They could have sold to a successor?

A. Yes, I think they could have sold to a successor.

Q. And there could have been a partnership in which they originally opened the store and took out a permit, and changed to a corporation?

A. It could have been.

Q. It could have been that a partnership added a partner and added a new entity and they took out a new permit?

A. Yes.

Q. Could have been a corporation going back to a copartnership, could it not?

A. Yes; not too likely, though.

Q. It could have been that a partner died or retired, isn't that right?

A. That is right. But the fact still remains that there were 132 fewer stores. Some of them were in this category.

Q. Which category?

A. Those that opened after January 1, 1960 and were no [fol. 1571] longer in business on November 15, 1961.

Q. Without a successor?

A. Without a successor. In other words, what brought about this net decline of 132, we studied to what extent the 127 that were in business and were no longer operated by the same entity.

Q. All right, sir. Now, you deduced that some of those 127 went out of business without a successor because the total number of single stores——

A. I am just confident they did.

Q. You are confident, but you don't really know, do you?

A. Oh, I am absolutely confident.

Q. You base that on the fact that the total number of stores went down?

A. Yes, that is right.

Q. All right. Now, could it be that 260—259 stores operated as single outlets who had obtained their permits before 1960, could have gone out of business in 1961?

A. Will you repeat that again?

Q. Is it possible 259——

A. Where do you get the 259?

Q. Well, I will tell you where I get it. I take the 132, which is the net decrease in numbers of stores between 1960 and 1961. I added that 127 and I get 259. Now if 259 [fol. 1572] stores who had permits, had obtained permits prior to 1960, had gone out of business in 1961, you would still show a net decline in total number of stores of 132, even though not a single one of the 127 had discontinued operations, isn't that right?

A. Actually a far greater number than 259 went out of business in this period we are talking about, far more than 259.

Q. Right. So it is not necessary at all to conclude that any of those 127 stores went out of business?

A. I am confident that some of the 127 stores went out of business, absolutely confident.

Q. Brand new stores, just built?

A. No, they don't have to be just built.

Q. I thought you told me that 127 were brand new stores?

A. They were brand new stores in terms of someone has gone into a location—a building maybe 40 years old. It still is, as far as we are concerned, a brand new grocery store. But it is not necessarily a new building, and there is certainly no reason why one of these operators could not be out of business over a period of five months or a period of 21 months, 23½ months, 22½ months.

Q. Would you refer to page 11 of your affidavit. Is that what you mean when you say in reference—the second sentence beginning on page 11, "As reflected in B-6 (36), the [fol. 1573] issuance of a permit to operate a new store would be reflected as an opening."

Does "New store" mean either a brand new store or one that——

A. In an old building, absolutely. When you say a "new store" it has no reference whatever to the physical facility in which the operation takes place.

Q. I understand. And a discontinuance of a permit would be classified as a closing, no matter what the reason for that discontinuance, isn't that right, on your statistics.

Mr. Coyle: I think Paragraph 11 read as a whole sales that.

Mr. Vaughn: Q. Isn't it a fact that a discontinuance of a permit for whatever reason would be classified as closing in your statistics?

A. Yes. For any reason, if we have to take one out of our inventory.

Q. All right, now, sir, this is certainly not intended to embarrass you in any way, I want you to understand it that way; but we have talked before about the possibility of error in your statistics, and I would like to bring up something which I think will give whoever reads this deposition an opportunity to see a living example of it. Do you remember in February 1962 when I was in your office you showed me a series of correspondence between you and a [fol. 1574] representative of King City, California. First

of all you told me, and is this the fact, that the State Board of Equalization collects city sales taxes and refunds them to the cities, isn't that right?

A. It dosen't refund them, it subvenes them for the city. It collects them under contract for the city.

Q. Do you recall that the representative of King City had written to you asking you why the amount convened to them for a particular year had fallen down? Do you remember that?

A. No, but go on——

Q. And you wrote back and tried to explain it to them and stated——

Mr. Coyle: I object to that. This is far removed from the grocery business in the Los Angeles Metropolitan area.

Mr. Vaughn: Well, I think that it is relevant, and I think you will see it is relevant, Mr. Coyle. I am trying to lay a foundation.

Q. And they wrote you back and said one of the reasons was the discontinuance of the business conducted under the name of King City Pharmacy? Do you remember that?

A. Yes, I remember.

Q. And they wrote back to you and said to you that the King City Pharmacy was still kicking along very well and [fol. 1575] was in business?

A. Yes.

Q. And you made an investigation, and do you remember what you determined?

A. They were still in business.

Q. Yes. As a matter of fact, the King City Pharmacy was operated by a corporation which also operated a pharmacy in the nearby city of Greenfield, isn't that right?

A. That is correct.

Q. And you had listed on your records because they apparently did not file a consolidated return as two single outlet drug stores, isn't that right?

A. That is correct.

Q. And your investigation established that the Greenfield Pharmacy run by the same corporation had been sold to a successor, isn't that right?

A. Yes.

Q. And you had mistakenly recorded that on your books?

A. As a close-out.

Q. —as a close-out of the King City Pharmacy without a successor, isn't that right?

A. Right.

Mr. Vaughn: I have no further questions.

The Witness: I would like to make this quite clear to you.

Mr. Vaughn: Yes, sir.

[fol. 1576] The Witness: This is a very unusual case, and while it is true, as I stated before, you are dealing with 360,000 units with a turn-over of from 90 to 120 thousand a year, you can run into real odd-ball situations. I hope you don't feel that because of the situation, one situation—and I will even concede there may be two or three, or five or ten others—that this would invalidate a running inventory that we have maintained that shows rather clearly over the years what has happened to these independent stores. They are just going down, down, down, and there is no way that you can say that they are going down because we have got our stores misclassified, or because we have closed out a store erroneously.

You realize that we are dealing here with net change. In the case which you have cited, which really isn't relevant, we did close it out, we did reopen it, and as of this moment the record is absolutely sound.

Mr. Vaughn: Yes, sir.

Q. And King City has got all the money that they were entitled to. The handling of this particular account left something to be desired, it meant a temporary delay in getting the money to King City. What we are taking—we are continually policing our classifications, the codes that we assign—I should say the industry code numbers that we assign, and we take a physical count of each class [fol. 1577] of business in every city and county of the State.

I don't think that there is a State in the Union that devotes the time and energies to coming up with the best possible factual situation that relates to business activities in California, and we are dealing in these numbers that are showing the net changes that have taken place. We have attempted to answer specific questions that have been put to us by Mr. Coyle or members of his staff.

Mr. Vaughn: Yes, sir. Thank you very much.

Mr. Coyle: Are you through?
Mr. Vaughn: I am through.

Cross-examination.

By Mr. Coyle:

Q. Mr. Marshall, are part of your duties consulting with people in the tax field from Governmental departments other than the State of California?

A. Yes.

Q. Have you consulted with many of them during the past few years?

A. Yes.

Q. What Governmental agencies have they represented?

A. Well, for example, I served as a consultant to the Russell Sage Foundation which was retained by the City of New York to establish a reporting procedure for the City of New York; for the State of Kentucky, the Province [fol. 1578] of Ontario, and we have had many people who have wanted to learn how we administer statistics and taxes in California from all over the world and through the auspices of the I.C.A., which is the International Cooperation Administration, and the C.I.E., which is the successor to that agency.

Q. Does the State Board of Equalization of the State of California have a national reputation in this field?

A. I daresay that we do have a national reputation, and it is the outstanding sales tax administration in the United States, and it is because of this that the Federal Government does send most of the people that they bring into this country to learn the effective means of tax administration to the State of California, to the Board of Equalization.

Q. How do your statistical records compare with the records kept in other states?

A. I don't think that there is—I am confident that there isn't another State agency that puts out the volume of statistics that we do. At the present time we report both quarterly and provide annual recapitulations of taxable sales by type of business for 56 of the 58 counties, and for 128 cities in our quarterly reports and 180 cities on our annual recaps. This is a rather considerable volume

of statistical data on the business activity occurring within the jurisdiction of the State of California.

[fol. 1579] Q. Do you furnish statistical information to persons and firms and Governmental agencies who request such information?

A. We do. We have been for years. There is hardly a citizens group or a consulting firm working for a citizens group that proceeds with an incorporation without first consulting with us to ascertain the effect of such incorporation. We establish through our records the amount of tax revenue that they would get upon incorporation, not only for sales tax but alcoholic beverage exercise tax and license fees, and in lieu taxes and gas taxes.

Q. Now, this information that the Department of Justice required you to supply us, is it your testimony that it all came from the records of the State Board of Equalization with the exception of population figures?

A. It all came from the records of the Board. We did our very best to give you a factual portrayal of what was in our records, we relied on estimation techniques only where it became necesary, because the taxpayers didn't give us information with respect to gross sales. The techniques we use for converting taxable sales to gross sales I am sure would be agreed by anyone who is familiar with statistical procedures where the only sound procedures to use, and actually very little estimating had to be done, but there were a few instances where we were obliged to make esti-

[fol. 1580] mates. This is why some of the table headings include the word "estimate." We wouldn't want to tell you it was reported to us by a taxpayer when in fact it wasn't.

The bias resulting from this work could be either way. In terms of the total project, probably, this is not distorted very much in either direction. I couldn't tell you which way without analyzing individual cases where I might make observations that perhaps in this case we have an over-statement and in that kind of a situation we might have an under-statement. These things do tend to balance out.

Q. Now referring to Marshall Exhibit B, which is entitled "Los Angeles Metropolitan Area, number of grocery stores versus population 1950 to 1961." Does this exhibit portray the actual history of the grocery business in Los Angeles as reflected in your records?

A. It certainly does.

Mr. Vaughn: To the extent that it goes, that is.

A. I have attempted to define what we mean by an outstanding permit, and these figures do represent the inventory count that we have in our basic tabulations, and our basic tabulations are available for inspection, and you will find that this is what the tabulations show. To the extent that we might have some misclassifications, they would be counted here, but they would be very few, and certainly it isn't misclassifications that describe this picture, it is a [fol. 1581] situation that is just apparent, what we find in the economy and has been in the economy over this entire period. I don't imagine that this trend is going to reverse itself either in the next five to ten years.

Mr. Coyle: Q. Now, referring to Marshall Exhibit B-4A (35).

A. Yes.

Q. Does this Exhibit contain information that I requested you to get within the last two months in order to bring Exhibit B-4 (33) up to date?

A. It does.

Q. And does this accurately reflect the comparison between the permits issued to single and multiple outlet grocery stores in the period 1960-'61?

A. It does.

Q. Now referring to Marshall Exhibit B-5 (34), does this exhibit show mathematical computations based upon the material appearing on Marshall Exhibit B-4 (33)?

A. It does.

Mr. Vaughn: Mr. Coyle, isn't this reflected in his affidavit?

Mr. Coyle: I think it is, yes.

Q. Now, referring to Marshall Exhibit B-6 (36), does that accurately portray the grocery store openings and closings in the Los Angeles Metropolitan area for the [fol. 1582] calendar year 1960?

A. It does.

Q. Now, referring to Marshall Exhibit B-6 (36), which shows single outlet openings and closings in the year 1960, and referring also to the table which has been marked

Marshall Exhibit 6 for identification for this affidavit, and calling your attention to Cox's Market and Tony's Market, both of which are listed on page 3 and are represented to be—reading the heading—the names and addresses of independent grocery stores in Los Angeles Metropolitan area that were closed and discontinued without a successor during 1960. Does this exhibit indicate that both Cox's Market and Tony's Market were closed in the year 1960?

A. It does.

Q. And does it show them both at the same address?

A. It does.

Q. And then referring over to table B, the part marked "Names and Addresses of independent grocery stores in the Los Angeles Metropolitan area opened in 1960 and closed by November 15, 1961, do you find either Tony's Market or Cox's Market on that list?

A. I find Tony's Market.

Q. But you do not find Cox's Market?

A. I do not find Cox's Market.

Q. Now, referring to Table B and Table A together— [fol. 1583] well, what would that indicate with respect to Cox's Market? Would that indicate that Cox's Market obtained its permit prior to 1960?

Mr. Vaughn: You are leading the witness, Mr. Coyle. I object on that ground.

A. Now what do I do?

Mr. Vaughn: You answer it.

A. This is what it would indicate, yes.

Mr. Coyle: Q. It would indicate——

A. That Cox's Market was opened—not necessarily so, but very likely, it was opened prior to 1960 and closed out in 1960, and the store at that location remained vacant for some period of time, after which Tony's Market was opened at that location.

Mr. Coyle: Q. And the heading of Table B indicates what?

A. That Tony's Market was subsequently closed prior to—was closed prior to November 15, 1961.

Q. And when you refer to "discontinued without a successor" in Table A, does "Successor" have a particular word of art meaning in your operation?

A. It does. It means that the taxpayer upon closing his permit, generally in order to get back his cash deposit, told us that he was closing out his business, and was not selling it to another entity.

[fol. 1584] Q. Now referring to the chain stores in the State of California, have you made any analysis to ascertain what percentage of all chain stores in the Los Angeles metropolitan area are operated by chains of 10 or more stores?

A. I have.

Q. Can you supply us with that information? What is that information?

A. Would you repeat the last part of that question, so that I can be sure that I give you——

Q. Have you prepared statistics with respect to the percentage of chain stores in the State of California which are operated by chains of 10 or more stores?

A. I have.

Mr. Vaughn: I will object to the admission of any evidence regarding the State of California as a whole, since it involves areas outside of the relevant section of the country in this case.

A. Would you like to have the information with respect to the number of multiple outlet stores operated by chain stores in the L. A. Metropolitan area?

Mr. Coyle: Q. Fine.

A. Well, of the chain stores having 10 or more outlets in California, 759 stores were located in the Los Angeles metropolitan area.

Mr. Vaughn: Would you hold it just a minute, now? [fol. 1585] Right there, and I would ask the reporter to read that much back.

(Record read by reporter.)

Mr. Vaughn: All right, sir.

A. This represented 79.2 per cent of all of the chain

stores with location of business in the Los Angeles Metropolitan area.

Mr. Vaughn: If I understand that, and I am not sure that I do, I move to strike it in that it relates in part to areas outside the metropolitan Los Angeles area.

Mr. Coyle: No, excuse me, he said he related this to the Los Angeles Metropolitan area.

Mr. Vaughn: But with chains operating ten or more stores in California. I am sorry, my objection still stands, —my motion still stands.

Mr. Coyle: Q. Well, now, do these chains operating ten or more stores in California, operate ten or more stores in the Los Angeles metropolitan area?

A. I have a figure here of the number of chain outlets or multiple outlets that have ten or more in the Los Angeles metropolitan area?

A. I have a figure here of the number of chain outlets or multiple outlets that have ten or more in the Los Angeles metropolitan area. Do you want that?

Q. Yes, let me have that.

[fol. 1586] A. There are 752 that have ten or more outlets in the Los Angeles Metropolitan area. This is what they have exclusively in the Los Angeles metropolitan area without any reference to what their total number of outlets in the rest of the State are.

Q. How many chains are those?

A. 23.

Q. 23 chains. How many outlets do these 23 chains have in the Los Angeles metropolitan area?

A. 752.

Q. Do all of these chains have more than 10 outlets in the metropolitan Los Angeles area?

A. All of these have ten or more in the Los Angeles metropolitan area.

Q. What percentage of all the chain stores in the Los Angeles metropolitan area do they represent?

A. 78.5. Of course, the conclusion to be drawn from this is that there are very few small chains in the Los Angeles metropolitan area.

Mr. Vaughn: Move to strike as not responsive.

Mr. Coyle: Q. Have you formed any conclusion as to

whether there are very small chains in the Los Angeles metropolitan area shown in your listing of multiple outlets stores in the Los Angeles metropolitan area?

A. There are only—I want to be sure (referring to [fol. 1587] documents)—that was 958, as I recall—there are only 206 chain stores or stores operated by multiple outlet concerns reporting to us on a consolidated basis, and these 206 are made up of chains having 9, 8, 7, 6, 5, 4, 3, and 2 outlets. This does not leave room for many chain stores. I did not make a tabulation in terms of those having 9, 8, 7, 6. I remember just in compiling this information using 10 or more as a basis of compiling the figures, that there were some, I distinctly remember one with nine, or some with eight, right down the line. The only conclusion I can draw from this is that there were not many chain stores that operated these 206 grocery stores in the Los Angeles Metropolitan area.

Q. Now have you read the affidavit of Everett F. Basini?

A. I have.

Q. Does anything in Mr. Basini's affidavit indicate to you that your exhibits which you prepared for the United States Government at our request are in any way inaccurate—in any material way inaccurate or fail to accurately show what they purport to show?

A. No. I went over these cases, I didn't bother to attempt to validate the information except for two items that I did look up, and just on the strength of those—I didn't see just what he was actually driving at. There are [fol. 1588] many cases cited here pointing out that these places were torn down to make way for a freeway. Well, our statistics were not attempting to explain why these places were closed out. They are simply a recital of the businesses that were closed out, without any attempt to evaluate why they were closed out. They are gone. All our figures are an attempt to show what the net picture is. Ordinarily you would assume that if a freeway goes through and knocks out ten stores that perhaps ten new stores would appear some place. This apparently has not happened.

It seems that as additional stores are licensed they apparently are bigger than the previous stores and can serve a greater number of people. They are a net attrition or gradual attrition of the single outlet stores.

Q. Now, calling your attention to Mr. Basini's comments with respect to Charles B. Doss and Selina Doss, what check did you make with respect to that matter?

A. I just, as a matter of curiosity, tried to figure out why we would code a hot dog stand as a grocery store, because that is a pretty far fetched kind of mistake to make, and I found that this entity took out a new application to do business at 2231 South Griffith Avenue on January 11, 1961, which is quite apparent that whoever was operating at that location before discontinued business, and it went on—this application went on to say that they weren't [fol. 1589] buying the business, so we were just obliged to conclude that this was a new operation taking up at this location.

Q. Is this report a public record? (Exhibiting document to the witness.)

A. I don't believe that that is a public record. The information with respect to the name, the address, the date it started business and the manner in which it is coded is a public record.

Mr. Coyle: Off the record.

(Unreported discussion off the record.)

Mr. Coyle: All right, mark this as Marshall Exhibit.

(A copy of the application for Seller's Permit of Charles B. Doss and Selina A. Doss was marked Marshall Exhibit A for identification.)

Mr. Coyle: I ask you to identify for the record Marshall Exhibit A.

A. I should point out in this connection that if they wanted to change the nature of business at this location they would not have to pay another dollar to do so. There is nothing that prevents us from changing the class of business. We just do this whenever we learn——

Q. Will you identify the document? State what it is for the record.

A. This is a copy of the application for a seller's permit and registration as a retailer and Department of Em- [fol. 1590] ployment Registration as an employer. This place apparently is very small in that they have no em-

ployees. I should also point out that on this application there is a change in administrative district, and when this is done we do not take a new application. This is just done as an administrative change.

Mr. Coyle: I have no more questions.

Redirect examination.

By Mr. Vaughn:

Q. Mr. Marshall, with respect to Mr. and Mrs. Doss, your records show that they operated a grocery store at this address which was discontinued?

A. That is right.

Q. In 1960?

A. Yes, some time in 1960.

Mr. Coyle: Did you give the name of Mr. and Mrs. Doss to defense counsel?

A. Yes, and there was some testimony with respect to this.

Mr. Vaughn: Earlier, yes.

The Witness: We talked about this, yes. I don't know whether I can find it, but he raised this case. I don't know whether I can find it. I do believe that the address was the same.

Mr. Coyle: It indicates that they discontinued business [fol. 1591] in 1960.

A. And then they opened another business in 1961.

Mr. Vaughn: Q. At the same address?

A. At the same address, that is right.

Q. And this could have been December, 1960 when they discontinued operation as a grocery store?

A. Yes, according to our records.

Q. Yes. Well, now, let me finish: And in order to change from a grocery store to a sandwich stand they didn't have to pay another dollar to get a new permit, as you indicate, isn't that correct?

A. That is correct, they would not.

Q. So it is kind of puzzling that they would do this, isn't it?

A. Yes, I don't understand. I would deduce from this that they did go out of business as a grocery store and subsequently went back into business, now operating a sandwich stand. Mr. Basini made some comment that this had always been a hot dog stand and he couldn't understand why we classified it as a grocery store.

Q. Yes, I think that is a fair statement.

A. Apparently, it wasn't always operated—I think Mr. Basini must have been wrong, I don't know where he got his information, because apparently there has been a break here at some time. I can't explain it.

[fol. 1592] Q. Yes; you can't explain it, you were deducing from the information which we have just shown you what happened?

A. I am giving you the best I can.

Q. That is right. And Mr. Basini, if he made personal observations, he could have come to different conclusions, could he not?

A. Well, this matter of making personal observations, I don't know who he talked to or anything else. As long as this statement is in here, that led me to believe that he didn't really appreciate what the statistics we furnished purported to be, and I just don't know why he indicated that this particular store had closed in order to make way for a freeway, because it is closed. We didn't say that any particular store was closed for any other reason. We didn't give any reasons for closing, we weren't asked to give any reasons.

Q. Yes, sir. But you understand, of course, that there is more than one issue in this lawsuit. Let me ask you just one further question, if I may; with respect to your Exhibit B-6 (36): The title on that exhibit is "Grocery Store openings and closings," and it goes on to say other things; but I think it is fair to say that your previous testimony has established that closing in that context did not necessarily mean that it is closed and never again a [fol. 1593] grocery store, is that right?

A. That is correct.

Mr. Vaughn: I have nothing further.

Recross-examination.

By Mr. Coyle:

Q. I have another question—I want to ask the witness several questions. What do your records show with respect to Selina Doss and her husband? Charles and Selina Doss, what do your records show with respect to them prior to 1961?

A. That they operated a grocery store at 2231 South Griffith Avenue in the City of Los Angeles and that that business was closed out and there was no successor. The business just closed. I did not pinpoint it beyond that. They might have explained why it was closed out. All we were interested in was identifying a grocery store that closed out. The establishment was classified as a grocery store. We didn't go behind that. After all, it is in our statistics as a grocery store—I think that answers the question.

Q. Then after the permit lapsed what do your records show with respect to that address in 1961?

A. That a sandwich stand that served no beer or wine or other liquor was opened there on the 11th of January, opened at that same location, and that they did not buy [fol. 1594] this business from a person that was operating at that location on January 10, 1961, or that actually was in a position to operate that business prior to January 11, 1961.

Q. Now referring to Exhibit B-7—no referring to Exhibit B-6 (36), which shows 128 single outlet openings in the calendar year 1960, have you any reason—I believe the question has been raised that that should be 127. Would that be your understanding, too, Mr. Marshall?

A. I would think that the 128 is correct and that Exhibit B-7A is deficient by one single outlet. I am confident that the 128 figure in Exhibit B-6 (36) is the correct figure with respect to openings, and that the 127 on any of the subsequent exhibits where 127 appears instead of 128, that we parently lost track of one of the single outlet openings of 1960.

Q. Very well.

A. This would be my——

Q. Would this difference of one materially affect your figures?

A. I just can't see how this could have any material effect. Much of the discussion this afternoon has indicated dealing with all of these changes, certainly a difference of one is not material. You must realize that we are relating—we are talking in terms of some net total of 4741 net grocery stores, we are talking about net turn-over of in [fol. 1594a] single outlets of 132 cases.

Mr. Coyle: Would Counsel object if we had Mr. Marshall revise these exhibits to adjust for this one store if he can locate the cause of this deficiency?

Mr. Vaughn: If he can, but you said it isn't material.

Mr. Coyle: All right, that is fine.

Mr. Vaughn: We are not going to make a point out of that.

A. I am not sure that I could, though either I mean——

Mr. Coyle: Because these records are destroyed.

A. Well, no, these records are not, but the fact that—it seems to me that one got lost some place between the preparation of the original number, and where we were taking off some of these——

Mr. Coyle: I have no more questions.

Mr. Vaughn: No more questions. Thank you very much, Mr. Marshall. I am sorry to keep you over.

Mr. Wight, I am sorry to keep you over.

Mr. Coyle: Oh, one thing now, because of the time factor—Off the record.

(Discussion off the record.)

Mr. Coyle: Put this on the record.

Mr. Marshall, are you agreeable to waive the signing of the deposition, and will you permit Counsel to introduce the [fol. 1594b] deposition as your testimony, if they agree between themselves to do so?

The Witness. Yes.

Mr. Vaughn: I so stipulate on behalf of the defendants.

[fol. 1594c] IN THE UNITED STATES DISTRICT COURT

Honorable CHARLES H. CARR, Judge Presiding

[Title omitted]

No. 336-60-CC Civil

Transcript of Proceedings—June 11, 1963

Place: Los Angeles, California.

* * * * * * *

[fol. 1595] OPENING STATEMENT ON BEHALF OF THE PLAINTIFF

Mr. Coyle: Your Honor, this case is brought under Section 7 of the Clayton Act. This is a case filed under the amended Clayton Act, under the merits of the Brown Shoe case——

The Court: You will have to speak louder, counsel.

Mr. Coyle: In the Brown Shoe case, your Honor——

The Court: Why don't you lift the mike just a little, that will probably help.

Mr. Coyle: In the Brown Shoe case, your Honor, the situation involved a horizontal acquisition by Brown of the Kinney chain of retail shoe stores. Brown also had retail shoe stores in various cities.

The court found in that case that Brown's acquisition of the retail shoe stores in these various cities violated the amended Section 7. In these cities the market share of Brown and the market share of Kinney, in most of the cities, was over 5 per cent of the total market. Brown Shoes was very, very popular.

The Court: That was on a national basis, wasn't it, counsel?

[fol. 1596] Mr. Coyle: No, your Honor, on a city-by-city basis, your Honor, it was based on a city-by-city basis.

The Court: You mean that the Supreme Court held in the case that they broke down to each city?

Mr. Coyle: Yes, Your Honor, they broke it down to

each city, and each city—presented statistics on a city basis and held that each city——

The Court: What was the section involved?

Mr. Coyle: Each city involved in the section—there were some 112 cities involved. And each city was held to be a separate section.

The Court: Well, I haven't seen the law, or the court's findings, other than those indicated from the Supreme Court, and sometimes some relevant parts are left out.

But did the lower court make a finding on each city?

Mr. Coyle: Yes, your Honor.

The Court: It did?

Mr. Coyle: We submitted statistics on a city-by-city basis——

The Court: No, but did the lower court actually find the city-by-city——

Mr. Coyle: Yes, they found each city was a section of the [fol. 1597] country. It didn't make findings on each city, but it found that each city was a relevant section of the country. And then the findings, the Supreme Court then, from our exhibits, in its appendix made findings on each independent city, those findings are in the opinion of the Supreme Court, the Supreme Court found the market shares in each city——

The Court: That they did, I understand. But what I mean is, does the case hold that—in other words, there are 110, I think it was, 110 different areas or sections where there was a lessening of competition.

Mr. Coyle: That is right.

The Court: Substantial lessening of competition.

Mr. Coyle: The wording of the statute was that it may be a lessening of competition.

The Court: That's right. But did they make a finding as a whole?

Mr. Coyle: As to each city, your Honor.

The Court: The lower court made a finding as to each city?

Mr. Coyle: The lower court made a finding that each city was a section of the country and in each city there may be a tendency toward a monoply——

The Court: Then you contend that the Supreme Court, the Brown Shoe case is actually a decision on city-by-city.

[fol. 1598] Mr. Coyle: Yes, your Honor. I don't see how you can read it any other way.

The Court: Do you disagree with that, counsel?

Mr. Coyle: That is a difficult question, your Honor. I agree that as to competition on the horizontal level, horizontal retail level, they found a violation city-by-city.

The important thing there, your Honor, was Brown was an integrated national chain with both manufacturing and retail outlets.

And the evidence showed—and Kinney was a manufacturer, too—and the amalgamation of the manufacturing concerns of Kinney and Brown was held not to violate the Act. And the government never appealed that. The Court——

The Court: State that again, please.

Mr. Alsup: Kinney was a manufacturer of shoes, as well as a retailer. Brown was a national manufacturer.

The Court: As well as a retailer.

Mr. Alsup: As well as a retailer. It acquired Kinney.

The government charged the acquisition of the Kinney manufacturing plant violated Section 7. They lost in the trial court.

The Court: That is correct, that is correct.

Mr. Alsup: And they did not appeal.

[fol. 1599] The court found that from the vertical standpoint, because of the great control that a national manufacturer could exercise on the retail level, foreclosing other manufacturers from these thousands of retail stores, this merger violated the law.

It also found that competition on the retail level had been lessened and violated the Act in each of these cities because, being a large national manufacturer, it could enable its local retail outlets to sell at lesser prices than competing independent retail retail outlets not affiliated with the national chain.

The Court: What I am trying to bring, out, and for the purpose of educating myself, is whether or not the national situation was the dominant motivating pulse of that case, or whether it was just the city-by-city that was the pulse of that case.

Mr. Alsup: Well, your Honor, I can say that any answer to that, I think it is perfectly apparent the dominant na-

tional aspect of it was the dominating reason behind the decision.

The Supreme Court talks about tendencies toward concentrations such as were being accelerated by giant corporations moving across a hundred cities with giant strides. It is entirely different.

Mr. Coyle: I couldn't——

[fol. 1600] The Court: All right, Mr. Coyle.

Mr. Coyle: I couldn't disagree with anybody more than I disagree with Mr. Alsup.

The Supreme Court's opinion is clearly broken down into two phases, the vertical phase and the horizontal phase. And the Supreme Court treats them entirely differently.

When the Supreme Court gets to the horizontal phase, it makes specific findings that a city can be a relevant section of the country and a——

The Court: I don't think there is any dispute about that, counsel.

Mr. Coyle: And that the relevant section of the country in that case was these individual cities. In an industry that controls a substantial share of the trade in a city, it may have an important effect on competition, and an industry as fragmented as shoe retailing and controlling a substantial share of the trade in the city—that is the heart of the Brown Shoe case.

Firms operating on a city-by-city basis, you take a city and look at the effect on that city, and forget about the rest of the country.

The Court: Well, may I ask you a question. It may sound a little bit absurd on its face, but sometimes it brings a point out.

Suppose two grocery stores are competing, one on [fol. 1601] the northwest corner and one on the southeast corner in Los Angeles. And one goes to one and says to the other, "I will buy you out."

Mr. Coyle: Yes.

The Court: Now, that does substantially lessen competition in that area, doesn't it?

Mr. Coyle: They don't have a substantial share of the market in the Los Angeles Metropolitan Area.

The Court: So you are basing it on the share of the market area, is that what you are doing?

Mr. Coyle: Share of the market area measured against

the degree of fragmentation in the market area. In other words, in some market areas in some lines of commerce the combined percentage was about 5 per cent—as we have in Brown Shoe—but in a fragmented industry such as the shoe industry or the grocery retail industry, four or five per cent would be substantial because so much of the industry would be fragmented, and four or five per cent would have more importance in a fragmented industry than a concentrated industry.

The Court: I take it you are contending that the competition in Los Angeles County—or rather I had better call call this Metropolitan Los Angeles.

Mr. Coyle: Yes.

The Court: —is deteriorating.

[fol. 1602] Mr. Coyle: Our position is that the Los Angeles Metropolitan Area—and I think it is clear just to look around—is slowly becoming more concentrated. In other words, the chains are getting——

The Court: You mean the competition is becoming more concentrated, or the lack of it?

Mr. Coyle: The market share of the larger chains in the Los Angeles Metropolitan Area is increasing with the loss of the independents in the Los Angeles Metropolitan Area which is slowly dying out.

This is the big preface of amended Section 7 as interpreted by Brown Shoe, to preserve an economy where you have independents. And the Los Angeles Metropolitan Area where you see the eight largest chains have increased the market share over the years to the 12 largest chains which are accounting for a larger and larger percentage of the total grocery store sales in this area, and the independents are slowly dying out.

And these acquisitions accelerate that trend towards increasing dominance by the larger chains.

And that is what the Supreme Court, that is what the statute means when it says to substantially lessen competition or tend to create a monopoly.

Now, in the Brown Shoe there was much evidence presented by the defendants proving that competition—that [fol. 1603] the competition that the independents faced was even more vigorous than it ever was. There was ever-increasing vigorous competition in the Brown Shoe. And

the Supreme Court said that is not material when you have fragmented industry.

The Court: What does fragmented mean? I have no idea what it means. What does it mean? I am not up in that higher echelon of learning. What does that mean?

Mr. Coyle: Well, it is the court's words, your Honor.

The Court: I don't understand it. What does it mean?

Mr. Coyle: It means when you have an industry made up of a large number of independent firms, and that industry is moving towards increasing competition, competition concentration, and you have chains coming in, chains going up and the market shares of a few leading chains are increasing and the independents are going out. That is a fragmented industry tending towards concentration.

That is exactly what we have in the shoe industry and the——

The Court: Well, counsel, what about this, suppose the—assuming just for the purpose of argument the building by Safeway, by Ralph's, and these different stores, there is no prohibition against them building on every corner [fol. 1604] in Los Angeles, is there?

Mr. Coyle: That is correct, your Honor. And again in the Brown Shoe, there the distinction is made between natural growth and growth by acquisition. The statute just covers growth by acquisition but not natural growth.

The Court: I see.

Mr. Coyle: Because under the theory that the natural growth adds something to the economy, it adds new jobs, new addresses, new businesses——

The Court: Well, the whole problem in this case is then that every purchase or acquisition of assets or the purchase of stock does to some extent lessen the competition, is that right?

Mr. Coyle: I wouldn't say every one; many of them do.

The Court: Well, which ones wouldn't? Suppose anybody purchases—suppose any concern here in the city purchases the assets of another small group of, say, 10 stores.

Mr. Coyle: You mean if they are in the same line of commerce?

The Court: Of course. We are assuming that throughout this discussion.

Mr. Coyle: Then every one of them would tend to increase the concentration.

[fol. 1605] The Court: So that would lessen the competition, is that right?

Mr. Coyle: That's right. And——

The Court: That is according to your theory.

Mr. Coyle: It would tend to create a monopoly—but that again——

The Court: Now let's don't talk about monopolies. We are dealing now at the moment with "may substantially lessen competition." And what I am trying to find out, to get your position, is that it finally comes down to what is substantial. Isn't that right?

Mr. Coyle: Well, it comes down to whether in terms of a particular market, the two items which are merging or being acquired are substantial in terms of that market.

And the other consideration would be whether that market is tending towards concentration.

In other words, if that acquisition took place in a market that was tending away from competition, then perhaps it would not be substantial. But when you have an acquisition involving an industry where you have a definite tendency towards more and more dominance by a few large chains——

The Court: Either by acquisition or by natural building?

Mr. Coyle: That is correct, your Honor. There is [fol. 1606] one case, the American Crystal Sugar case, where there was a quota system that was really holding down new entrants into the industry. In that case the court said that even there the acquisition would be judged against this background where there were no new entries into the field.

Now this quota system, even in that case an acquisition between two substantial firms violated many sections of the Act.

The Court: In other words, what you are saying is that the defendants in this case are affected in the determination of what is substantial by what Safeway is doing, what Ralph's is doing, and what A. & P. and the other stores are doing, is that what you are saying?

Mr. Coyle: I am saying, your Honor, that the acquisition

is measured against the general background of the industry structure and——

The Court: Well, doesn't it amount to simply this: That Safeway and Ralph's stores, and Alpha Beta and all the different stores are putting on—Food Giant, Mayfair, are putting on a campaign to add stores? That that, under your contention, brings up the question that this in itself will help to increase the so-called substantially lessening of competition?

Mr. Coyle: That is correct, your Honor. But I might point out that in this area the chains that have made [fol. 1607] acquisitions have increased the market share. As a matter of fact, Safeway has lost market share over the years. And Safeway has made no acquisition of market shares.

The Court: Well, they have built stores, haven't they?

Mr. Coyle: But they haven't kept pace with the growth of the population.

The Court: Well, I don't know whether that is economic or whether it is competition or what. You say—you mean in volume of business, or number of stores?

Mr. Coyle: In percentage of markets, your Honor.

The Court: Well, what is percentage of markets? You mean the volume?

Mr. Coyle: Volume is the percentage of total customers in this area.

The Court: Well, how about the number of stores?

Mr. Coyle: The number of stores has declined, but their dollar volume has gone up.

The Court: I see. How about Ralph's?

Mr. Coyle: Ralph's, I think the number of stores has stayed about the same. The dollar volume has gone up. Their market share has remained about the same.

The Court: Who, by the way, has the largest number of stores in this Metropolitan Area?

Mr. Coyle: I feel it is probably Safeway. Safe- [fol. 1608] way has a lot of stores, although Safeway has been closing small stores and opening large stores. Safeway has about the same volume of sales as combined Von's and Shopping Bag.

The Court: Now, the evidence that will be in the record

will fully disclose, not only the volume of business but the number of stores, is that correct?

Mr. Coyle: That is correct, your Honor.

The Court: All right. I hope this interruption doesn't interfere with your presentation, does it, counsel?

Mr. Coyle: Not at all, your Honor.

As I said, we have followed the approach of the Brown Shoe case. The first point that Brown Shoe makes is that in examining a relevant market you consider the structure, history and probable future.

And our examination of this structure of this industry indicates that in 1956 there were many more grocery stores in this area than there are today. The total number has declined by about 1700, between 1956 and today.

The Court: Many of them went through bankruptcy, too, didn't they?

Mr. Coyle: That is correct, your Honor.

The Court: Because of inefficient management.

Mr. Coyle: There are any number of causes, but there are just fewer stores in this area.

The Court: How many, by the way, have been through [fol. 1609] receivership? Will the evidence show how many?

Mr. Coyle: The evidence won't show that, your Honor. It was quite a task to even get the actual total number of stores, as far as that is concerned.

The Court: What is that?

Mr. Coyle: It was quite a job to even get an accounting of the total number of stores. We had to—we finally went to the State Board of Equalization to get that count.

The Court: Well, I was wondering, though—of course it is up to you to try your own case and up to defense counsel to try his case, or their case. But I was wondering if it is relevant to show how many of these chains have more or less folded up through lack of enterprise. I know there have been some, I know some myself.

Mr. Coyle: Yes, your Honor. Some folded, there is no question of that, that some of them folded. I thought your Honor meant a count as to all 1700 stores.

The Court: No, I mean for example Fox.

Mr. Coyle: We all know about Fox.

The Court: Fox, and then I think there were some others.

Mr. Coyle: McDaniels.

The Court: There is no question some of them folded up.

[fol. 1610] Mr. Coyle: Yes.

The Court: Well, I know that.

Mr. Coyle: Of course, I don't think Fox folded up, Fox got into trouble and was acquired by a large eastern chain.

The Court: All right. Go ahead.

Mr. Coyle: We also, I believe, intend to demonstrate that the large chains have definite competitive advantages over independent groceries. And the independent grocery finds it increasingly more difficult to compete against the large chains in this area.

And this probably is true in other fields and other areas. But the purpose of the amended Section 7 was to keep the independent as a part of the American economy. That is definitely the purpose, one of the purposes Congress had in mind when it passed the Act.

The Court: Whether it is efficient or not.

Mr. Coyle: Yes, your Honor.

The Court: In other words, if a person can't do the job, you will keep him on the job, feed him coffee and give him coffee breaks?

Mr. Coyle: No, your Honor. But this won't justify mergers just because it is more efficient. The Supreme Court says so definitely on that in Brown Shoe. Congress appreciated that. Congress appreciated the case of [fol. 1611] higher costs might result in difficulties. You resolve these competing considerations in favor of decentralization. We must give effect to that.

The Court: Where did they find that in here?

Mr. Coyle: The Supreme Court.

The Court: Just because the Supreme Court says it doesn't make it true. Where did they find it? That is what I mean. The Supreme Court says a great many things that I have looked for to find a substantiation, and don't find it.

Mr. Coyle: On page 344——

The Court: They say that, yes. But what do they base that on?

Mr. Coyle: They base it on the fact that they say further

by eliminating wholesalers large chains can market their own brands at prices lower than those of competing retailers. And Congress appreciated this, that this might result in——

The Court: Well, I know they say that, but were there some hearings or something where——

Mr. Coyle: We had a trial for that, we had a trial——

The Court: I am talking about Congress, in the Congress where in the hearings.

Mr. Coyle: Committee hearings.

The Court: Committee hearings?

[fol. 1612] Mr. Coyle: Yes, your Honor.

The Court: They said that in the hearings.

Mr. Coyle: Yes, your Honor.

The Court: I see. Because there are though, you know, or sometimes even an article may not have the facts.

Mr. Coyle: Yes, your Honor. But the hearings were clear on that, the hearings were clear, the committee hearings with the House and Senate——

The Court: Mr. Justice Jackson, you read his opinion about what the value of considering the hearings in Congress is. I take it you have read that opinion.

Mr. Coyle: I know the one you are referring to, your Honor.

The Court: I suppose it is all right to refer to that.

Mr. Coyle: Yes, your Honor.

To get back to——

The Court: It seems to me that what you are coming down to all the time, you are bringing yourself right down to one proposition, and that is: What does "substantially lessening competition" mean?

Mr. Coyle: Your Honor, there are two purposes, one is it tends to create a monopoly, whether it is read together or whether it is read in the disjunctive.

[fol. 1613] The Court: Now, are you serious about creating a monopoly in this case?

Mr. Coyle: Yes, of course.

The Court: You are, really?

Mr. Coyle: That is what the Brown Shoe turned on, your Honor, a tendency towards——

The Court: Yes, but this was a national situation where it covered the entire United States.

Mr. Coyle: The Act applies to individual sections of the country and the percentages here are much larger than the actual percentages were in the Brown Shoe.

The Court: In other words, you think that Safeway, Ralph's, A. & P., all these stores are going to sit by and see Von's Market become a monopoly in this area?

Mr. Coyle: If your Honor please, Brown Shoe, as I read it—and I think I read it correctly, I spent about five years of my life trying the darn case—if I read the Brown Shoe case correctly, Brown Shoe means that a tendency toward increasing concentration is all the government proves, if the government doesn't prove that monopoly is right at the doorstep in the shoe industry, 24 concerns control about 35 per cent of the shoe production in the United States.

And the Supreme Court and the lower court there found that there was this tendency toward increased concentration brought about by the acquisition of——

[fol. 1614] The Court: In other words, you say just the tendency is enough.

Mr. Coyle: There is no doubt about that, no doubt about that. That is the language of the Act. The Act doesn't rule out competition. The language of the Act is where the effect may be to substantially lessen competition or tend to create a monopoly.

The Court: Well, go ahead.

Mr. Coyle: As I said, in Brown Shoe, in establishing that the industry was fragmented, the court then went on to say that—I read it before—and industry is fragmented that controls a substantial share of trade in the city and may have an important effect on competition.

So they used that word "may."

And then they went on to say that they might be required to approve future merger efforts on the part of Brown. And that is the part of the Brown Shoe holding as it relates to the horizontal effect of the acquisition.

When you have a fragmented industry and a tendency toward concentration and definable market area, then an acquisition involving a 5 per cent control may have these effects. And that is the test.

The Court: One-tenth of one per cent may have.

Mr. Coyle: Well, the Supreme Court did not say that,

it said 5 per cent control, 5 per cent control and de-
[fol. 1615] pendent upon the degree of concentration and fragmentation in the industry.

The Court: Well, that is always the problem, when you start laying down rules and regulations to cover everything, you find, if you have any experience, that you have problems. But of course some of our courts have not had too much business experience and so they have no problems about laying down rules.

But when it comes to applying the rules, then we have problems.

And that is the problem I can see in this case, is where is this line?

After reading over all of this material, I am concerned. Where is the line?

Is it for one judge to say where the line is? I guess that is what it is coming to.

Mr. Coyle: Well, I think, your Honor——

The Court: Subject to appeal, of course.

Mr. Coyle: I think this case is so much like the Brown Shoe, if the opinion in Brown Shoe means anything, I don't see how the facts in this case can in any way be distinguished from the horizontal facts in the Brown Shoe.

The Court: I wouldn't, if I were you, go too far in assuming that, because my mind is open.

Mr. Coyle: Yes, your Honor, I am aware of that.
[fol. 1616] Now, in Brown Shoe defendants pointed to the fact that there were 70,000 retail store outlets operating in the United States. And if Brown introduced much evidence as to increased discount houses and these other things, there is no doubt that competition was vigorous in every sense.

We presented testimony that they were having a more difficult time staying in business because competition kept getting harder and harder as far as he was concerned.

Brown made a strong argument that the remaining vigor of competition justified this acquisition.

In rejecting that the Supreme Court used this language:

> "Brown's argument, however, that the shoe industry is at present a large number of manufacturers or retailers and that the industry is dynamically competi-

tive. But the remaining vigor cannot immunize a merger if the trend in that industry is toward oligarchy * * * "

The Court: Those are words, semantics. I don't know what it means, except generalization, that is what it is. It is the Supreme Court speaking, but it is still generalization.

Mr. Coyle: It certainly means if there is a trend towards concentration, the remaining vigor——

The Court: Everything tends that way, that is the [fol. 1617] problem, counsel.

Mr. Coyle: That is the problem——

The Court: Everything tends towards concentration. For example, let me ask you, what Standard Oil Company that took over the—was it Standard of Ohio that Standard of California acquired?

Mr. Alsup: Standard of California, your Honor.

The Court: Now does that tend in any way to lessen competition?

Mr. Coyle: I don't know who they took over, I am not familiar with that.

The Court: Well, it happened right here in America, it was in every newspaper in the land. And this is one of the largest corporations in the world, acquiring another corporation—was it Standard of Ohio?

Mr. Alsup: Standard of Kentucky, your Honor.

The Court: Standard of Kentucky. That is right, Standard of Kentucky.

Mr. Coyle: I don't know whether they were operating in the same market areas——

The Court: Now that is the reason I asked you the question. The same market area, according to your interpretation of the Supreme Court, means within the whole Metropolitan Area of Los Angeles, is that right?

Mr. Coyle: That is correct, your Honor.

[fol. 1618] The Court: Now let us assume for the purpose of discussion that one group of stores was operating in Anaheim, Santa Ana, Long Beach. And the other is in Beverly Hills, Malibu and the Valley.

According to your interpretation they are in competition with each other?

Mr. Coyle: Your Honor, we stipulated in the pretrial conference order that the 20 leading chains in this area included the defendants, the two defendants competed intensively with each other prior to the Act.

The Court: I was rather surprised at that statement, frankly. But it is in the pretrial order, I know that.

Mr. Coyle: Now, your Honor, you are talking about a chain of three stores up in the Northeast and a chain of three in the Southwest. Then I would say that, they may be in the same market area, but they are not competing, they would not be a substantial factor in this market area.

The Court: Well, I am asking the line. You know, if there are 50 stores operating in, say, Wilmington, Long Beach, Santa Ana. And then there are 50 stores of another concern operating in Malibu, Beverly Hills, North Hollywood and Van Nuys, under this stipulation in the pretrial agreement they are in competition with each other because they are all in competition with the whole.

Mr. Coyle: If they are among the 20 leading [fol. 1619] chains—I don't think you will find any of the 20 leading chains that isolated——

The Court: Well, I am using that as a hypothetical to try to find out the meaning of the Brown Shoe case. I have read it completely, I have read the Brown Shoe case and I am frank to say that I don't fully comprehend it. It has too great a depth for my understanding. And I have got to learn it, I have got to figure out what has been said and what is to be done. Because if I read the case right, in one reading no acquisition of anything can happen in an area without lessening competition.

And then the question is: May it substantially lessen competition? If so, it is illegal.

Mr. Coyle: That's right.

The Court: So this is just about the end—this is a new social order we are coming to. That is what it is.

Mr. Coyle: Your Honor, there is no doubt when Congress passed that Act they wanted to stop the acquisition of——

The Court: I have no doubt of that, but whether they wanted to go that far or not I don't know. I am just wondering if it was intended that—if it was intended to go that far.

Mr. Coyle: I don't believe that this is an extreme

situation here where you have the Metropolitan Area [fol. 1620] that has a larger population than 11 states and the District of Columbia. These are not small potatoes, both of these companies are larger than Kinney Company, the company that was acquired by Brown Shoe, much larger.

The Court: I don't think that is the answer, counsel, necessarily.

What I am getting at is—and I think you have answered me—and that is the competition in the area. Never mind taking the competition of the individual into consideration. Is that what you are saying?

Mr. Coyle: I don't understand.

The Court: Well, A and B are competing with each other as stores, each of them has 50 stores in a different part of this area, Metropolitan Los Angeles. They are not competing with each other at all.

Mr. Coyle: There is no question that the tests, and the committee reports say this, the Brown Shoe opinion says this, and I think counsel agree with me, the test is the elimination of competition between the acquiring and the acquired. The test is the general lessening of competition, or tendency toward a monopoly which may result from the merger in the entire relevant section of the country.

The Court: Well, let's suppose just for the purpose of discussing this case before we get started—suppose there [fol. 1621] is a concern out here who is doing fairly well, has, say, 50 stores and is struggling to keep going, having its problems.

Now, it is acquired by another concern who has better management, better financing better stability, and a better record of operation.

And they bring those two together and a new management takes over and gives a stiffer competition by reason of its acquisition.

Now what is your answer, is that lessening competition or is that increasing competition?

Mr. Coyle: Well, if it were in this particular market area, that would tend to lessen competition.

The Court: Why?

Mr. Coyle: Because the new firm would be part of this

tendency toward increasing concentration in the market area.

It is not a question of day-to-day competition, it is the long-range drift in the market area toward heavier concentration and toward monopoly.

The Court: Now you are changing your ground a little, you are saying now it is concentration, whether there is substantial lessening of competition or not.

Mr. Coyle: No, your Honor——

The Court: Suppose it increases competition before the next 50 years.

[fol. 1622] Mr. Coyle: Well, I can't predict how long it would increase competition, but competition is always increased prior to, in a fragmented industry, these moves toward concentration.

The Court: You, of course, are assuming—I guess we all have to assume, although I wouldn't do it personally, they all are assuming that we are headed for a new plateau of prosperity and we are goingto be up on that high plateau, there was this prediction in 1929, so that everybody will be riding bicycles with wings on them, economically speaking.

But no account is taken into consideration of the prospective economy of the country when you decide these cases. It is completely disregarded and ignored. No consideration is given to the whole history of America economically as to what has happened.

I take it we must assume there will never be another valley, we will always live in the hills from now on.

Mr. Coyle: I think we assume that Congress takes those things into consideration.

The Court: Well, Congress will find out they are wrong about that. They will find out that there are hills and valleys in this life, they will learn that. It is only inexperienced people who don't know that.

So I take it I am not to consider any of the [fol. 1623] economic trends at all in this case.

Mr. Coyle: I think your Honor is to consider the market structure.

The Court: Just the market structure?

Mr. Coyle: Market structure and the importance of these two defendants in the market structure.

The Court: I see.

Mr. Coyle: And the probable history in that market structure.

The Court: Well, how about the future, though? Am I to contemplate, from the evidence, what effect this is going to have in the future? I have to, do I not?

Mr. Coyle: I don't think that you can look at this market structure and not contemplate that there is going to be more concentration of the market structure. I think that is as clear as can be, that chains will be coming in and other chains closing, and announce they are going to buy out the Market Basket, Alpha Beta, and different——

The Court: Are they in court, too?

Mr. Coyle: They are under investigation, your Honor.

The Court: Don't let them get around before I am dead and gone.

Mr. Coyle: I wouldn't say that, your Honor.

The Court: That kind of investigation will last [fol. 1624] several years, won't it?

Mr. Coyle: I wouldn't say that, your Honor.

The Court: Well, all right. I think we had better give the reporter a little relief here. It is five after 11:00.

I am discussing this in this fashion with you, it is my purpose to try to bring out your thinking, counsel. Don't assume anything at all from what I have said. I have reached no conclusion.

But I like to probe, inquire and learn. And it may be that you will teach me that your case is a bad case, or the other counsel may teach me his case is a bad case—if they use the patent language, the teaching. Sometimes I wonder if it should be taught.

But at any rate I find that ofttimes that counsel who are presenting the argument wins the case for the other side. So be careful. That is what I have in mind.

We will stand in recess for 10 minutes.

(Short recess.)

The Court: All right, Mr. Coyle, continue.

You know, I just want to tell you this: The reason I made the remark, I only had three perfect cases in my life and I lost all three of them. So don't start out on the assumption that this is a perfect case. You might run into the same thing, the same experience that I had.

[fol. 1625] Mr. Coyle: I have never had a perfect case, your Honor.

The Court: All right. Well, we got that much of a concession out of you, didn't we?

Mr. Coyle: This is one of the better ones, your Honor.

The Court: All right.

Mr. Coyle: I think I can close by saying that the remaining vigor of competition is in danger in the same section where you have this trend toward increased concentration and you have a merger of two firms which are substantial factors in competition in the particular relevant market area.

The Court: But you are sort of running, sort of stepping stones on me, aren't you, counsel? One moment you are saying, as I understood you, it may tend to substantially lessen competition or tend to create a monopoly, that that is the case.

Mr. Coyle: That is what the Act says, your Honor.

The Court: Now, then, I was asking you that if it not only didn't decrease competition, it increased it in the area, what your answer was.

Now, I think you are moving over to say, "Don't pay any attention to that."

[fol. 1626] Mr. Coyle: I think what I meant to say, your Honor, is that the court doesn't look at the—or the Act doesn't require it to look at the short range effect of the consolidation or the acquisition.

The Court: By short range, what do you mean?

Mr. Coyle: Well, I mean that you might have an industry composed of, say, 25 firms, five of whom are large and 20 of which were very small.

And you might have a merger between two of the top five, and they might get very strong and competition might increase immensely in that industry for a limited period of time.

But as a result of that increased competition, the 20 little fellows would go out of business, and ultimately in the long range when you have these cumulative effects, they do have a short term increase of competition. But then the net result is that the tendency is to wipe out more of the little fellows.

The Court: That is where the problem, one of the prob-

lems comes in, doesn't it, trying to divine the ultimate effect.

Mr. Coyle: That is the basic issue in all of these cases. But I think that the Supreme Court and the legislative history points to the way to divine it. When you do have a [fol. 1627] substantial firm in a substantial segment of the economy merging, and when that segment of the economy is tending toward increased concentration, and that is where Congress meant to draw the line so that these firms don't merge.

The Court: But, counsel, that is the point I am afraid I am not getting over to you, and that is that that is happening all over the world, and particularly in America today in every locality all over this country. There is a continual increase.

And if I adopt that premise, then no merger would be possible.

Mr. Coyle: I wouldn't say no merger, your Honor, but this merger would not be.

The Court: Well, it practically comes down, in one facet of the argument, to the proposition that if you carry it to its ultimate or reduce it to its lowest common denominator let's put it that way—that no merger could take place.

Mr. Coyle: I think that Congress didn't mean that no merger would take place. When you have this horizontal situation, when you have a horizontal market and you have two firms merging, and it is clear that Congress says that you do apply the rule of reason, that rule of reason of the Sherman Act——

The Court: I think the case clearly says that, [fol. 1628] yes.

Mr. Coyle: So if you don't apply this test that I believe the Supreme Court applied, I am hard pressed to know what test you do apply, when you have two competitors merging, if you have to prove that the test—or that the merger was unreasonable, the test can't be that the public interest would be injured, because you are back to the legislative function, if you get to that.

And I believe the only practical test is that you look at this industry and see whether these are substantial firms in that industry.

The Court: It isn't that simple, though, whether they are substantial. "Substantial" is a rather big word.

Mr. Coyle: Well, your Honor——

The Court: For example, let me ask you this, counsel—just again by way of discussion—suppose a concern is in bad condition, it feels itself slipping, substantially slipping economically, losing its grasp, not being able to come to grips with the market as it exists. Now, the management says, "We have got to do something."

Now, in order to save that business they go to another concern who is in the same line. And they say, "How about acquiring you?" And they do. Now, let's assume for the purpose of discussion, that this weak company was on the road to the rocks, going down.

[fol. 1629] Now, if by saving that company and creating additional competition through the use of those facilities, what is our answer? Is that a substantial lessening over a period of time, is that to be disregarded, the immediate effect to be disregarded? Is that what you said?

Mr. Coyle: No, your Honor. There is a clear exception in the International Shoe case to take care of situations where the firm is faced with imminent bankruptcy and there is no other available purchaser other than a competitor.

The Court: But, counsel, the trouble with the courts is they don't have any experience. They don't understand—facing bankruptcy is a thing of degree. A man may be riding in a Rolls Royce one morning and have all the appearances of success, and the next day he may be in the prisoner's dock for debt. So——

Mr. Coyle: There is no question, your Honor——

The Court: So when is a concern in that condition? That is the problem.

Mr. Coyle: There is no question, your Honor, but what every acquisition, every consolidation results from the best of business motives, and there is no question but that——

The Court: Well, I wouldn't go so far as to say that——

Mr. Coyle: Most every one, most every one. And [fol. 1630] in most of them the debtors and the president and the officials of the concern that is being acquired, they do believe that it is in the best interests of their company and their stockholders for them to sell out.

But you can't make that test, because that would legalize virtually every act——

The Court: No, I am not asking you that. I am asking you what is the effect, suppose the evidence in this case indicates that one of the situations was that they knew that they were slipping, going down.

Mr. Coyle: Well, this is——

The Court: Does the court consider that fact?

Mr. Coyle: The answer to that is that they should go out and do something about their problem themselves, if they couldn't——

The Court: Oh, counsel, I don't know what that does. It goes beyond begging the question.

In other words, if you are failing you should go out and adjust yourself, become successful. It is not that easy. Life isn't that simple.

Have you ever run a business?

Mr. Coyle: At one time, your Honor.

The Court: Well, maybe that is the reason you are with the government now, I don't know, because business—for example, I remember a business that I started out in and [fol. 1631] put someone in and we had a net the first year of $27,000.00. The second year, after I left it in his hands, we had a net loss of $30,000.00, because he said the location was bad. It is strange that a location can change overnight. But the trouble is management, it is management. There is no substitute for management.

And this is the thing we overlook, I am afraid, in some of these cases.

Am I to consider these questions, though? That is what I am asking you.

Mr. Coyle: My judgment, your Honor, is that you can consider only the—you don't go into these management problems because the Act would be meaningless if every case——

The Court: Well, what we are coming to, we are going to equalize everybody. In other words, this is the ultimate socialistic system to make everybody equal; in other words, everybody is to be inefficient——

Mr. Coyle: It is the basic trend that business is to grow on its steam, they go out, they expand——

The Court: But they grow and some of them die, counsel,

some of them die and they don't die overnight. They die gradually. They get sick and they die slowly.

Now it is those factors that you say cannot be considered.

Mr. Coyle: Your Honor, the exception is of [fol. 1632] course, the International Shoe exception, other than that, for business motives, they can't possibly——

The Court: I am not talking about motives, I am talking about conditions, never mind motives. I am talking about the condition that exists.

Mr. Coyle: Talking about the consideration.

The Court: I am talking about the fact that—let's say 50 stores, or a hundred stores are about to go out of existence.

Mr. Coyle: That isn't the situation we have here——

The Court: I am not saying it is. I am discussing with you principles. I am trying to develop principles of law.

Let's say that a hundred stores are in such a situation they are about to go out of business because of bad management and whatnot.

Mr. Coyle: Then they would qualify under the International Shoe doctrine.

The Court: All right. Then they don't have to be in bankruptcy, they don't have to be in receivership, is that correct?

[fol. 1633] Mr. Coyle: Well, the language is pretty clear, I think, in the case——

The Court: Yes, I have the case. Pass it over to him, Mr. Clerk. But I want the book back.

Mr. Coyle: I meant the International Shoe case.

The Court: My experience with the Government is that we don't always get our books back.

Mr. Coyle: I meant the International Shoe case, your Honor, not the——

The Court: Oh, I thought you wanted the Brown Shoe case. That is all right.

Go ahead, counsel. But you see the point I am driving at.

Mr. Coyle: Yes.

The Court: I am trying to find out——

Mr. Coyle: I think that is correct, your Honor, that International Shoe did not make the exception of this case where the firm is hopelessly insolvent, your Honor.

The Court: Does it have to be hopelessly insolvent?

Mr. Coyle: Let me get the language of the case here.

The Court: In other words, you must wait until you are lingering on your deathbed before you do anything?

Mr. Coyle: Your Honor, it says:

> [fol. 1634] "The evidence establishes the case of a corporation in failing circumstances, the recovery of which to a normal condition was, to say the least, in gravest doubt, selling its capital to the only available purchaser in order to avoid what its officers fairly concluded was a more disastrous fate * * *"

That is 280 U.S. 291, page 301.

The Court: That is cited in your memorandum?

Mr. Coyle: Yes, your Honor. And then it says:

> ". . . a corporation with resources so depleted and the prospect of rehabilitation so remote that it faced the grave probability of a business failure * * * (there being no other prospective purchaser) * * *"

The Court: That is the trouble again with generalities and adjectives. A person who speaks in adjectives doesn't realize the complications of the everyday business man.

In other words, I from experience, represented a client. He was warned to get out of the business, he lingered with it for ten years and he lost about ten million dollars. He ended up and died broke.

Now he lingered on and fought on. But there was a time when all the people around him told him that he had to do something.

[fol. 1635] Now the way you read that case is that he has got to wait until the lingering sickness takes place, to wit: The verge of bankruptcy, before these considerations can be taken into account. Is that right?

Mr. Coyle: Your Honor, I don't think we are talking about small corporations here anyway. It is not like——

The Court: Big corporations go broke, too, you know. I remember when Swift—was it Swift or Armour lost a million dollars a day for 90 days.

Mr. Coyle: Yes, your Honor. But I think that they

should certainly exhaust all other alternatives before they get the green light to go——

The Court: Now you have moved over into that situation that they first must exhaust other alternatives before they use this method. Is that what you are saying?

Mr. Coyle: I think that is obvious.

The Court: I see. All right. Well, I am following you now.

Mr. Coyle: If they exhaust the other alternative then I suppose they would qualify under the International——

The Court: What other alternatives?

Mr. Coyle: In this situation——

The Court: What other alternatives are there that you are speaking about where this person, where this concern—let's say a concern is going down in business, losing business.

[fol. 1636] For example, I take it that the general run in the grocery business, 1½ per cent on the sales is a pretty good ratio, isn't it?

Mr. Coyle: I would say that 1 per cent on sales is.

The Court: Well, if you do a hundred million dollars in business with a million-dollar net profit you have done well.

Mr. Coyle: I would think so, your Honor.

The Court: Now, if your volume drops 10 per cent, what is usually the ratio of drop in your net profits?

Mr. Coyle: I don't know, your Honor.

The Court: Well, here we are dealing with a great——

Mr. Coyle: All I know in this case is that neither of these concerns—both of these concerns were increasing their sales.

The Court: Counsel, some of the biggest business concerns in this country are increasing their sales and you had better get rid of their stock, if you have any. They are going up daily in their volume of sales and down daily in their net profits.

Mr. Coyle: Both of these firms have had respectable returns on their earnings——

The Court: What was the return, for example, of [fol. 1637] Shopping Bag for last year? What was the net on the sales?

Mr. Coyle: Before or after taxes, your Honor?

The Court: Was it 1 per cent?

Mr. Coyle: I think that was the strike year, your Honor, I have the exhibit here.

The Court: You say it was a strike year. One of the vagaries of business——

Mr. Alsup: Your Honor, I don't care to interrupt counsel but——

The Court: Yes, go ahead. What is it?

Mr. Alsup: They are set out on page 11 of our brief.

The Court: I know, but what was it, what was the last net?

Mr. Alsup: Shopping Bag had a net income of $770,-122.00, .9 per cent net income to total sales, and 3.2 per cent net income to total assets.

The Court: By total net income to total assets, what do you mean, net assets, what do you mean?

Mr. Alsup: Mr. Von der Ahe can explain this better than I can.

The Court: Well, can you, counsel? I don't quite understand—you can give it to me later. I have never heard that expression before.

Mr. Coyle: If your Honor please, I know this, that [fol. 1638] over a period of years they were making about 14 per cent on invested income, which sounds to me like a pretty good profit.

The Court: Now I don't understand what you mean by invested income.

Mr. Coyle: Let me see this exhibit a moment, your Honor.

The Court: You know, I have been around accountants for the last thirty years, in fact dealt with them almost entirely. And you are using terminology that I don't comprehend, "invested income."

Mr. Coyle: Invested capital, I am sorry.

The Court: Well, that is something different.

Mr. Coyle: That is Government's 28.

The Court: Well, what do you think General Motors is doing today on its original capital, invested capital?

Mr. Coyle: I have no idea, your Honor.

The Court: Probably 1000 per cent at least, counsel.

Mr. Coyle: Now this exhibit which we obtained, it is not in evidence, which we obtained from the defendants, indi-

cates that in 1958 Shopping Bag was earning 15.3 per cent of invested capital. And——

The Court: Of invested capital; what was the [fol. 1639] invested capital?

Mr. Coyle: This exhibit doesn't state what the invested capital was.

The Court: You know, I have a little investment that is earning—what is 10,000 times zero, what percentage is that?

Mr. Coyle: I am not sure, it was more than that on this invested capital.

The Court: I see. But I just happen to have one where I am getting very good earnings on it with no investment. What is the ratio of earnings? How do you figure it? The amount of capital is the important thing, isn't it, counsel?

Mr. Coyle: I would say so, your Honor.

The Court: This is an economic factor. If a man puts $10.00 into a business—for example, I think the name of the concern is, I am not sure about this and I don't want to make a mistake—but I think Canadian Investors, or some concern of a similar name, the stock was selling in 1949 at 50 cents a share. The last time I heard of it it was $2500.00 a share. So the company has done right well on a low capitalization. Maybe that is a monopoly, I don't know.

Mr. Coyle: It is not a monopoly, but it certainly doesn't indicate——

[fol. 1640] The Court: I mean the earnings on invested capital, I don't think means——

Mr. Coyle: With the earnings on sales——

The Court: That is something different, that is something different.

Mr. Coyle: But there again we have, it certainly depends upon the business you are in. And over the years the earnings on sales in any one particular year is not oftentimes indicative.

The Court: For example, what is the turnover in a grocery store or market?

Mr. Coyle: Well, I can tell you that right here on this exhibit of Shopping Bag. The Shopping Bag had twelve turnovers, inventory turnovers in a year.

The Court: That is what——

Mr. Alsup: May I inquire what exhibit you are referring to?

Mr. Coyle: This is Government's Exhibit 28.

The Court: Twelve turnovers in a year?

Mr. Coyle: Yes.

The Court: I see. Well, I think the hardware business turns about four and a half to five. And I guess the grocery business would run at least two and a half times.

Mr. Coyle: Yes.

The Court: So that sounds about right.

[fol. 1641] Mr. Coyle: Von's had a better turnover. They had 16.8 turnovers.

The Court: So theirs was probably a little higher.

Mr. Coyle: That is the reason their net income after taxes, as the margin of gross sales is, compared to gross sales was a little higher.

The Court: Yes, of coure. In other words, we are working today, in the markets today, in the market places they are talking about increased volume, increased volume, and make up by the volume for the reduction on the net, is that right? That is the talk of business today.

Yet we are now discussing the question of lessening, substantially lessening competition. In other words, the discount stores, everything is going on volume now, isn't that right?

Mr. Coyle: Yes, your Honor.

The Court: All right. Have you finished? With your argument, I mean.

Mr. Coyle: Well, your Honor, let me see what else I have here.

The Court: I can tell you this, counsel. Discussion is very helpful to me because, despite the fact that I have read the Brown Shoe case, and I have read your briefs, there is no substitute, in my opinion, for discussion. And [fol. 1642] that is the reason I use this method to try to bring out and clarify, bring out these things that you are thinking to help me clarify my thinking.

Mr. Coyle: Well, I might say——

The Court: So don't, as I say, don't assume anything from this discussion at all.

Mr. Coyle: To sum up, I might say this, your Honor, that as we view this case it involves a fragmented market

area, market structure heading toward concentration. It involves the consolidation of two oftheleading chains in that area.

They were leading chains by any number of measurements. Perhaps we have talked too much about percentages. Certainly percentages are only one measurement. Now, they are the first measurement.

Now, both of these chains have been increasing. Dollar sales over a period of years. They have both opened new stores.

The Court: And the population has been increasing in the Los Angeles metropolitan area.

Mr. Coyle: But they have grown faster than the population. They have increased their market sales. They both had been enjoying profits.

Now, Von's earnings on percentage of sales were higher than Shopping Bag's. We don't have any figures on how Shopping Bag compared with other firms. But I think [fol. 1643] anything around 1 per cent is respectable in the grocery industry.

Now, our stand on the Brown Shoe is that when you have that situation involving substantial firms and a substantiai market area, now that may be a word that needs some clarification, but certainly I hink that this is a substantial market area, nobody could deny that.

The Court: Oh, there is no question about that, there is no question about that. I don't think that here will be any—here is no dispute about that.

Mr. Coyle: And there is no question that these were big, progressive firms in that area.

The Court: That I don't know how far counsel will go in saying they are big and strong. Big and strong is a distinction, a designation that leads to discussion of degree. So that is a thing that I have to determine, I guess.

Mr. Coyle: They were the third and fifth largest in the area, in terms of sales combined in, say—using the 1958, the 1958 figures they were the largest in the area. Using the 1959 and 1960 figures they were slightly smaller.

But they were right up there with Safeway combined, both during that whole period of time. But they were not as—they were not small potatoes, they were big firms measured against this entire area.

[fol. 1644] Now I think that the discussion here, I think the defendants' briefs indicate that they have two principal defenses. The first defense is that this merger can't possibly have an effect of tending to lessen competition and create a monopoly because there is still a lot of vigorous competition in the area.

We have to say categorically that the remaining vigor of competition is not a defense when you have this market situation and when you have firms of this magnitude.

The Court: Then, counsel, why have a trial?

Mr. Coyle: Well, your Honor—

The Court: Why not just adjudicate the matter, adjudicate the merger, just say, "Well, that is it."

Mr. Coyle: Well, I am sure that when Congress passed this Act they intended that many mergers would be stopped on that basis.

The Court: Well, it makes the court more or less an economic czar, it just turns the court, under this theory, into an economic czar. And it has the blood and life of these concerns in the hands of the judge. And most of these judges, I am not too sure have had very much experience in these kinds of things.

Mr. Coyle: Well, I think Congress intended to stop mergers, there is no question.

The Court: That is what you are saying, they are [fol. 1645] going to stop mergers, period.

Mr. Coyle: Between substantial firms which are substantial factors in the industry where you have a pronounced tendency toward consolidation and increase in concentration.

The Court: This is a delegation again of the power of Congress.

You know, in the old days a liberal was one who fought delegation of power. He believed in retaining the power of the people in Congress, not turning it over to the courts or the executives.

But apparently now the liberal is nothing but a disguised Tory who believes in turning over everything to the executives or the courts.

So I suppose I am now in the position of having to decide what is substantial, when the Congress, of coure, has not indicated what they consider to be substantial. They

have just left the whole frameworks open, haven't they?

Mr. Coyle: Yes, your Honor, except that I think the cases have given a good bit of guidance on that.

In addition to the Brown case I might mention the Standard Station case, which was cited by Judge Yankwich.

The Court: Well, that went into really a considerably substantial situation because of the relevance to the whole area, relative number of stations and distribution [fol. 1646] of oil, as I remember it was——

Mr. Coyle: About 6 per cent of all the oil distributed here, 6 per cent of all stations I think was involved.

The Court: Is that the percentage?

Mr. Coyle: I don't know all the ramifications of the opinion, but that was one of the opinions mentioned.

The Court: All right.

Mr. Coyle: But that would be just another guidepost, I think.

The Court: I was thinking that in that case—I haven't read that case in a long, long time—I was thinking that in that case there was something having to do with a tie-in between the producer and——

Mr. Coyle: That is what it was.

The Court: —producer and distributor, that was the main——

Mr. Coyle: It was the requirements contract.

The Court: That's right.

Mr. Coyle: But the market affected was 6 per cent.

The Court: But I didn't think that the market effect was the thing that determined the case, was it? I thought it was the tie-in between the distributor and the producer that was the basic thing in the case.

Mr. Coyle: Well, no, you see we have the Section [fol. 1647] 7—Section 3 has the same language as Section 7.

The Court: Yes.

Mr. Coyle: And as I read it, as I read the case the holding was that when the tie-in enables the manufacturer or producer to tie up 6 per cent of distribution that effect may be substantially lessening competition.

The Court: That is my understanding of the whole case.

Mr. Coyle: I was referring to 6 per cent being used as substantial in that case.

The Court: Yes, it was the control from the manufacturer and producer which was the crux of that case.

Mr. Coyle: 6 per cent.

The Court: Yes.

Mr. Coyle: And you have the same thing here where somebody goes out and takes over 4 per cent of the market.

The Court: Yes, but they don't control the purchasing.

Mr. Coyle: They are not manufacturing.

The Court: That's right.

Mr. Coyle: But they control the entire operation of the formerly independent firm.

The Court: They acquire greater bargaining power in the way of purchasing.

Mr. Coyle: I was referring to the word "substantial," [fol. 1648] 6 per cent, if 6 per cent is substantial, we say that 4 per cent would be substantial under that Section 7 here.

The Court: All right. I think you have pretty well covered what I had in mind, unless you have something else.

Mr. Coyle: I was going to pinpoint the two points that I believe the defendants made. One defense is the remaining area of competition. We have discussed that.

The other defense is good business motives. Now we don't see how the business motives——

The Court: Well, motive, I don't think—I have a tendency I think to go along with you on that, that motive alone is not enough. But it is the result, or effect, that is what is important.

In other words, you may have a motive to bring a better business relationship to your own concern by an amalgamation. But I don't think just the motive alone is of any great consequence. But the effect on lessening competition is the problem.

Mr. Coyle: That is back to the remaining vigor of competition.

The Court: That's right, that's right.

Mr. Coyle: I would say that it is not—there is nothing, I don't think there is anything in this record, or will be anything in this record to indicate that Shopping Bag [fol. 1649] was in a failing financial condition, or was in danger of going under——

The Court: I didn't mean to imply that it was.

Mr. Coyle: Yes.

The Court: I was merely getting into the, trying to get the feel of this. This is nothing but economics. This isn't law, this is pure economics is all it is.

Mr. Coyle: I think it ultimately——

The Court: It is law imposed, superimposed upon economics.

Mr. Coyle: But I think, your Honor——

The Court: And the trouble is they are trying to make economists out of judges. I don't know whether they have succeeded or not.

Mr. Coyle: I don't really think they are, your Honor. I think they are giving the courts pretty good guidelines.

The Court: You mean the Supreme Court.

Mr. Coyle: Well, I think Congress gave fairly—as clear a guideline as they possibly could. And the Supreme Court——

The Court: Oh, Congress could have said very easily, we will describe no amalgamation where capital is over a certain amount and where the percentage of the industry is beyond a certain amount—that would have been [fol. 1650] very simple to do.

Mr. Coyle: Yes, it would. But they didn't want to do that.

On the other hand, they could have said that only acquisitions which lessen competition, or are unreasonable and against the public interest, they could have done that. But they didn't use that language.

The Court: Well, I suppose there comes a time when maybe the Fifth Amendment does come into play, even in antitrust matters. Perhaps there is some due process left in the field, I don't know.

We talk about due process all the time, but we never seem to talk about it insofar as business is concerned.

Well, let me ask you this: How long do you think it will take you to put on your case?

Mr. Coyle: Well, I had intended to put three witnesses on, your Honor. I probably will cut that down to two witnesses.

The Court: All right. You anticipate how long a time?

Mr. Coyle: I will say two and a half hours, your Honor.

The Court: All right, counsel. And you, counsel, how long do you—do you anticipate live witnesses?

Mr. Alsup: I will call just Mr. Von der Ahe, your [fol. 1651] Honor.

The Court: Then I assume that testimony-wise, we will finish tomorrow?

Mr. Alsup: Yes.

Mr. Coyle: Your Honor, I have one other thing. We have suggested that their exhibits which show store by store competition, we believe that that whole issue was resolved in the pretrial conference order. If your Honor is disposed to admit the exhibits——

The Court: Well, I haven't indicated, I haven't indicated that.

Mr. Coyle: That's right. We would have rebuttal testimony as to that.

The Court: Well, if I admit them you will be entitled to do it.

Mr. Coyle: Yes.

The Court: And my present inclination would be to say that irrespective of whether it is controlling, it might shed some light on the whole picture. For that reason it would be admissible.

Mr. Coyle: In that event we would have rebuttal witnesses.

The Court: How much time for argument do you gentlemen desire? And I am perfectly willing to give you full, complete time for argument because I think that some- [fol. 1652] times, I find in cases that it is very helpful to me. I can read briefs and come to conclusions and then come into court and find after hearing the argument that sometimes I get a different slant entirely on the case.

How much time would you like for argument?

Mr. Coyle: We will bring that to the conclusion of the trial?

The Court: Yes, yes.

Mr. Coyle: Well, I would say——

The Court: I want to try to figure out the time.

Mr. Coyle: I would say an hour and a half for argument.

The Court: Well, that means two hours, doesn't it, counsel? With the interruptions and so forth.

Mr. Coyle: Some time over an hour, your Honor.

The Court: All right. How about you?

Mr. Alsup: I would like equal time, your Honor.

The Court: All right. Just the two of you are going to argue, or do you want someone else to argue, too?

Mr. Coyle: I haven't given it any thought.

The Court: I am not encouraging it, I am just asking you.

How about you?

Mr. Alsup: I think just I will argue, your Honor.

[fol. 1653] The Court: All right.

Now, gentlemen, I usually go from 10:00 to 12:00 and from 2:00 to 4:30. Do you have any desires about the time?

Mr. Coyle: No, your Honor. We will put on our two witnesses this afternoon.

The Court: Do those hours suit you?

Mr. Alsup: Very much so, your Honor.

The Court: Some of the judges tell me—I don't know whether I agree or disagree—that they find that the lawyers get a little tired from 4:00 o'clock and begin to drag in the case. But I don't know, it seems to me that it is an awful short day. I go at least until 4:30.

Mr. Alsup: Your Honor, in the depositions of the Government witnesses, we were taking four a day and the hours were going six or seven hours with great complaints from Harold Leibovitz, so we are used to long hours in this case.

The Court: All right. Then we will take up at—we will take up usually at 2:00 o'clock and go until 4:30. Take up at 10:00 and go to 12:00.

Mr. Coyle: If your Honor please, I don't know whether I made it clear at the time or not that——

The Court: We should finish this case then by Friday, without any question.

[fol. 1654] Mr. Coyle: Yes. There was announced last Friday that Kroger is acquiring the Market Basket chain. And it has previously been mentioned that American Stores—that is the Acme chain—is acquiring the Alpha Beta.

The Court: Well, the Alpha Beta was already owned by someone.

Mr. Coyle: American acquired them——

The Court: A long time ago.

Mr. Coyle: About a year ago.

The Court: Yes.

Mr. Alsup: No, this wasn't that long, your Honor, it was some six months after Von's.

The Court: That is what I thought. I remember reading it in the Wall Street Journal.

Mr. Alsup: And the Government investigated that at the time and no action has been filed.

Mr. Coyle: Well, I have been authorized to make the following statement: The Government has under open investigation the acquisition by Acme of the Alpha Beta chain and also the Federal Trade Commission investigation of the Market Basket chain.

The Court: Well, whether they do or don't, I will have to decide this case.

Mr. Coyle: That's right.

The Court: So what happens in that situation should [fol. 1655] not persuade me in this case.

Mr. Coyle: I wouldn't think so, your Honor. Defense counsel have been making a point of this investigation.

The Court: Well, it is one of those things that will bounce and go by. It has to. I can't consider that, I don't think, counsel, in this case.

What the Department of Justice does or doesn't do is no concern of mine until it gets into this court. Then I have something to say about it.

Mr. Alsup: No. The only reason we mention it is this, because it is a merger of two local chains, one of the largest chains, moving into the market for the first time, and almost three years have gone by and we think it is relevant evidence because they talk about Von's great power and——

The Court: Wait a minute. Are you finished, counsel?

Mr. Coyle: Yes, your Honor.

The Court: Come on up to the lectern, counsel, if you are about to make an opening statement. If you are going to get into elocution, I will be glad to hear from you.

Mr. Alsup: Your Honor, I am perfectly willing to defer it until later——

The Court: Not allocution but elocution.

[fol. 1656] Mr. Alsup: Whatever you prefer, your Honor.

The Court: No, we have got about—as a matter of fact,

I see it is five minutes to 12:00, counsel. How long will you take on your opening statement?

Mr. Alsup: I would anticipate——

The Court: With interruptions, a half to three-quarters of an hour?

Mr. Alsup: That is correct, your Honor.

The Court: All right.

Well, gentlemen, I would like to be in a position to decide this case at the earliest possible time.

Now what I am addressing myself to now is pretty much within your discretion. I am wondering if it can be said or you have each filed at least two or three trial briefs or memorandums. I am wondering if it is going to be necessary for me to read seriatim all of these affidavits and all of these narrative statements? I am not trying to avoid doing it, but if there is a shortcut by some summarization, I should like to adopt it.

Now, can I rely upon the briefs and this memorandum as setting forth substantially all of the data that is going to be included in these affidavits, depositions and et cetera? Or should you file additional memorandums of that?

What is your thinking about it?

[fol. 1657] Mr. Alsup: Well, our—I think our summaries, your Honor, fairly summarize what the witness has set forth in his affidavit and what the depositions show.

The Court: This is what you filed on June 7th, and it is labeled Defendants' Summary of the Facts Set Forth in the Affidavits of the Various Witnesses for the Parties?

Mr. Alsup: That is correct, your Honor.

The Court: Now, that does not cover depositions, though, does it?

Mr. Alsup: Oh, yes, your Honor.

The Court: Does it cover all depositions?

Mr. Alsup: It covers depositions up to the, all the 18 industry witnesses.

The Court: I see.

Mr. Alsup: There were some depositions which they took subsequent to that time which we could not——

The Court: Well, I understand, but what I wanted to be sure of was that I got all of it.

Now, counsel, what about you?

Mr. Coyle: We couldn't possibly agree that they have

summarized that testimony, your Honor. We filed our own memorandum——

The Court: Yes, I know you did.

Mr. Coyle: I think there are material differences in [fol. 1658] the summaries of both parties of this testimony and I would suggest that maybe we file additional memorandum.

The Court: Well, I don't want to burden you with work, I don't want to try to push it off on you, but I thought if I could save—I am sure that this case should be decided, it has been pending now since—what date was it filed?

Mr. Alsup: March of 1960, your Honor.

The Court: 1960, this is three years and it ought to be decided as soon as possible. I am sure you would want it decided.

Mr. Coyle: Yes, your Honor, no doubt about that.

The Court: Now, without trying to push the burden off on to you gentlemen, I am wondering how much you can do, or what you can do to assist me in not having to read verbatim all of these affidavits.

Mr. Alsup: Your Honor, that was my understanding of what you had asked us to do in preparing these summaries.

The Court: That's right. But I understand there is some additional that has not been treated that way, is that right, Mr. Coyle?

Mr. Coyle: That is correct, your Honor.

The Court: Can you treat it and do it that way, or is it necessary for me to read—do you want me to read the complete documents?

[fol. 1659] Mr. Coyle: If you read the documents you would have to read the depositions, too, so you would have a lot of reading to do.

The Court: That's right. And I have got cases that are pushing me, I have got a calendar set full until September with cases under advisement and I have been dragged into two Circuit Court cases that I have to write opinions on.

Mr. Coyle: I would say it might be worth thinking about filing some part of post-trial summary with the court.

The Court: Well, that is what I had in mind.

Mr. Coyle: To see what we could do with the matter.

It might also be well to postpone our oral argument, concluding argument until we file these.

The Court: Well, I would be willing to do that.

Mr. Coyle: I think that might make some sense. I am certain we don't need any voluminous briefs on this.

The Court: No, I don't think any briefing is necessary. Frankly, I think, if there is a controlling case, it is the Brown Shoe case. It is a question, when it gets down to a finding by the court, as to the potentiality of lessening competition. That is about what the case comes down to, it seems to me.

And I would appreciate it very much, if it wouldn't be too great a burden on you, to have you file some kind of [fol. 1660] an additional document that would summarize and make it unnecessary for me to read all of these affidavits.

Mr. Alsup: May I suggest in that connection, your Honor, we have tried to cover a broad scope with our affidavits——

The Court: Well, I want to say this, gentlemen, I appreciate very much, both of you, your exertion in this case. I think it is pointed out in the briefs, it is certainly an approach on this type of case without going through long dreary days of dragging testimony when it could be summarized and put down.

Mr. Alsup: It certainly is, your Honor.

The Court: So I want to say to you that I do very much appreciate the attitude of counsel on both sides.

Mr. Alsup: We appreciate your Honor's assistance in that regard.

What I was going to say is that Mr. Von der Ahe's affidavit, for example, ran some 40 pages. We summarized it in a page and a half. You are bound to lose some of the flavor——

The Court: I suppose.

Mr. Alsup: If you read just the summary. And I wonder if we might not——

The Court: I don't want you to come up at a later [fol. 1661] date and say, well, there has been error here now because I didn't read the entire whole record. This is what I want clearly understood, whether you are going

to insist that I read each and every document in the case.

How about it, Mr. Coyle?

Mr. Alsup: We are not going to insist, your Honor, we think the summary is a fair summary and if counsel don't agree, they can point it out. And if we disagree with their conclusions, we can point that out.

The Court: Well, let me ask right at this point, is that agreeable with you, Mr. Coyle?

Mr. Coyle: Your Honor, I think that we have to perhaps analyze, as the court suggested, and submit another memorandum and if there are issues as to material facts, I suppose if one party says the summary of the deposition means one thing and the other party says it means another thing——

The Court: Then I will have to read it, of course. But I mean up to that point——

Mr. Coyle: Up to that point——

The Court: I can follow this procedure.

Mr. Coyle: I would say that is correct.

The Court: Now, you would say—you mean you agree to it?

Mr. Coyle: Yes, your Honor. I think we will submit [fol. 1662] a memorandum that——

The Court: But I mean if you find something that you feel that I should read—either side feels that I should read the entire document, then I will expect you to call upon the court to do so.

Mr. Coyle: Yes.

The Court: But in lieu of that, and until you do that, I am going to assume that neither side is objecting to following the procedure of reading summarizations of these affidavits, depositions and et cetera.

Is that agreed and understood?

Mr. Alsup: That's right.

Mr. Coyle: Yes.

Mr. Alsup: That is agreed and understood, your Honor.

The Court: All right. Then we will take a recess until 2:00 o'clock.

And I think, counsel, that your suggestion may be a good one, that to get any additional summarization—or, rather, whatever you want to call them—in, if you think it is advisable, we will put over the argument until next

week, or some time toward the end of the week when I finish a case.

Mr. Coyle: Yes, your Honor.

Mr. Alsup: It would seem to me, your Honor, since [fol. 1663] we have already furnished them with our summaries of the documents, they do not purport to summarize the testimony of all the witnesses, if they would point out additional matters, then we could respond to it, it might save more time than for us to go over and do over again the work that we have already done.

The Court: I didn't mean that you should do that. As I understand it, counsel, he has some documents in here that have not been summarized, is that correct?

Mr. Coyle: Well, I think, your Honor, that the parties adopt a different procedure, different approach as the testimony and the evidence——

The Court: I am not talking about that, counsel. I am talking now about affidavits which you have summarized such as counsel has done in his summary of the facts.

Mr. Coyle: There are some affidavits.

Mr. Alsup: There are affidavits here that were identical, your Honor, and that is the reason——

The Court: Yes. Now, I am wondering if—as I understand it, there are affidavits and there are depositions which you have not done, as he has done by a summary of the facts set forth in those documents.

Mr. Coyle: We haven't summarized everything, every witness, your Honor.

The Court: No. I am wondering if that could be [fol. 1664] done, or whether it is advisable to shorten the time that I would have to consider this case.

Mr. Coyle: As I said, we would attempt to do that.

The Court: All right. You see no objection to it, do you, counsel?

Mr. Alsup: I see no objection, your Honor. I suggest that it occurs to me, your Honor, that if I feel the necessity to furnish additional summaries in response to theirs, I can do so.

The Court: Well, I am not trying to add extra work on you, I am merely trying to get this case so I can—I would like to decide this case within the next 30 to 60 days and not have it drag along.

Mr. Alsup: We would like that, too, your Honor. We have waited a long time.

The Court: And let you get on your way with the appeal.

Mr. Alsup: Your Honor——

The Court: One of you.

Mr. Alsup: I assume, your Honor, that was addressed to Mr. Coyle.

The Court: What is that?

Mr. Alsup: I hoped, your Honor, that was addressed to Mr. Coyle.

[fol. 1665] Mr. Coyle: Well——

The Court: Well, it was addressed to whoever will take the appeal.

All right. We will stand in recess until 2:00 o'clock.

(Whereupon at 12:03 o'clock p.m., an adjournment was taken until 2:00 o'clock p.m. of the same date.)

[fol. 1666] Los Angeles, California, Tuesday, June 11, 1953, 2:00 P.M.

The Court: All right. Proceed, counsel.

Mr. Alsup: If your Honor please, this has nothing to do with my opening statement, but counsel's repeated reference to tendency to monopoly, I thought it might be of interest to your Honor to see one of our exhibits which indicates just a few of many thousands of grocery stores that are in business in this area.

If it is permissible, my associate, Mr. Vaughn, is going to set the exhibit up.

The Court: You mean he is going to try to. I can tell he is having problems.

Mr. Alsup: This is a reference here, your Honor—I can't understand mechanical things or figures, your Honor, so Mr. Vaughn is not only going to have to do that, but he is going to have to handle our affidavits and exhibits and so forth.

The Court: Counsel, that reminds me of the fellow that was taking a memory test and they asked him from whom he was taking it and he said he couldn't remember.

(Laughter in the court room.)

Mr. Alsup: I don't know if your Honor can see this, this purports to be——

The Court: I think I can see it, yes, I can. You [fol. 1667] have white and blue or black?

Mr. Vaughn: We have all colors of the rainbow.

Mr. Alsup: Your Honor, I ~~think~~ this lists only some of the 39 chains ~~doing~~ business in this area, possibly 800 of the—seven or eight hundred of the 4500 grocery stores doing business in this area.

The blue dots, I might mention, represent Safeway.

The Court: The blue, I take it, looks black from here, is that correct? Are there blacks in there, too?

Mr. Vaughn: No, sir, the blue is a darker color.

The Court: Oh, I see.

Mr. Vaughn: There is a dark green, which is Alpha Beta. But the round blue dots are Safeway.

The Court: I will tell you what I will do, I will take a look at it after court this afternoon. But I can see the general pattern.

Opening Statement on Behalf of Defendants

Mr. Alsup: Your Honor asked a very pertinent question of Mr. Coyle, it seems to me. You asked whether a failing company must be actually virtually in bankruptcy, if the court can't properly take into consideration the possible future trouble, must the company be lingering on its deathbed before it can sell out to someone else? As I understood Mr. Coyle's answer, he said that was the law. [fol. 1668] Your Honor, in the Brown Shoe case, on the very last page, the Supreme Court at page 346 of 370 U. S. pointed out:

> "• • • At the same time appellant has presented no mitigating factors such as the business failure or the inadequate resources of one of the parties that may have prevented it from maintaining its competitive position • • •"

In other words, no demonstration that it is going down.

The Court: Well, that is one of the things I had in mind when I was asking the question.

Mr. Alsup: Yes, your Honor. I think it was a very pertinent question.

The Court: You know, if the court will just talk enough,

they say you can find authority for anything. And the Supreme Court, like all other courts, writes page after page of opinion, and if you go far enough you can find authority for most anything—that is according to your interpretation, anyway.

Mr. Alsup: I couldn't agree with your Honor more. There is something in this opinion for everybody in every point of view. Naturally we think it supports our position far more than the government's, primarily because of that.

The Court: Well, I don't know, counsel. I will tell [fol. 1669] you very frankly, I have read the opinion very carefully and it reminds me very much of some of the Revenue Statutes I have read. And I have read them over and over again and I have had to put them aside and go back to them, because I guess that my training is just not such that I can understand the semantics of today. And I am sure that these gentlemen who write these opinions are so much more erudite than I am that I am just at a lower level of thinking.

Mr. Alsup: I wouldn't say that.

The Court: Because after reading these opinions hour after hour I am completely at a loss to understand certain parts of them.

Mr. Alsup: I was, too, your Honor. As a matter of fact, I had to go through it and make a digest page by page of what the various matters were that the Supreme Court talked about. If that would be of any assistance to your Honor, I would be glad to furnish a copy of it to you.

The Court: Well, would you object to giving counsel a copy of it?

Mr. Alsup: No objection at all.

The Court: Well, I would like to have a copy, because I do the same thing on a breakdown of the statutes in cases, I oftentimes do the same thing. And I would like to have it, if you will give counsel a copy also. It may be of assistance.

[fol. 1670] Mr. Alsup: May I approach——

The Court: Hand it to the clerk, please.

(The document was handed to the clerk and counsel.)

The Court: I don't say this to necessarily be critical of the opinion. I am not trying to do that. But I remember this is what I had in mind, I had noted that statement.

But counsel took the position that, as I rather gathered it, you could only consider imminent bankruptcy, or imminent failure.

Mr. Alsup: Well, they didn't say that. As your Honor has pointed out, there is something in this for everybody.

I might say, your Honor, that case references which I have given you——

The Court: Are the Law Edition.

Mr. Alsup: —are the Law Edition. I have it written in on my copy the 370 U. S. page. Would you prefer that, or would you like me to——

The Court: Well, I don't have the Law Edition here. I have just the other. And I would prefer it, if you will get someone to do that, I would appreciate it.

I will pass it back to the clerk. It will be very helpful. Otherwise I would have to do it.

Mr. Coyle: We would probably want to comment on [fol. 1671] this dissertation at some time, your Honor.

The Court: You will have full opportunity to take it apart if you wish, counsel. After all, it is no more than his opinion.

Mr. Coyle: That is right, your Honor.

The Court: Pure argument, a question of argument.

Mr. Alsup: I might say in that connection, your Honor, we have diligently searched statements concerning what Brown Shoe says or the factual statements contained in counsel's brief with reference to Brown Shoe, and we will want to comment on that, too.

The Court: Could you, counsel, before you start, just bundle up in one succinct statement just what the Brown Shoe case means? Maybe this is a rather difficult job, but see if you can do it.

Mr. Alsup: Well, I have never been very succinct, your Honor. But I will do my best.

To me, wiping aside all of the wheat and the chaff in the opinion, the Supreme Court said this: There are no per se tests; you cannot decide the validity of a merger just on the basis of a "substantial competitive factor" merging with another. You cannot decide it simply on the basis of "concentration," although these are factors that are to be considered.

What Congress intended was not to prescribe any

[fol. 1672] particular—any mathematical test at all, but to lay down certain general standards.

The Court: How about the percentages?

Mr. Alsup: Percentage is the same, your Honor.

The Court: Percentages in the market?

Mr. Alsup: They say that is an important factor to be considered, but it is certainly not the only factor. There are many other factors which necessarily require an economic inquiry into the nature of the competition and the effect of the merger upon that competition.

The Court: In other words, if I understand you, you are saying in effect, as the court said about the verticals—I have forgotten just where it is, but it said in effect that percentages were not controlling, if I remember.

Mr. Alsup: Absolutely, your Honor.

The Court: But they may have a bearing on the overall picture.

Mr. Alsup: They may have a bearing, that is right. And several District Court decisions since Brown Shoe have pointed the same thing out, that mere size or purported concentration or market shares are not, in and of themselves, decisive.

What was decisive, in my opinion, your Honor, in Brown Shoe, after many readings and re-readings of it, [fol. 1673] was the fact that over a period of 10 years the six major shoe manufacturers in the United States had been busy acquiring retail outlets, which not only foreclosed competing manufacturers from selling to those outlets, but gave the retail outlets of a strong national chain a distinct competitive advantage over the local independent retailer, because the strong national chain with its manufacturing powers and money could permit its local retail outlets to sell at lesser prices.

The Court: Well, let me ask you this, do you think the court took into consideration the fact that also there was a control over these—you call them I suppose licensees, or —what is the other term?

Mr. Alsup: Franchises.

The Court: Franchises, they excluded those persons from purchasing other shoes, did they not?

Mr. Alsup: No question about it, your Honor. Not a complete exclusion.

The Court: But to some extent there was exclusion, in other words?

Mr. Alsup: No question about it.

The Court: There was exclusion.

Mr. Alsup: Absolutely.

The Court: Well, was that inherently a part of that decision, do you think?

[fol. 1674] Mr. Alsup: No doubt about it, your Honor. I am not saying that was the basic reason for the vertical portion of the decision.

The Court: Well, that is what I am talking about now. I guess we are really on the vertical.

Mr. Alsup: On the horizontal they were concerned about these giant national corporations striding across the country, the cities and towns, as the Supreme Court said, and with their giant hands out, combined with their manufacturing facilities, enabling their local retail outlets to sell at a far less price than the local independent retail shoe dealer could do.

The Court: Well, counsel, in the absence of a cooperative buyer, isn't it generally conceded to be a fact that any person, as he increases his ability to distribute through sales, can also increase his ability to buy at lower prices?

Mr. Alsup: Absolutely, your Honor.

The Court: Is there any real dispute as to that problem?

Mr. Alsup: No dispute whatsoever. To my mind, the existence of the retailer-owned cooperative Certified, and the Orange Empire in this case——

The Court: Well, that is a huge empire, isnt' it?

Mr. Alsup: Tremendous empire, your Honor. Enough [fol. 1675] so that Von's, Safeway—none of the major chains can buy anything better than any independent retailer here who belongs to either Orange Empire or Certified.

The Court: Are there any restrictions, by the way, on independent retailers belonging to that organization—or rather receiving the benefits of that cooperative buying?

Mr. Alsup: No, your Honor, they have to make a deposit, I think representing two weeks' purchases.

The Court: I take it they have to pay some kind of a commission, don't they, or profit or something.

Mr. Alsup: No, it is owned by them, it is retailer owned.

The Court: There is no money set aside to build up capital then.

Mr. Alsup: Very little, your Honor. It distributes to its own members the patronage, advertising allowances, and everything else.

The Court: Is there any restriction at all on independents, that you know of?

Mr. Alsup: No restrictions at all. There have been some independents, your Honor, who have complained, "Well, Certified doesn't handle fresh meat, it doesn't handle fresh produce, and a large chain can buy better than I can in that respect."

Well, I say that they ought to go and observe the [fol. 1676] operations of the Joseph Goodnights, the Cecil Dobkins, or the Joseph Goldbergs, all single store operators, and all say that they can do better than the chains on meat and produce any time in the week.

The Court: I see. Go ahead.

Before you leave that, is that one of the facets that come into play on this question that something may lessen, substantially lessen competition?

Mr. Alsup: Very definitely, your Honor.

Certified Grocers, we have the affidavit of Charles Von der Ahe, who now I guess is 81 years of age, 81 years young I might say, who describes the origin and background of the organization of Certified.

We also have the affidavit of Campbell Stewart, who was for many years the president of Certified and now is a consultant to it.

And we have the affidavit of Joseph Hughes, who is chairman of the board of Certified.

And these people say any single store operator or small chain can do just as well as the large chains in the purchase of his groceries. And they would not have given us this affidavit, as Mr. Stewart said, if they felt this merger hurt the small grocers, because the small grocery is the lifeblood of Certified.

Actually, Certified had its origin, your Honor, in [fol. 1677] the fact that there were certain large chains here, back in the early twenties, who could buy directly. And some of the local wholesalers and brokers got together —I am sure your Honor is familiar with that case—and tried to persuade the manufacturers not to sell to the direct-

buying chains, or if they did, promise to boycott their products. The United States brought an action, I think it is reported in 7 F. (2d), and that combination was held illegal.

The Court: What was the name of that case, counsel?

Mr. Alsup: United States vs. Food Grocery Bureau——

The Court: Yes, I remember it. I remember it.

Mr. Alsup: So the independent grocers, recognizing that they were at a competitive disadvantage, got together and decided, "Well, we will band together and get our own little warehouse and we will buy in carload lots and we can do just as well as the major chains.

And that is what led to the Certified, Spartan, and Orange Empire cooperatives owned by the retailers.

The Court: There is no community of buying between any of the major chains, is there?

Mr. Alsup: No community buying at all. Some of the major chains are members of Certified, your Honor, and they take advantage of Certified.

The Court: In other words, they can participate—[fol. 1678] by Certified, you mean what now?

Mr. Alsup: Certified Grocers of California.

The Court: Is that the same as Orange Empire?

Mr. Alsup: No, Orange Empire is the A. M. Lewis organization with headquarters in Riverside.

The Court: That is an independent—that is privately owned, isn't it?

Mr. Alsup: Well, it is a strange thing. It is privately owned and retailer owned, as I understand it. Mr. Lewis is somewhat secretive about it, but the witnesses whom we have, and various of the government's witnesses whom we deposed, say that their dividends from Orange Empire are every bit as good as they are for the members of Certified Grocers.

The Court: What I was trying to find out, counsel—as I understand it, this is an organization that buys probably as much or more than anyone in the area, is that right?

Mr. Alsup: Oh, fantastically more, your Honor, and their growth has been fantastic.

The Court: I think I remember something like two hundred fifty million a year, something like that.

Mr. Alsup: I think it is even in excess of that, your Honor. I have the figure in my brief for the year 1960.

[fol. 1679] In 1948 Certified's wholesale sales to mem-

bers amounted to eighty-six million. And its members' retail sales were three hundred eighty-two million.

In 1958 Certified's wholesale sales to members had gone to three hundred thirty-eight million nine hundred thousand. And the members' retail sales had increased to one billion three hundred ninety million.

And Orange Empire is similar. Wholesale sales to members, twelve million five hundred thousand in 1945 and three hundred twenty-one million in 1962.

Now, these organizations, of course, have all of the power, buying power, of any of the major chains in this area.

The Court: Can both the chains and the independents operate through both of those organizations?

Mr. Alsup: That is my understanding, yes, your Honor.

The Court: In other words, Safeway, if they wish, can use either one of those organizations?

Mr. Alsup: I understand, your Honor, that Safeway has never belonged to Certified——

The Court: No, but I mean if they desired to, could they?

Mr. Alsup: Well, I would assume so. But I cannot answer that question, your Honor. I do know that Ralphs is a member of Certified. I cannot answer as to [fol. 1680] Safeway.

The Court: Now, as to Orange—Orange Empire, is that right?

Mr. Alsup: Orange Empire.

The Court: How about that, can the independents—do they become members and purchase through that organization, or do they just buy through them?

Mr. Alsup: I think they can become members, your Honor. I believe that was the testimony of the government's witness.

The Court: How about the chains, can they also go through——

Mr. Alsup: Oh, yes, your Honor.

The Court: That is what I thought. All right, go ahead.

Mr. Alsup: Now, we were talking about this—

The Court: I take it that all of these factors—it is your contention that all of these factors go into the question of taking the broad perspective of the market, or rather the section.

Mr. Alsup: Absolutely, your Honor.

The Court: To determine whether or not competition will be materially lessened, is that right?

Mr. Alsup: Absolutely, your Honor. I can see in Brown Shoe how a single independent shoe retailer, facing com-
[fol. 1681] petition with a shoe outlet across the street controlled by a national manufacturer might have great trouble getting his product in the same price range as the outlet of a national manufacturer.

But that problem does not face any of these retail grocers in this area who can belong to Certified, Orange Empire or Certified subsidiaries, Spartan—there are some qualifications—there is a qualification——

The Court: Before you give me those, let's see if I understand you. You are in effect saying that any independent, one store, can resort to purchasing power through these two organizations, Certified or Orange, is that right?

Mr. Alsup: Absolutely right, your Honor. And every single one of our single store operators, Joseph Goodnight, Cecil Dobson, Rudy Dahl, Raymond Elkins—I think we have 12 of them, your Honor—say absolutely there is no advantage that any of the chains can get, that he can buy at every bit as good prices—I mean I can put the products on my shelf every bit as well as any large chain.

The Court: Then the competition would become, I take it, in the seller rather than in the purchaser. is that right?

Mr. Alsup: That is right, your Honor. And here again are affidavits from, oh, countless retailers, single
[fol. 1682] store operators, small chains, larger chains, say there is no advantage when competition is on a store-by-store level.

The Court: Well, of course, I can see that counsel will probably contend that through the superior power of advertising, the media of reaching the public through radio, television, et cetera, that the combinaion gives the greater chain the more power in distribution, sales to the public. I assume that that is probably his contention.

Mr. Alsup: That is part of their contention, yes, your Honor.

And some of our retailers, single store operators, small chain witnesses, say yes, they have larger advertisements in newspapers, metropolitan newspapers, they have this

advantage. We have other advantages. And then they list them.

And the interesting thing about it is, your Honor, before the merger Von's advertised, Shopping Bag advertised, they both advertised in the metropolitan newspapers. The merger had no effect in that respect, except to permit some savings. And breaking up the merger isn't going to have any effect on the metropolitan newspaper advertising, except it will deprive these people of their savings.

Now, your Honor, we have referred to this statement on page 346 of 370 U.S. in the Supreme Court statement about the mathematical factors, such as possibly a company [fol. 1683] not being able to maintain its competitive position.

And we have shown through the Von der Ahe and through Shopping Bag—and now vice versa——

The Court: Just a moment. Let's see what is wrong with this modernized equipment here. This is a typical example of—we can't even have in the court room a piece of equipment that works correctly. And we are going to practically go to the moon tomorrow.

Mr. Alsup: I should have brought up some of my partners, your Honor, that have voices so they can talk so they don't need a telephone to talk to some of their clients.

The Court: Well, I suppose we will have to speak up, shut the equipment off. Speak up, the equipment is off.

Mr. Alsup: Now it will be shown by the affidavits of Mr. Hayden and Mr. Von der Ahe that Shopping Bag, for a three-year period, has been going through a period of declining net profits, despite increased sales, and that Mr. Hayden had perhaps expanded much too rapidly, and that he was running virtually a one-man show, and he was concerned about the future of the company because he had not provided for adequate management succession.

The Court: You are not now going to motive, are you?

Mr. Alsup: Not motive, your Honor. But I am going to a mitigating factor——

[fol. 1684] The Court: You are going to what you consider, I take it, would be circumstances that affect the picture, is that right?

Mr. Alsup: Circumstances which affect the picture, and particularly so since other companies at that time were

facing similar future problems—I am not saying they were identical, obviously there is no proof of that. But we do know that Boy's which had expanded very rapidly, starting in business in 1954 and getting to a 52-store chain by 1961, went into bankruptcy.

And the industry attributes that to too rapid expansion and inadequate management staff.

We know that Yor-Way, referred to in the affidavit of the government's witness, Joe DeSilva, started out in 1953, expanded very rapidly, and when its president, Jack Kennedy, died, Yor-Way immediately went into a financial decline and bankruptcy.

We know that McDaniels, which had expanded very rapidly in the fifties and had got up to a 24-store chain, when Boy's and Yor-Way went under and the creditors started pushing on McDaniels, they had to sell off several of their stores, and even that couldn't help, and McDaniels went into bankruptcy.

We are not saying that would have happened to Shopping Bag, but we are saying there was reason for Mr. [fol. 1685] Hayden's concern in 1959 and 1960. And this is a proper mitigating factor to take into consideration.

Now I am not saying, your Honor, if this merger were bad, if it actually led to complications——

The Court: Motive wouldn't affect it, wouldn't affect it at all.

Mr. Alsup: Motive wouldn't affect it in the slightest, your Honor.

The interesting thing is, your Honor, the government in its brief, and every government witness whom we deposed, flatly stated that since the merger of Von's and Shopping Bag, which occurred more than three years ago, there has been no lessening of competition, competition if anything has increased.

There is an interesting quote, and it is very short—if I may read it to your Honor—from the decision of the Aluminum Company case, a merger case, decided January 28, 1963, and reported in 1963 Trade Cases at paragraph 7653.

The court there said:

> "• • • The passage of almost three years from the time of acquisition to the time of trial would seem to

bring to light the anti-competitive effect of the same, if in fact it existed. Evidence to the contrary appears in the record. * * *"

Now counsel say, "Well, maybe this anti-competitive [fol. 1686] effect may show up in the future."

Well, Judge, all I can say is that we judge the future from the past. And their own witnesses admit the increased vigor of competition. Counsel in their briefs admit it, they admit there is no lessening of competition.

The Court: Well, how about his position that he is taking where he claims that the Brown Shoe case seems to indicate that that is not to be considered by the court?

Mr. Alsup: What he said, your Honor, is what the——

The Court: Isn't that what counsel said, did I understand him correctly?

Mr. Alsup: Basically, your Honor, that is what he said. I don't think he quoted the Supreme Court exactly correctly.

The Court: What is your answer to that?

Mr. Alsup: My answer is very easy, your Honor.

The Supreme Court said in the Brown Shoe, the remaining vigor of competition will not immunize a merger if—and this is a very important "if"—if the trend in that industry is toward oligarchy——

The Court: Whatever that means. What does that mean?

Mr. Alsup: All I know is this, your Honor, monopoly means a lot and so oligarchy means a few. And I [fol. 1687] know darn well that when we have 4500 different competing grocery concerns in this area, that is not oligarchy, or a trend to it.

The Court: Go ahead, counsel.

Mr. Alsup: Your Honor has indicated you regard the testimony of people familiar with the industry, active participants in the industry, of great importance.

The Court: Well, what I meant to say is simply this, counsel, that I have always considered a man of experience is far superior in his judgment than theoretical—any people, I don't care who they are, you can take the finest professor, Harvard professor, and he may be the leading authority on a subject, but I don't prefer him to do a serious operation on me as his first operation. I would prefer that he had at least a few.

Mr. Alsup: I couldn't agree with you more.

The Court: Because there is something about the practical aspect that you do pick up something, I don't know what it is, but you pick up something that the theorist doesn't get.

Mr. Alsup: That is for sure, your Honor.

The Court: Now, the theorists sometimes—the old saying is that what is good in theory must work in practice. Well, that sounds like a good statement but it just doesn't always work out that way.

[fol. 1688] Mr. Alsup: That is for sure.

The Court: So what I mean to say is this: I have the greatest respect for an educated mind. But an educated mind doesn't necessarily mean that the postulates upon which that mind works are correct, without the experience.

Mr. Alsup: I couldn't agree with you more, your Honor.

And just a simple example here I think illustrates the point. The government produced one witness, a man named Solomon Barondess. We took his deposition.

This is a man who has experience running a machine shop, running a hotel and a cigar stand, but with absolutely no prior experience in the grocery business.

And then he decides to go into the grocery business in 1958. He bought a tiny little grocery store up in Montrose. And he complained, when we took his deposition, he hasn't done as well as he expected to do.

Well, I would say no wonder. We have produced affidavits from people like Ted Wood of the Pantry Markets, who had spent 20 years with Alpha Beta learning the business, he decided to leave Alpha Beta and go on his own in 1954, and has been able to build up a 10-store chain, a very successful man.

We have another witness, also a graduate of Alpha Beta, Joe Goodnight, who was assistant to the president of [fol. 1689] Alpha Beta. He decided in 1960 to go into business for himself. He opened up his own market down in the City of Orange down in Orange County. And he is very successful, a very successful seven-store chain operator now.

Obviously there is no substitute for experience. And the man who lives in the business, worked in the business, in our opinion they are the best qualified men to judge,

from the standpoint of witnesses, the effect of this merger on competition.

And, as I say, every single one of our witnesses say there is not the slighest danger that this merger will lessen competition at all, or tend in any way to create a monopoly. There is no danger whatsoever that there will ever be a monopoly, or just a few, or even a few hundred groceries doing business in this area.

The Court: Well, as Judge Yankwich used to say in many of these opinion cases, his opinion was just about as good, he thought, as some of the experts.

Now, if an expert has had no experience in the grocery business, I at least have an advantage over him because I had had. I have at least been aware of the development of the community, being here many, many years.

But I am wondering if, since I have to finally decide the issues, if perhaps I am not just as qualified as an expert.

[fol. 1690] Mr. Alsup: Far more so, your Honor.

The Court: I don't say that, but maybe I am just as qualified to pass on these issues as some economist who has never been in the area.

Mr. Alsup: Your Honor——

The Court: I may change my mind, I don't know. But the only people I must admit were the greatest theorists in the world—but they had time and they lived in an era when they had, I am afraid, more brainpower than we have today—when the Greeks worked it out, they did it on mathematics. We are certainly not working on mathematics here. It is not a science.

Mr. Alsup: I have this feeling, your Honor——

The Court: It is a question of performance over a period of time under conditions, is that right?

Mr. Alsup: Absolutely, your Honor.

The Court: I have got to determine what that performance will be, now that there has been a merger.

Mr. Alsup: Right. I have this feeling, your Honor, the government counsel are from Washington——

The Court: Don't hold that against them, counsel.

Mr. Alsup: I don't critize them for that——

The Court: You know, we all once in a while have to go to Washington nowadays, particularly if you want to borrow money.

[fol. 1691] Mr. Alsup: Your Honor, I had to go back there

during the depression days to get a job. I enjoyed Washington. I am not criticizing. I enjoyed my days in Washington and learned a great deal.

But what I am saying is that their concentration argument is based on statistics gathered from the Bureau of Census in Washington, from statistics gathered from the Federal Trade Commission in Washington, and on statistics gathered from the Board of Equalization in Sacramento.

I say they could have made the same argument they are making here——

The Court: Well, the statistics, of course, may be worthwhile factors to consider. But the conclusions therefrom may be an entirely different matter.

Mr. Alsup: Absolutely.

The Court: So those statistics may be ever so reliable, but the conclusions, they are the problem.

Mr. Alsup: That is correct.

Recognizing the importance of the industry witnesses, your Honor, and I might say that was pointed out very emphatically several times in the government briefs, the importance of a retailer industry witness. And it is mentioned, of course, in the Brown Shoe opinion itself, the importance of these experienced industry witnesses.

We tried to get a representative cross-sample of [fol. 1692] the men who had been in the business in this area for a long time, or men who, after working for others for a long time, had started out for themselves and had been very successful as single store operators, and some have been able to and have expanded very successfully.

In other words, we got new entries into the business, people have preferred to stay single store operators. People have grown into small chains, people have grown into large chains, and we have got suppliers who deal with these grocers. We feel they are a most representative group.

And I want to say to your Honor very frankly that for the most part I do not regard the government witnesses, the government's industry witnesses as representative of this industry. Most of them, your Honor, ran small, tiny operations, the old tiny grocery store which I can remember—which actually, if there ever was a monopoly, probably enjoyed a monopoly far greater than anything could

be in the days before the automobile. There have been a number of disappearences of these very tiny operations.

But to compare a mom and pop grocery store operation with today's supermarket, whether it be run by a single store operator or a small chain or a large chain, to my mind does not give a representative picture.

As I say, there has been some disappearance of these small mom and pop stores, just as there has been a dis-[fol. 1693] appearance of the buggy makers and blacksmiths. This isn't something the chains have brought about.

A. & P. used to have 15,000 stores. It now has 4,000 stores and does five times the business.

The Court: Well, they got rid of their stores—where was it, New York?

Mr. Alsup: I think that was Safeway.

The Court: I guess that was Safeway. They decided that area was not profitable, so they left it.

Mr. Alsup: That's right, and there has been a trend, your Honor, from the small store, as you know, to the supermarket.

Mr. Von der Ahe's father had 87 stores in this area at one time which were later sold, I think there were 87, with a gross annual business of 3½ million dollars.

Compare that with the modern supermarket, a single store, which does that today, our witness Eugene Garson, with one supermarket out here, he does seven million gross a year.

As I say, the chain has not brought about the disappearance of the mom and pop store. The public has.

The Court: Well, counsel, I think you have to face up to it, that the chain has had its effect on the small store.

Mr. Alsup: Everything has its effect, your Honor.

[fol. 1694] The Court: And even the corner drug store, since it has become a place where you can buy everything from screw drivers to alarm clocks, it has had its effect on small hardware stores. I think we have to face up to the chains.

Mr. Alsup: I agree with that, your Honor.

The Court: That change has taken place. Now, if you want a pie or a prescription, you go to a drug store. And while you are there you buy a screw driver and a pair of pliers.

Mr. Alsup: Now since 1960 with all the discount houses entering the area, you can go in and get groceries, you can get everything, I think even up to tractors.

The Court: So we are in the age of movement.

Mr. Alsup: That is right.

The Court: Where we are going, I don't know, but we are certainly in movement. We are in orbit.

Mr. Alsup: Well, your Honor, we were furnished by the government an exhibit of a witness who they will call, Dr. Ward Jenssen, who has been studying this industry, and he has written a number of articles which we propose to offer as exhibits, predicting that by 1970 or 1975 the discount houses are going to put the supermarkets out of business.

The Court: Well, he may be right, he may be right.

Mr. Alsup: He may be right.

[fol. 1695] The Court: But on the other hand the supermarkets may put in the other items and put the discount houses out of business. We don't know.

Mr. Alsup: I will tell you this, from my study of the industry in three years, I am sure they will remain competitive, your Honor.

Your Honor, in reading the affidavits of the 30 government witnesses—I mean the statements as to what they would testify to if called, and in reading the brief that the government filed the other day, it seems to me that basically this is not an attack on the merger of Von's and Shopping Bag, it doesn't appear to be in essence. It is an attack on chains.

They tell us the chains can get into shopping centers and single store operators cannot do so. And the large——

The Court: Well, I think that is true——

Mr. Alsup: That is true.

The Court: —because of the fact that the average person who is going out to finance a deal on a center goes to an insurance company, and he likes to show a group of people who will go on the lease to make a good loan. Isn't that the situation?

Mr. Alsup: That is the situation, your Honor. Mr. Von der Ahe pointed out in his affidavit that Senator [fol. 1696] Engle, among others, has sponsored a bill in Congress which would guarantee a developer of a small

single store operator, and he thinks that legislation of that type would be desirable.

The important thing is, Von's could get into the shopping center before the merger, Shopping Bag could get into the shopping center before the merger. The merger had no effect on that situation.

The Court: That is just a question, it seems to me off-hand, without resolving it now, that it is a question of financial ability.

Mr. Alsup: Absolutely, your Honor.

The Court: The insurance company would naturally prefer, before lending a million or two million dollars, to have someone on the lease that looked as if it might be good for 25 years, rather than an individual.

Mr. Alsup: I would expect them to, your Honor.

The Court: That might even apply in the case of lawyers, counsel.

Mr. Alsup: It might, your Honor.

The Court: Maybe your firm might be able to get a much better lease than a smaller firm.

Mr. Alsup: They charge us more, too, your Honor. It is a continuing problem.

We are next told by the affidavits of the govern-[fol. 1697] ment's industry witnesses and the government's brief, that this merger is terrible because the chains can operate their own warehouse and this gives them an advantage not enjoyed by the single store operators.

Your Honor, both Von's and Shopping Bag, each of them before the merger operated their own warehouses.

And breaking up the merger isn't going to change that situation in the slighest.

The Court: Well, it would just add back one warehouse, wouldn't it? In other words, you are operating now under one organized warehouse, whereas you had two before, is that right?

Mr. Alsup: That is right, one warehouse has been sold off to a competing chain.

The Court: What the government, I take it, is saying is that all of these factors—not one, but all of them—go to make up the lessening of competition.

Mr. Alsup: No, they admit there has been no lessening of competition, your Honor, in their own brief and every

one of their witnesses admit that there has been no lessening of competition.

What they are saying—and I think you will get this——

The Court: Are you sure they admit that, counsel?

[fol. 1698] Mr. Alsup: Yes, your Honor, I am sure.

The Court: Let me ask counsel—let me interrupt—in your brief, do you admit this?

Mr. Coyle: No, your Honor, we never admitted that.

The Court: Well, again it is a question of interpretation. All right, go ahead, counsel.

Mr. Alsup: I think it is a flat statement, your Honor.

The Court: Read it to me. Because I think if they admit that, as soon as you find it—I would like to hear it at a later time. I thought I had read the brief, but I don't remember that.

Mr. Alsup: I think it is in the appendix to the brief, your Honor, the summary, if your Honor please.

If your Honor will turn over to page 20 of their brief, your Honor, they say:

> "* * * The chains have all the advantages over the single store operators because they can operate their own warehouses * * *"

And the point I was trying to make is that they both had warehouses before the merger, and any advantage the chains might have would not be changed by breaking up this merger.

They next tell us, your Honor, in what seems to me [fol. 1699] to be an attack on chains, and not on this merger, that:

> "* * * The chains can afford to advertise in metropolitan newspapers and this gives them a tremendous advantage * * *"

And this is something that you and I were talking about before. But both Von's and Shopping Bag advertised in the metropolitan papers before the merger. And breaking up the merger wouldn't change that situation so far as their industry witnesses are concerned.

Then they tell us, well, the chains have an advantage

in purchasing meat and produce and dairy products which cooperatives like Certified Grocers do not handle.

Well, if there is such an advantage, both Von's and Shopping Bag each had it before the merger. And breaking up the merger won't change that in the slightest.

And, of course, your Honor, our affidavits point out that is just not true in any event.

The Court: Well, there is, counsel—let's face it—there would be a certain amount of advantage in a well-organized, well-managed company of chains in purchasing power, not having to let someone else do the purchasing for them. I can see that there might be some advantage in that.

Suppose, for example, Safeway had a topnotch team of people to run the purchasing end of the business.

[fol. 1700] Mr. Alsup: Absolutely, your Honor.

The Court: That would certainly be an advantage, but it is one that comes about by brains.

Mr. Alsup: Absolutely, your Honor.

The Court: But is that within the scope of the thing that we are talking about?

Mr. Alsup: Oh, no.

The Court: Would it be something that would be encompassed in substantially lessening of competition, in other words?

Mr. Alsup: No, not at all, your Honor.

And interestingly enough, people experienced in the meat business, people like Joe Goodnight who left Alpha Beta, and people like Cecil Dobson, who is one of our witnesses, single store operators, they both say they can do much better than the chains in the purchase and sale of meat.

The Court: Well, I don't know about that, now, and I am not about to favor anybody, but do you know anything about Safeway's meat policy?

Mr. Alsup: No, your Honor.

The Court: Well, I want to tell you they have got a pretty good one.

Mr. Alsup: I know they have, your Honor.

The Court: It is pretty well recognized in this community, and anybody who doesn't know it doesn't know the [fol. 1701] grocery business.

Mr. Alsup: They have got a wonderful public image, no question about that.

The Court: That's right.

Mr. Alsup: I will say this, your Honor, I notice lately that Ralph's has moved into the—you can see it on both sides—packaging. And I am sure they have a very fine meat operation.

The Court: I am not passing on one or the other. We are talking about image of the public, in the public eye.

Mr. Alsup: Oh, no——

The Court: Safeway has certainly—this is not evidence in the case, it is just by way of discussion—Safeway has certainly created an image in this vicinity on meat.

Mr. Alsup: They certainly have, your Honor, no question about it.

The Court: I think some of my good friends in the grocery business have admitted it, if they were to discuss it.

Mr. Alsup: I have heard that many times, your Honor, and their image is meat is terrific.

The Court: And I believe I recall how it came about, counsel.

Mr. Alsup: I would be glad——

[fol. 1702] The Court: There was a very active vice president out here at one time who tried to get some meat and found out he couldn't get it at his own store. So he inaugurated a policy of good meat so he could buy at his own store. That is the story, anyway. It may be true, it may not be true. But that is the rule.

Mr. Alsup: There are many who have good meat. Safeway is excellent, there is no question about this, your Honor.

There are many housewives who have a feeling, "Well, I can get goods cheaper at a large chain like Safeway or Ralphs or Von's than I can at a single store operation." That is the public image.

It is usually not true, but they imagine it is and that imagine is the trend.

The Court: It sells merchandise.

Mr. Alsup: It sells merchandise. Just like the individual operator has his built-in advantages of being on the job, getting acquainted with customers, selling personality and

service and that is a very difficult thing for a chain to do, for the store manager, as your Honor knows.

The Court: Tell me, there is no involvement in this case—I hope not, anyway—of the fact of the chain stores having the greater capacity on leader items, things of that kind? That is not involved in this case at all, is [fol. 1703] it?

Mr. Alsup: No, your Honor, I don't think the question of loss leaders is in issue here at all.

The Court: I don't mean as such. But I mean in their ability to lessen competition.

Mr. Alsup: No, your Honor.

The Court: It is not involved in the case, as I see the pretrial order.

Mr. Alsup: No, it is not involved in the case at all.

Mr. Coyle: I should think it would be one of the peripheral elements that we will go into, your Honor.

Mr. Alsup: Well, if it were a peripheral element, we would be pleased to, because the single store operator, because they have flexibility of management, they can go next door and see what the chain is advertising or featuring, and come back and beat the chain.

So a chain to do that, you have to make it chainwide, because there are California——

The Court: They have purchasers, too, don't they? Do they still have purchasers that go around and make purchases, or have they quit that?

Mr. Alsup: I don't know if they have purchasers who go around and make purchases. I do know that they check one another's specials, go into the stores of one another, [fol. 1704] just like single store operators go into chain stores.

Mr. Von der Ahe, I am sure, could answer your Honor's question.

The Court: Well, maybe they will develop the—what do they call it when they run a surprise movie on television, what do they call that—surprise preview.

Mr. Alsup: Surprise preview.

The Court: Yes. Maybe they will develop surprise previews in the grocery stores.

Mr. Alsup: Well, the single store operator who doesn't have to go through a long chain of command can do that,

as our witness Joe Goldberg, who was formerly an executive of Alpha Beta, he points this out in his affidavit.

The Court: You know, counsel, these arguments remind me of nothing, we will say a railroad yard, such as in Chicago where there are thousands of tracks, and if you follow long enough you will come back to the main line. They all come back, really, each one, to the one proposition of: Was there a substantial lessening of competition—or might there—the word "may" is in the statute—may there have been a substantial lessening of competition.

It is really a factual question, isn't it?

Mr. Alsup: Absolutely, your Honor. And it is best resolved, in our opinion, by the testimony and the experience of the representatives and cross-samplings of the [fol. 1705] people who know the business in this area.

The Court: Have you, for example, either one of you, had any—I believe I remember you have affidavits from one of the Ralphs.

Mr. Alsup: Yes, your Honor.

The Court: How about Safeway, do either one of you have affidavits from Safeway, any members of the Safeway organization?

Mr. Alsup: No, your Honor.

Mr. Coyle: No, your Honor.

Mr. Alsup: Safeway has been involved in so much litigation in various places——

The Court: They don't care to get involved, I see.

All right, go ahead.

Mr. Alsup: Finally, your Honor, we were told in the government's brief that the small independent operator may be adversely affected simply because Von's got its stock listed on the New York Stock Exchange, and if so, this had "the illegality of a merger."

Now, how that could possibly affect a single store operator we don't know.

The Court: Is that in the brief? I didn't remember that.

Mr. Alsup: Page 27 of the brief, your Honor.

[fol. 1706] The Court: That sounds like a statement from Adam Smith.

Mr. Alsup: It did to me, too.

The Court: What page is that on?

Mr. Alsup: I have it noted on page 27, your Honor, line 12 to line 17—line 18.

Mr. Coyle: I think the whole sentence, your Honor, is clear.

The Court: All right. I will meet that problem when I come to it.

Mr. Alsup: May I check the brief, page 44, your Honor.

It seems to us that in this case, even though they do not use the words "per se," the government is relying on discredited and outmoded per se tests, because first they say Shopping Bag was a substantial competitive factor which has been eliminated.

The they tell us on page 44 of their brief that the test of illegality is not the elimination of competition by the acquired and acquiring concern, but rather it is the effect of the merger on the vitality and vigor of competition generally throughout the area.

Mr. Coyle: What line is it on page 44 of our brief, counsel?

The Court: What line is that, counsel?

[fol. 1707] Mr. Alsup: On line 5, they point out, your Honor—page 44:

> "• • • • Congress intended the validity of such combination was to be gauged on a broader scale than competition between the acquiring and acquired concerns. • • • •"

Then they refer to the American Crystal Sugar case and they quote from it at line 11:

> "No longer is elimination of competition between the companies themselves the test • • • •"

Mr. Coyle: I don't believe that is what counsel was quoting as having said a few minutes ago.

The Court: What is it?

Mr. Coyle: That is what we said, but that isn't what counsel quoted as having said a few minutes ago.

The Court: Well, I am hearing now what he is saying now. I have forgotten what he said a while ago.

Mr. Alsup: Perhaps I could get it, your Honor——

The Court: No, no. The thing that is confusing in this case, once in a while statements are being made, or questions put that are practically non sequitur. I don't understand.

If I am to consider this, that the competition between the companies has nothing to do with it, I think that is counsel's position, that is, the counsel for the govern- [fol. 1708] ment. I understood him that whatever may have been the competition between the two chains involved here—if you can call them chains—is of no materiality.

Mr. Alsup: We think it is relevant.

The Court: Isn't that his position?

Mr. Alsup: I think his position is peripheral, your Honor.

The Court: No, he is saying that you have to go to the whole segment of this area.

Mr. Alsup: Yes, that's right.

The Court: Take it from the over-all picture, whether or not it tends to lessen the competition in the whole area.

Mr. Alsup: Yes.

Mr. Coyle: If your Honor please, I think I can clear this up. I think there is a premise that goes before that. Once you establish a line of commerce in a section of the country, and establish, as we have in the pretrial order——

The Court: There is no question about the line of commerce, nobody disputes that.

Mr. Coyle: There is no question either as to, in the pretrial order, that the leading chains in the area, including the two defendants, competed intensively with each other in that line of commerce in that section of the country.

[fol. 1709] The Court: I remember that, I remember that in the pretrial order.

Mr. Coyle: And once that is established, then the test is the importance of these two defendants in that line of commerce in that section of the country.

In other words, it isn't merely the elimination of competition between them, it is the removal of one of these factors, competitive independent factors from the over-all line of commerce.

The Court: Well, I think, counsel—I may be mistaken—but I think in some respects that you may be in a trap

on that provision, if that is to follow, that is, if you are to concede that what counsel has just said.

Mr. Alsup: I don't concede it at all, your Honor. The words "intensive competition" were discussed by government counsel, Mr. Bates of the firm of Johnson, Bates & Sheffield, Mr. Vaughn and myself. We agreed to it, their complaint alleged it, our answer admitted it.

Where there was competition, your Honor, we agreed that it was intense. But that doesn't mean extensive.

The Court: Well, all right. But let's take that statement—will somebody give me, please, the paragraph number of that statement?

Mr. Coyle: Your Honor, paragraph 46, I think.

The Court: Paragraph 46.

[fol. 1710] "In 1958 the 20 leading chains of supermarkets in the Los Angeles area, including the two defendants in this action, competed intensively with each other and with other grocers and firms engaged in the purchase, distribution and retail sale of groceries and related products in the Los Angeles area. * * *"

I take it that means the metropolitan area.

Mr. Coyle: That is correct, your Honor.

Mr. Alsup: Correct.

The Court: Now, what one of you is saying, in effect, is putting the fillip—the government counsel is putting the fillip on this which would practically eliminate the question of competition by saying that this means that you have conceded that these two chains, the two defendants here were engaged in competing with each other and with everyone else.

Mr. Alsup: Wherever a Von's and Shopping Bag store, your Honor, could serve identical customers, there is no doubt that competition was intense.

The Court: Yes, but the point, counsel, is in many areas they were not competing insofar as the area——

Mr. Alsup: That is right.

The Court: That is not the broad area, not the region.

[fol. 1711] Mr. Alsup: That is right.

The Court: But in the vicinity, we will call it.

Mr. Alsup: That is right.

The Court: For example, say Maywood—I don't know whether they had both stores there or not.

Mr. Alsup: Yes.

The Court: Say Maywood. Now, they may be within a block or two of each other, competing, or a few blocks.

Mr. Alsup: Yes.

The Court: But where one is in, say, Anaheim and another in, say, Beverly Hills—just using this as an example—then is this statement meaning that they were intensively competing with each other?

Mr. Alsup: No. Obviously, your Honor, we would never agree that the Von's Store in Beverly Hills competed with a Shopping Bag Store out in Lancaster.

Your Honor, we have spent an awful lot of money having studies made to show the very little overlapping of competition. Where they were competing, they competed intensively.

Now, your Honor, before the merger they competed for new locations wherever one might be available. And I am sure that they competed intensely.

But when you talk about competition between one re- [fol. 1712] tail store and another, I trust I was not stupid enough—and Mr. Bates and Mr. Vaughn with me—to agree that a grocery store in Beverly Hills competes with one in Anaheim.

The Court: Well, the question is, does this statement mean that? What do you say?

Mr. Coyle: It can only mean one thing, that the chains, the Von's chain competed with the Shopping Bag chain intensively in the Los Angeles area, that there were enough Von's stores and enough Shopping Bag stores in the area that they were an important enough factor in the area and they were doing enough advertising and were spread out in enough different areas in the over-all area of the community so that the two chains were competing intensively with each other.

And we by-passed this issue of proving competition as to individual stores. That is all this paragraph can mean.

Mr. Alsup: Now, your Honor——

The Court: What do you say to that, counsel?

Mr. Alsup: I say that this is an afterthought on government counsel's part, your Honor, which violates, in my

opinion, the terms of the pretrial order negotiated in good faith. And I can demonstrate it——

The Court: Well, now, before we do that, let me ask you this—you know, when I read this over, I was concerned about this paragraph, because if you take the plain [fol. 1713] language, it says that the 20 leading chains of supermarkets in the Los Angeles area, including the two defendants in this action, competed intensively with each other and with the other grocers and firms engaged in the purchase—and so forth—in the Los Angeles area.

Now, I am wondering if the plain English there doesn't connote what government counsel says it does.

Mr. Alsup: If it does, your Honor, we were derelict.

The Court: Well, it is never too late to be relieved, you know, counsel, if you feel that something in the pretrial— —

Mr. Alsup: I would like to add a qualification, your Honor, because——

The Court: I am not suggesting that the pretrial order be amended, but I think it is within the power of the court, if there has been inadvertence or mistake—I haven't yet interpreted this, but I am beginning to believe that the interpretation of the government may be right, it may be so considered on appeal.

And I am wondering if——

Mr. Alsup: I would like to have it corrected then, your Honor.

The Court: Well, I want you to consider it— don't just do it on my say-so. I may be in error about it. [fol. 1714] But government counsel is contending that, is that right?

Mr. Coyle: Yes, your Honor.

Mr. Alsup: Then I will want to correct it, your Honor. And I will tell you why, your Honor. The dictionary, Webster's Dictionary definition of intensive is—one of them is "opposed to extensive." Now——

The Court: Where did you get that from, the dictionary?

Mr. Alsup: From my good friend, Mr. Bates, who took it out of Webster's Dictionary.

The Court: I see.

Mr. Alsup: It is something of a problem for the court, I might say, your Honor——

The Court: Well, if you are satisfied with it, counsel, it is perfectly all right with me, but——

Mr. Alsup: If you have a question, someone else might, your Honor. And I would want to have it corrected.

The Court: Well, I may be entirely in error, but I know that when I read this, I had read it hurriedly prior to this time, but I have not read it with quite the understanding that I had this last reading. When I struck that paragraph, it caused me to halt, hesitate and think.

And I was wondering then if it meant that this was an admission that you were actually in competition—whether you call it intensively or extensively in competition at all—[fol. 1715] with, between Von's and Shopping Bag, insofar as the line is concerned, the line of commerce.

Now, let's don't get this case off on the wrong foot and have to go up and come back again.

Mr. Alsup: No.

The Court: Because there is a misunderstanding of the word "competition."

Mr. Alsup: Your Honor, I would like to make a motion to amend the pretrial order under those circumstances because when this applies, say, at the time we entered into these negotiations for the pretrial conference order with government counsel, we had spent several thousand dollars having studies made to show the extent of overlap between trading areas, between particularly Von's and Shopping Bag stores.

We had consistently contended in our statement, our contentions of fact and law and elsewhere, that there was hardly any overlap in their trading areas.

We think government counsel interpreted that just as we did. And let me tell you why——

The Court: What was that interpretation?

Mr. Alsup: The interpretation is wherever they did compete in fact that competition was intense.

The Court: Well, that isn't what it says.

I think what we had better do, we are about at the [fol. 1716] recess time, it is 10 after 3:00, maybe you and counsel on the other side had better confer.

I am not suggesting anything, except the question comes into my mind whether or not this is going to become a stumbling block in the case.

Mr. Alsup: Yes.

The Court: We want to decide this case on clear-cut issues.

Mr. Alsup: No question about it.

The Court: So that the higher court may also decide it on the findings which will be clear-cut. And I am wondering if we don't have a problem here in paragraph 46.

Mr. Alsup: Your Honor——

The Court: What do you think, counsel?

Mr. Coyle: Your Honor please, I don't believe there is any problem, if this paragraph means what it says——

The Court: Well, it is all in your favor so there is no problem. That is what you are saying.

Mr. Coyle: We pointed this out to defense counsel a year ago January, told them that if they wanted to amend the pretrial order, they should amend it then.

The Court: Well, don't I have the power at this time to permit an amendment.

Mr. Coyle: The court always has the power, of course.

[fol. 1717] The Court: Yes. Well, it may be, it is very late in the day but it is never too late to call out the fire department if you have a fire, isn't that right?

Mr. Coyle: You asked me my position.

The Court: Yes. You are opposed to it.

Mr. Coyle: Yes, your Honor.

Mr. Alsup: Your Honor, can I mention one thing before proceeding, your Honor?

The Court: Yes.

Mr. Alsup: After this pretrial order was signed and filed——

The Court: Well, let me ask you this before you say anything. Are you concerned about it, counsel?

Mr. Alsup: Yes, we are.

The Court: Well, I think you had better—I think we had better take a recess and you had better consult with your associate counsel, and if you desire to, then maybe consult with government counsel, and at the proper time I will rule on anything you present.

But I may be in error in my interpretation, but I am afraid I may be interpreting it the same way the government does.

Mr. Alsup: Well if you might, the higher court might.

The Court: Could be. It could be possible that [fol. 1718] the higher court might go along with my thinking.

Mr. Alsup: The next time when I negotiate with government counsel, your Honor, I will get a book on semantics.

The Court: Well, you would like to think it over?

Mr. Alsup: Yes, I would like to, your Honor.

The Court: Well, let's take about a 15-minute—15 minutes is ample, isn't it?

Mr. Alsup: Oh, yes, your Honor.

The Court: We will take a 15-minute recess.

(Short recess.)

The Court: All right, proceed.

Mr. Alsup: If the court please, I respectfully move, in the interest of manifest justice, that paragraph 46 of the pretrial order, which is on page 8 at line 23, be amended.

The Court: Page 8?

Mr. Alsup: Yes, your Honor.

The Court: All right.

Mr. Alsup: Be amended by adding thereto, changing the period on line 23 to a semi-colon and adding the following words——

The Court: Let's see, where would the semi-colon go? After "area"?

[fol. 1719] Mr. Alsup: Yes, your Honor.

The Court: I see.

Mr. Alsup: "But defendants contend that there was not substantial competition——"

The Court: Just a moment, counsel, I have lost my tablet here.

Mr. Alsup: I beg your pardon.

The Court: Here it is. Go ahead.

Mr. Alsup: "But defendants contend that there was not substantial competition between Von's——"

The Court: ". . . there was not substantial——"

Mr. Alsup: "—competition—"

The Court: "—competition—"

Mr. Alsup: "—between Von's and Shopping Bag as such; that is, that there were very few Von's and Shopping Bag stores which were near enough——"

The Court: Wait a minute, counsel, I don't take shorthand.

"—that there were very few Von's and Shopping Bag——"

Mr. Alsup: I beg your pardon. "—stores—"
The Court: "—stores—"
Mr. Alsup: "—which were near enough——"
The Court: All right.
Mr. Alsup: —"to each other to be in competition [fol. 1720] for the same customers."
The Court: Well, let's see if I have it now. You are moving that on line 23, after the word "area" there be put a semi-colon.
Mr. Alsup: Yes, your Honor.
The Court: And that the pretrial order be amended by inserting at that point "but defendants contend that there was not substantial competition between Von's and Shopping Bag as such; that is, that there were very few Von's and Shopping Bag stores—" is that right?
Mr. Alsup: Yes, your Honor.
The Court: "—which were near enough to each other to be in competition for the same customers."
Mr. Alsup: Yes, your Honor.
The Court: What is the government's attitude?
Mr. Coyle: Your Honor, I am opposed to that. This is a stipulation, I wouldn't stipulate that in any way, shape or form.

And I would object to amending this pretrial order at this late date in the middle of trial. Our whole trial preparation has been gauged to refute this pretrial conference order. We have stipulated to this pretrial conference order and that these defendants competed intensively in the Los Angeles Metropolitan Area and in that section of the country. I just couldn't. I think it would be manifestly [fol. 1721] unjust to expect us to go forward with this expedited procedure at this late date. This is a new issue in the case. We said this in December 1961. We have been saying this to defense counsel, that it is not an issue any longer.

Now for them to come in at this late date, after the trial has been going on for approximately six hours, to come in here and say that it is manifestly unjust——

The Court: First of all you are refusing to stipulate. That is your privilege.

Mr. Coyle: That is correct, your Honor.

The Court: And the next thing is, what do we do then with paragraph 46?

On what ground is your motion based, counsel? Is it through inadvertence?

You say it is manifestly unjust—that is some of the broad terminology.

What specifically is the reason for your moving at this time? I mean no criticism of you, because I can see how there could be a misunderstandnig over this paragraph.

Mr. Alsup: There clearly was a misunderstanding, your Honor, and that is one reason why, on November 1, 1962, in an effort to resolve this problem, we filed a motion for a further pretrial conference and notice of motion for a statement and memorandum of points and authorities in support of the motion. So that this issue could have been [fol. 1722] resolved at that time.

The Court: That is probably my fault, I didn't grant you that, did I?

Mr. Alsup: Your Honor suggested it be resolved at the time of trial.

And an additional reason, your Honor, is this: After the pretrial order had been agreed to by both parties—and I can say to the court that my understanding conforms exactly with that of Mr. Bates and with Mr. Vaughn as to what we intended by this word "intensive"—and we believe the government with our interpretation for these reasons——

The Court: In other words, counsel, what you are saying is, in your opinion there has been a misunderstanding.

Mr. Alsup: That is correct, your Honor.

The Court: Don't you think there has been a misunderstanding, Mr. Coyle?

Mr. Coyle: I am not going to dispute Mr. Alsup, if he says there has been a misunderstanding——

The Court: Well, Mr. Coyle, your interpretation has been literal, is that right?

Mr. Coyle: My interpretation is always literal.

The Court: Well, now, "always" is a mighty big word.

Mr. Coyle: Almost always.

The Court: That is reserved for song writers, [fol. 1723] "always."

Mr. Alsup: May I point out——

The Court: Because—let me just finish.

Mr. Alsup: I am sorry.

The Court: The word "intensively," what is your interpretation of the word "intensive."

Mr. Coyle: It means that they are in strong competition between the defendants in this area.

The Court: Well, let's put an interpolation there.

Your interpretation, as I gather it, is that there is strong competition between the two defendants and the other members of chains and between the defendants themselves.

Mr. Coyle: That is correct, your Honor.

The Court: Well, there is the problem. There is the problem. That word—I can see what your point is, that it would open up an issue now that will have to be tried as to what is competition between these two groups.

Mr. Coyle: That is correct, your Honor.

The Court: Which is Shopping Bag and Von's. But I think now is the time to do it rather than have it go up and come back, is that right?

Mr. Coyle: Yes, that is up to your Honor.

The Court: Counsel, may I—my purpose here, as [fol. 1724] I understand, is to try to bring about justice.

Mr. Coyle: Yes.

The Court: Try to bring about a complete examination of all of the facts and arrive at a just decree.

Now, don't you think that under the circumstances that I am more or less compelled to do something?

Mr. Coyle: Yes, your Honor. I think they brought it up too late. It may be that it comes at a point when a party has waived their right to come in here and amend these pretrial conferences——

The Court: In this court it is pretty hard to waive a right, counsel.

Mr. Coyle: I agree with your Honor, I think that that is true.

On the other hand, it may be that we are going to have to get some additional evidence and——

The Court: Well, I can see how that may occur.

Mr. Coyle: Yes.

The Court: I can see that.

Mr. Coyle: Yes.

The Court: As I understand it, you are taking the position, though, as a legal matter, that the competition between the two groups of stores is of no moment.

Mr. Coyle: Between the—no, no, I am taking the position as a legal matter, once we establish a line of com- [fol. 1725] merce and section of the country and establish these two chains were competitive factors in that line of commerce in that section of the country, and that they competed intensively with each other and with other chains, then you don't look at——

The Court: I know, but now you have inserted something. You said as long as they compete intensively with each other.

Mr. Coyle: Yes.

The Court: But the point I thought you were making is this, that we have a Metropolitan Area.

Mr. Coyle: Yes, that is true, your Honor.

The Court: And that all of these 20 leading chains, including the two defendants here, were competing with each other.

Mr. Coyle: That is right.

The Court: Meaning they were competing with the other members of the chain and with each other, to-wit: Von's and Shopping Bag.

Mr. Coyle: That is correct, your Honor.

The Court: Now, counsel comes forward and says the fact is that in many instances they were not actually in competition with each other.

Now, this again is a question of semantics, whether you mean the over-all picture or whether you mean just the [fol. 1726] competition between store-to-store.

Mr. Coyle: I think it is counsel who have the semantics. They say there was no competition between the chains or between the stores.

The Court: Oh. I don't think they are saying that. I didn't understand that.

Are you saying that, counsel?

Mr. Alsup: No, your Honor. We have prepared maps previously and furnished them to the government long before the pretrial order——

Mr. Coyle: No, your Honor——

Mr. Alsup: —showing that there were some over-lapping trading areas.

The Court: Now wait a minute. Perhaps I misunderstand you again.

I thought it was conceded by both that as an area, or a sector, or, to-wit, the Metropolitan Area, that all of these were competing in that area as a whole.

Mr. Alsup: That is right.

The Court: No question about that.

Mr. Alsup: No question.

The Court: But I also understand you to mean that you are contending that there was a substantial amount—or not a substantial amount of competition between the stores of Von's and Shopping Bag.

[fol. 1727] Mr. Alsup: That is correct, your Honor.

The Court: Now this, as I read this statement, Paragraph 46, I think I would interpret it to mean that you have said that there was intensive competition between Shopping Bag and Von's. Do you so interpret it?

Mr. Coyle: That is right.

The Court: Now, if we do do that, it may be that we might be right in our interpretation.

Mr. Alsup: That is the reason I made the motion, your Honor.

The Court: But I can't make him agree to it, counsel.

Mr. Alsup: Oh, no, your Honor.

Can I say, in response to counsel's statement that they will have to revise their case and so forth, can I make a statement?

The Court: Yes.

Mr. Alsup: After this pretrial conference order had been agreed to which contained that language, two months after, counsel furnished to us exhibits prepared by their expert witnesses, Professor William Brown and Dr. Ward Jenssen, purporting to show that there were substantial over-laps between particularly Von's and Shopping Bag stores trading areas.

Why, if they interpret the pretrial order as they [fol. 1728] do now, did they give us those exhibits after the pretrial order?

Secondly, your Honor, in June of 1961—again after the signing and filing of the pretrial order, they filed a brief

before trial, and they argued in that brief that there was a substantial overlap.

In December of——

The Court: What is the brief you are referring to now, which one, counsel?

Mr. Alsup: June 1961 is the——

The Court: I have June 7—22nd—that is not the one—I have it here. Jut a moment. It is June——

Mr. Alsup: June 17th.

The Court: I have it filed the 11th.

Mr. Alsup: That may be right.

The Clerk: There was one filed on the 20th.

The Court: No, I am talking about the government's trial brief. It says—it is marked in here in pencil—what does your record show, Mr. Clerk?

The Clerk: June 20th.

Mr. Alsup: June 20, 1961.

The Court: Take the record, Mr. Clerk, and compare this with it and put the right file date on there, will you, please.

The Clerk: That is not the same brief. They [fol. 1729] must have filed two briefs. This one is entitled "Brief Before Trial."

What is the caption on it, "Brief Before Trial" or "Trial Brief." There are two of them.

The Court: I have Government's Trial Brief.

Mr. Alsup: We have our first——

The Court: See if it is the same one.

The Clerk: No, it is not.

The Court: That is strange. I have read the other brief.

Mr. Alsup: These briefs were filed to other judges, your Honor.

Mr. Coyle: These were briefs filed two or three years ago, your Honor.

The Court: I see, I see. That is the reason——

The Clerk: Oh, this is the 1960 brief, this was filed——

The Court: Yes. I haven't gone back and read everything in the file.

The Clerk: That is the '61 brief.

Mr. Alsup: No, no, I fully appreciate that, your Honor. That is the reason we furnished briefs——

The Court: You are referring back to a brief that was filed when it was filed before Judge Mathes?

Mr. Coyle: I believe it was still before Judge
[fol. 1730] Mathes. it may have been transferred to——

The Court: Yes, it was before Judge Mathes. I have that brief here now.

Mr. Alsup: The point I am trying to make is after the pretrial order had been filed, this brief was filed.

And on page 17 of that brief they say:

> "* * * By virture of their geographic proximity 18 Von's stores and 24 Shopping Bag stores, or over 50 per cent of all stores, either operating or planned by both companies on March 28, 1960, could serve identical customers * * *"

Obviously they were talking about the extent of the competition between Von's and Shopping Bag.

Then in December of 1961, your Honor, almost eight months after the pretrial order was filed, the government filed a motion for summary judgment—I should say first their motion for summary judgment, I believe that was in December of 1961—it could have been December of 1962—however, I have lost track of time——

Mr. Coyle: It was December 1961, your Honor.

The Court: It must have been 1961 because it was in my court in '62.

Mr. Alsup: I see.

In that—I am not quoting verbatim, your Honor—in that motion for summary judgment they say, because [fol. 1731] they were arguing the per se test, the extent of competition between Von's and Shopping Bag stores may be an issue of the trial, but it is not relevant on our motion for summary judgment.

And as for their exhibits—and Mr. Vaughn, would you hold up one of the typical ones there—our exhibits, they said there in that motion for summary judgment, we would object to the introduction of these exhibits in the trial——

The Court: Pass that to me, please.

(Document handed to the court.)

Mr. Alsup: —unless they are supported by affidavits from which we could determine whether or not cross examination is necessary.

And I say to your Honor that in my opinion they in-

terpreted the pretrial order as we did at that time. I believe this is an afterthought.

But if it can be interpreted that way, I believe this, in the interest of justice, our motion to amend should be granted.

The Court: Well——

Mr. Alsup: I might say, your Honor, counsel has advised me that if this evidence is admitted, these experts, Dr. Jenssen and Dr. Brown, who have been working on this for them, he proposes to call them in rebuttal and they are prepared.

[fol. 1732] Now why this would delay the trial I don't know.

The Court: Well, let me hear from counsel. Take the lectern there, will you, please—is this working now—all right. I guess you can stand there.

Mr. Coyle: If your Honor please, counsel has mentioned this exchange of exhibits, going back to June, I think it was, of 1960——

The Court: First let me ask you a question—maybe we can trim this down, reduce it down to its lowest common denominator, rid ourselves of any more semantics than we have already had.

First of all, you say you made a mistake, you thought that we were going on the theory that it was a part of the stipulation that there was intensive competition as between Von's stores and Shopping Bag stores, is that correct?

Mr. Coyle: I say that somebody made a mistake. I don't say that I made a mistake.

The Court: I mean you have been working on that theory.

Mr. Coyle: I have been relying upon this pretrial order as it was written. It has been amended twice.

The Court: Now, counsel, let's get down to specifics. I am talking specifically about Paragraph 46. Nobody is questioning your good faith at all. We are trying to [fol. 1733] solve a problem, that is all.

But as I understand your position, you are now contending that Paragraph 46 precludes counsel from raising the issue of competition between Von's stores and Shopping Bag stores.

Mr. Coyle: Yes, your Honor, just as I did a year and a half ago.

The Court: I see. Now, as a matter of law are you contending that that would not be relevant evidence—never mind this provision in the pretrial order, and let's assume it were not there—would it be relevant for counsel to produce evidence to show there was no competition, or there was so much competition as between Shopping Bag and Von's, absent Paragraph 46.

Mr. Coyle: I wouldn't want to stake the case on my contention on that basis.

The Court: You are not staking the case, counsel. I am just asking——

Mr. Coyle: I would contend that when they conceded that the relevant section of the country was the Los Angeles Metropolitan Area, for the purposes of judging the impact of this merger, that they then conceded that Los Angeles Metropolitan Area was the effective area of competition for these chains. And I think this——

The Court: Well, counsel, that is the whole pic-
[fol. 1734] ture.

Mr. Coyle: And I think that——

The Court: I concede more or less that you are correct in that contention, that looking at the contention as a whole, that is the line of commerce in the Metropolitan Area, that part is fine.

But do you say that it would be improper for me to permit testimony—absent Paragraph XLVI—as to the lack of competition, or competition as between the Von's stores and the Shopping Bag stores?

Mr. Coyle: I think that after having stipulated as to the section of the country being the Los Angeles Metropolitan Area, it would be improper to admit evidence as to competition in the——

The Court: Why? Why?

Mr. Coyle: Because the area of competition means the area in which these two firms compete effectively with each other.

The Court: Well, if that is the rule, if that is the rule then counsel's argument practically obtains, and that is, you are practically saying per se that this is——

Mr. Coyle: I am saying——

The Court: —this is an illegal merger.

Mr. Coyle: I am saying that these defendants stipu-

lated the line of commerce and the section of the [fol. 1735] country and that they competed intensively with each other, and that is two-thirds——

The Court: No, counsel——

Mr. Coyle: —and that is two-thirds of our burden.

The Court: Counsel, I am talking about absent Paragraph XLVI.

Now, let's assume it is out of the pretrial order, it is taken out. And you are now at trial without it.

If counsel offers evidence to show that there was not any competition, or there was very little competition between the Von's stores and the Shopping Bag stores, you say you would object to that testimony, is that correct?

Mr. Coyle: On the basis that they have already stipulated to the line of commerce and the section of the country.

The Court: On the line of commerce only.

Mr. Coyle: And the section of the country.

The Court: And the section of the country. So you would say that they are precluded from showing, as a matter of law, that there was no competition, or little competition between the two chains?

Mr. Coyle: But I would also——

The Court: That is what you are saying?

Mr. Coyle: I would also want to preclude their [fol. 1736] introducing evidence on the subject of competition between——

The Court: Well, I assume you would do that if the court ruled against you, you certainly would go out and produce evidence, if you could, to the contrary.

Mr. Coyle: Yes, I think much more than I would——

The Court: But that is not what I am talking about. I am talking about as a question of law. Now I am trying to get this case in a posture to where both sides will receive a fair trial.

Now, if this evidence is admissible, then counsel should not be precluded from putting it into evidence by mistake or misunderstanding over a provision in the pretrial order.

Now you agree with that, don't you?

Mr. Coyle: There is no question that we are trying to get at the truth here, and justice.

The Court: So that if there has been a mistake, and

as a matter of law this testimony would be admissible, then there ought to be a change in paragraph 46.

Mr. Coyle: I have no doubt about that. On the other hand——

The Court: Counsel, you—an admission in this court will not hurt you, believe me. It is not going to lose you the case, so don't be afraid to just frankly agree with something. It isn't going to win or lose the case for you. [fol. 1737] But this is only in the interest of fairness that I am trying to work this out.

Mr. Coyle: Yes.

The Court: I would do the same for you.

Mr. Coyle: Yes. I really resent some of the things that defense counsel is saying. I believe myself that——

The Court: Oh, well, after the case is over you usually get over those things, so don't let it worry you. You might be partners next year, you can't tell.

Mr. Coyle: Might be, your Honor.

The Court: That is something that clients can never understand, after lawyers call each other the names they do, they walk out in the hall and say, "Let's go have a light drink together," or something, they don't understand how quickly they can make up. So let's don't worry about the personal side of it. Let's worry about justice.

Well, I am disposed, counsel, to permit some kind of change in the pretrial order. But I can't compel a stipulation. And I think we ought to decide, as a matter of law first, whether or not that type of evidence would be admissible. And I think that will resolve the question.

What do you think, defense counsel?

Mr. Alsup: I believe it is admissible, your Honor, and I request this amendment, of course——

[fol. 1738] The Court: I know. Now——

Mr. Alsup: I believe it is admissible.

The Court: Under what, under the Brown Shoe case?

Mr. Alsup: The extent of overlap, your Honor, I think really does go to one of the peripheral issues, because the court has pointed out it is not the competition between the acquiring and acquired concerns which is the test, it is the effect on competition generally.

If I were a court, however, I would like to know if the companies which merged had stores, many stores, one on

one corner directly opposite the store of the other on another corner, I might feel that there was an anti-competitive purpose in the merger.

I do believe that it is one of the peripheral issues in the showing of a lessening of competition between the two, while relevant, is not the true test. You must show a lessening generally throughout the Metropolitan Area. But certainly I believe it is relevant.

The Court: Well, here is the problem I think that may be—one of the inherent problems in the case. In the Brown Shoe case you had both the vertical and horizontal problem.

Mr. Coyle: That is correct, your Honor.

Mr. Alsup: That is correct.

The Court: Now, in this case, I believe it is [fol. 1739] clearly understood we have only one problem, is that right?

Mr. Alsup: That is correct.

The Court: To-wit?

Mr. Alsup: Horizontal.

Mr. Coyle: Horizontal.

The Court: Horizontal, no vertical problem here, is that right?

So much of the language that we have referred to in the Brown Shoe case relates to the vertical problem, is that correct?

Mr. Alsup: That is correct, your Honor, even when they discuss the horizontal phase it relates back to the vertical.

Mr. Coyle: I wouldn't agree to that, your Honor.

The Court: Well, I think what we have to do is resolve the question of whether or not that evidence is admissible. And if it is admissible, then I think I have to permit some kind of an amendment in the pretrial order.

In other words, it would work in this way, it would permit both parties to present evidence, if they desire—if they could not stipulate—as to the relevant competition between the stores of Von's and Shopping Bag.

Mr. Alsup: We prepared, your Honor—I might say we had a hearing for several hours on the government's motion for declaratory restraining order. They produced [fol. 1740] their economist who testified and produced a number of exhibits, introduced a number of exhibits, and every one of those exhibits went to this question of overlap.

Mr. Coyle: May it please the court, that was long before any cases were decided.

The Court: That was before the Brown Shoe case came down. Judge Mathes, as a matter of fact—that was before the Brown Shoe case came down.

Mr. Alsup: That is correct, your Honor.

Mr. Coyle: It was also before the pretrial order.

The Court: Well, I would like to have this resolved, this point resolved. Can we go on with the rest of the case and leave this until morning, and let you gentlemen sleep over it?

Mr. Coyle: Yes, your Honor. One thing I would like to mention, if we lose this Paragraph XLVI, it may be we are going to have to present some evidence as to market shares in some of these communities.

The Court: Can't you stipulate to those things, counsel?

Mr. Coyle: I think they will be hard to stipulate to, your Honor.

Mr. Alsup: I don't think, your Honor, market shares in a particular community, when we have agreed to the relevant section of the country is the Los Angeles Metro-[fol. 1741] politan Area, has any bearing. It seems to me that counsel anticipates, when we filed our motion for the further pretrial order and you indicated we could resolve the question at the time of trial, they have been prepared and I believe they have Dr. Brown in the court room today.

The Court: How much evidence do you have already as to this overlap, or lack of overlapping as to the Von's and Shopping Bag stores?

Mr. Alsup: We have a survey covering——

Mr. Vaughn: Six expert witnesses, your Honor.

The Court: That is already before the court, isn't it?

Mr. Alsup: We haven't offered it in evidence.

The Court: I mean but you are prepared to offer it.

Mr. Vaughn: Yes.

The Court: That is what I meant. You are prepared on that basis.

Mr. Alsup: That is right, your Honor. And so have they prepared on that basis.

The Court: Well, I tell you what I think I am going to do. My experience is that you get nowhere in conference. I never could accomplish anything in conferences. If you

sit down and study, you can usually work these things out, and they are usually very simple.

[fol. 1742] And I would just like to leave it with you, leave the suggestion with you and you can think it over, suppose—well, it is rather difficult to do, but just along the line I was thinking, on line 20—I will start at the beginning, line 19:

"In 1958 the 20 leading chains of supermarkets in the Los Angeles——"

I take it that means the Metropolitan area—then strike out "including the two defendants in this action" and leave it "* * * competed intensively with each other and with the other grocers and firms engaged in the purchase, distribution and retail sale of groceries and related products in the Los Angeles area * * *"

Then would that not leave open to have evidence offered as to the defendants?

Mr. Coyle: I don't think so, your Honor, because the defendants in this action were among the 20 leading chains.

The Court: Well, then, you will have to—I am merely showing you that—you can add then the reservation, however, that the—with the reservation that either party may be permitted to introduce evidence and proof concerning the competition as between Von's and Shopping Bag.

Mr. Coyle: Then the stipulation is meaningless.

The Court: Well, it is meaningless but at least it [fol. 1743] puts it in the position to where—it is not meaningless as far as the whole is concerned.

Mr. Coyle: As far as I can see, it is meaningless.

The Court: I don't quite agree with you. Maybe you are right.

Mr. Alsup: The problem here, your Honor, is—Mr. Bates and Mr. Vaughn and I thought we were very careful in Paragraph XLVI——

The Court: Counsel, don't take this as a personal matter——

Mr. Alsup: No, no, your Honor.

The Court: Because I can easily understand, sitting up here it is easy for me to understand how the both of you, on both sides, could have misunderstood the situation.

Mr. Alsup: All it seems to me you would be doing is resolving an apparent misunderstanding between the parties.

The Court: What I was trying to do—here is my thinking—was to try to leave intact the proposition that the competitive area, the line of commerce and the competitive area remains the same, but that evidence would be allowed, permissible as to the competition between Von's and Shopping Bag.

Now, that doesn't mean that the court is going to [fol. 1744] base the case on that, but it is a factor that should go into evidence for consideration.

Mr. Coyle: I couldn't interpret that type of evidence to be anything but evidence tending to prove that the relevant section of the country is not the Los Angeles Metropolitan Area and that it is instead these various communities in which Von's and Shopping Bag stores are competing.

The Court: Well, then, suppose I allow them to strike out the whole paragraph 46, where are we?

Mr. Coyle: Then we are going to have to have a lot more evidence come in here on competition between the two firms. I don't know, you have to—if you strike out Paragraph XLVI and let them introduce other evidence, I think we are going to lose our stipulation on the section of the country, too, and we are going to end up as proving, trying to prove or proving that either the Los Angeles Metropolitan Area is the section of the country or, in the alternative——

The Court: I think that would be—if you can stipulate to that now, I think you can stipulate to that.

Mr. Coyle: This is part of the stipulation, I think that this flows from the stipulation.

The Court: Well, I don't know whether it does or not. But I can't see how you can preclude that evidence. I don't know how I can preclude that evidence.

[fol. 1745] Mr. Alsup: Your Honor, these concerns advertise throughout the area, each of them sought new sites for new stores throughout the area.

Mr. Alsup: That's right.

The Court: Counsel, first of all the general statement that they are competing in the same area is a general statement.

The Court: And it is true. And I think you have agreed that there is generally the competition in this area, to-wit, the Metropolitan Area, among all of these defendants.

Mr. Alsup: Generally, yes.

The Court: But then you want to come down and prove that as between the two defendants that there is so much competition actually between the two defendants.

Mr. Alsup: On the retail store level.

The Court: On the retail store level, that's right.

Mr. Coyle: I don't see the relevance in that——

The Court: Well, suppose I rule against you then, then it will have to go in.

Mr. Coyle: I don't see what relevance counsel claims for that evidence, unless he is really trying to prove that they don't compete with each other in the Los Angeles Metropolitan Area, I don't see what else that would be directed toward.

[fol. 1746] The Court: Well, I think that I am going—I am afraid that that evidence should go in, counsel.

Mr. Coyle: Well, that may be, but——

The Court: I am not saying it is determinative of the case. But I am just saying——

Mr. Coyle: I don't see the relevance, your Honor, unless you are going to strike Paragraph XLVI, and probably strike the paragraph relating to the line of commerce and section of the country.

The Court: Well, is it necessary to strike the line of commerce?

Mr. Coyle: And section of the country?

The Court: I wouldn't think the line of commerce was involved at all here. There is no dispute about the line of commerce being groceries, is that right?

Mr. Coyle: That's right, I meant the section of the country.

The Court: Well, you are over-complicating a simple situation.

Mr. Coyle: I think——

The Court: Well, I think you had better think it over tonight and see if you can't resolve it. If you can't, I will resolve it.

But I will again re-read the Brown Shoe case.

And I thought, I was under the impression that that [fol. 1747] type of evidence was in the case.

Mr. Coyle: It was in the case because we didn't have a stipulation as to the section of the country, that is why we had to exclude each section of the country. Once you prove the section of the country that these firms are competing with each other in that section of the country, then you don't have to——

The Court: I understand, counsel. You have covered it. But if the stipulation was a mistake on the part of counsel, this is to remedy a mistake. This is nothing more than I would do for you.

Mr. Coyle: I have no quarrel with the court's power to remedy a mistake and I think we should——

The Court: The question is how to do it, how to do it.

Mr. Coyle: That is right, how to do it and not delay the trial.

The Court: That's right, yes.

Now, would you state, Mr. Coyle, that—suppose the evidence showed that there was absolutely no direct competition at all—I am just, for the purpose of argument, I am saying this, as between Shopping Bag and Von's, not one competitive area as between them. Would you say that was important evidence?

Mr. Coyle: I would say without these stipulations [fol. 1748] it might be important evidence.

The Court: Well, that is just the point exactly. Now we finally brought it down to the crux. That is the point.

Mr. Coyle: It might be, I wouldn't necessarily——

The Court: It might or might not.

Mr. Coyle: It might or might not. If the other side were putting evidence of that type in and taking the position that it were important, I would want to have the privilege to meet that.

The Court: Well, I wonder if we took an adjournment now and you gentlement got together, if you can't work this out.

Mr. Coyle: I don't know, your Honor.

The Court: Do you suppose you can?

Mr. Coyle: I don't know.

The Court: You can at least try, can't you?

Mr. Alsup: Certainly, your Honor.

The Court: Well, I am disposed—gentlemen, I want to

say again when I read that paragraph over, that I was concerned about it, not from one side or the other, because in reading the briefs they seemed to run a little bit contrary to my interpretation of Paragraph XLVI.

Mr. Alsup: I hope, your Honor, I would never agree that a store in Santa Monica competes with a store in [fol. 1749] Lancaster.

The Court: Well, I think you and I, Mr. Coyle, say that he has agreed to that, is that right?

Mr. Coyle: He has agreed that the chains competed down there.

The Court: Including the two defendants.

Mr. Coyle: That is correct, competed intensively.

The Court: Intensively with each other. Now that can't mean but one thing to me, it is just plain old mid-Victorian English. It means that he stipulated that Von's and Shopping Bag were competing store by store with each other. That is in effect what it amounts to.

Mr. Coyle: Enough of them were competing——

Mr. Alsup: What it meant to me, your Honor, was that where they did compete, they competed vigorously or intensively. It does not mean that they competed extensively.

I draw the distinction between intense, which to me means vigorous, and extensive, which means all-embracing.

The Court: Well, it is really a difficult thing to understand, counsel, and I am afraid that whichever way the higher court ultimately rules on that, you would like it to be final, you wouldn't want to have to send it back for further hearing.

Mr. Alsup: No, your Honor.

The Court: So I suggest you gentlemen go out now [fol. 1750] and have a conference and see if you can't work this out.

In the interest of justice, I will certainly permit an amendment. I hope you can do it so that you won't have to call too many witnesses.

If you can't, I may have to strike it and try that issue.

Keep in mind, Mr. Coyle, that nobody is questioning the line of commerce. That is not involved.

Mr. Coyle: No, but the section——

The Court: The line of commerce has been stipulated.

Mr. Coyle: The section of the country I am afraid might be in question.

The Court: I don't think so, I don't think it is. I think counsel will still stipulate with you that section or the area—whatever you want to call it—the section is the Metropolitan Area of Los Angeles, the Los Angeles Metropolitan Area, and that as a whole all grocers are in competition with each other.

But that does not connote that they are in competition, squared off Shopping Bag against Von's.

I think you can work out a stipulation that will take care of it, and limit us to hearing that evidence, for whatever value it may have, whatever it may be worth—I don't know at the present time what value it will have. It [fol. 1751] seems to me you can work that out.

So if it is satisfactory now, we will take an adjournment.

Mr. Coyle: Fine.

The Court: And you can see what you can do.

Mr. Alsup: Fine, your Honor. Thank you.

The Court: Be prepared tomorrow to go on.

If you have difficulty, I will just say this, in the last resort I will probably have to just take that out of the pretrial order and go on with the trial.

Mr. Coyle: I will talk to counsel, your Honor.

The Court: I am sure you gentlemen—you are both, I take it you admit you can be termed experts in this line of endeavor.

Mr. Coyle: Mr. Alsup does, your Honor; I am still a layman.

The Court: An expert certainly should be able to resolve a simple matter.

Mr. Alsup: I think it is remarkable, your Honor, how many things we did agree on.

The Court: I think you have done a splendid job, counsel. And I say again no criticism is intended whatsoever as against either one of you. I can easily see how this misunderstanding could occur.

And I may be in error in the way I read this par- [fol. 1752] ticular paragraph.

Mr. Alsup: Your Honor——

The Court: But since counsel for the government takes the same position, it may be that we are right.

Mr. Alsup: That is the reason I move to amend, your Honor.

The Court: All right.

Mr. Alsup: While I didn't read it that way, I want to protect myself.

The Court: All right. We will stand in recess until 10:00 o'clock tomorrow.

(Whereupon, at 4:30 p.m., Tuesday, June 11, 1963, court was in recess until 10:00 o'clock a.m., Wednesday, June 12, 1963.)

[fols. 1752a-1755] IN THE UNITED STATES DISTRICT COURT

Honorable CHARLES H. CARR, Judge Presiding

[Title omitted]

No. 336-60-CC Civil

Transcript of Proceedings—June 12, 1963

* * * * * * *

[fol. 1756] LOS ANGELES, CALIFORNIA, 10:00 A.M.

COLLOQUY BETWEEN COURT AND COUNSEL

The Clerk: Case No. 336-60, United States of America vs. Von's Grocery for further court trial.

The Court: All right, gentlemen. Did you work out the problem?

Mr. Coyle: No, your Honor, we didn't work it out.

The Court: All right. I will settle it. I will allow testimony on this score. I won't waste any more time, it is a waste of patience and time. I will allow testimony.

Mr. Alsup: Your Honor, I made a motion for an amendment of that paragraph. May that motion be granted?

The Court: Well, I can't make counsel stipulate to that. I am not permitted to do that, but I guess when you get to the Supreme Court they can make findings that are final.

But they certainly did allow testimony in that case as to the competition between the—at least it indicates to me which would be between the individual defendants—and in this case between Von's and Shopping Bag.

Now whether it is persuasive in the case or not, that is another matter. But I will allow testimony on it.

If you have got affidavits in the file, all you have to do is, you have put in evidence already on it, the both of you.

[fol. 1757] Mr. Alsup: That's right.

The Court: So I don't know what I can do about the pretrial order, I suppose just strike that paragraph, I don't know.

Mr. Coyle: If your Honor please, the pretrial order, in paragraph 6 of the pretrial order, it has been admitted that they were competing.

The Court: Well, can't I allow them to amend their answer at this stage?

Mr. Coyle: I am not saying anything, but I just point that out.

The Court: Well, I am not going to exclude testimony, if they want to offer it. They have already offered it, as a matter of fact, on the question of whether or not there was —what the words "intensive" and "extensive" mean, only the dictionary knows, as far as I am concerned, in a case of this type. I don't know what it means. "Intensively," can you tell me what it means?

Mr. Coyle: I said strong yesterday.

The Court: Yes, but what does extensive mean?

Mr. Coyle: It means strong.

The Court: Well, what does intensive mean?

Mr. Coyle: I don't know what intensive means if it doesn't mean strong.

[fol. 1758] The Court: Intensive means penetrating. Extensive means broad.

So I suppose intensive penetration can kill you as quick as extensive, in competitive fights.

So I am going to allow testimony. The answer, you say, admits that?

Mrs. Coyle: Yes, your Honor.

The Court: What paragraph?

Mr. Coyle: Paragraph 6.

The Court: Will you find it for me, Mr. Clerk.

What is the date of filing, I can find it quickly then.

Mr. Alsup: There was an amended answer—I have a copy of it.

The Court: All right, lend it to me, will you, please.

The Clerk: This may be either the amended or the unamended paragraph 6, is it?

The Court: It is the original answer, this is the answer to the complaint.

The Clerk: Yes, I have the copy here too.

The Court: Well, this just says—you say paragraph 6?

Mr. Coyle: Yes.

The Court: That apparently is—it says "The defendant [fol. 1759] is without knowledge or information"—

Mr. Coyle: Read the last sentence, your Honor.

The Court: The last sentence.

Mr. Coyle: The last three lines.

The Court: You do, counsel, you admit it in your answer.

Mr. Alsup: I admit intensive competition, your Honor, and where there is competition we say it was intense.

The Court: Well, I don't know what intensive means. What does it mean?

Mr. Alsup: It meant vigorous to me, your Honor.

The Court: What?

Mr. Alsup: It meant, where they did compete they competed vigorously.

The Court: Where they did compete, but you don't say that, do you?

Mr. Alsup: Well, your Honor, consistently throughout this case, in our statement of facts and contentions of fact and law filed after that, in our preparation of our exhibits, we had always intended to show that there was a little overlap between the Von's and Shopping Bag stores——

The Court: I understand that there was some competition in certain areas, directly and specifically. But I thought you wanted to offer, and have offered testimony that in some areas there was no competition between these two [fol. 1760] groups.

Mr. Alsup: That's right, they weren't located near enough to serve the same customers.

The Court: But counsel has taken the position that you have precluded yourself on that issue. Isn't that your position?

Mr. Coyle: That is correct, your Honor.

The Court: Well, what do you want to do?

Mr. Alsup: Your Honor, as I indicated yesterday I would like to—I move to amend paragraph XLVI of the pretrial order. I think——

The Court: How can you do that with your answer standing the way it is?

Mr. Alsup: The pretrial order, your Honor, supplements the answer.

The Court: It supplements the pleading, yes, that is true.

Mr. Alsup: It would only be to supplement, to point out——

The Court: How do you want to amend it?

Mr. Alsup: I would amend it by adding, your Honor, that the defendants contend there were a few Shopping Bag stores located where they could compete with Von's stores.

The Court: Is that different from the language you gave me yesterday?

[fol. 1761] Mr. Alsup: I gave you some language——

The Court: You said yesterday "But defendants contend that there were not—" Wait a minute, I wrote it out very hurriedly—"Defendants contend that there was not substantial competition between Von's and Shopping Bag as such—" I wouldn't permit that because that is too general and it doesn't state, I think counsel is right on that score, that is too—why don't you put it down to what the facts are, that in some cases there was competition between the stores and in other cases there was not.

Mr. Alsup: I think that is a very good statement of it, your Honor.

The Court: There is always a simple way to do a complicated thing.

You object to that, do you?

Mr. Coyle: I object to amending the pretrial conference order, your Honor.

The Court: Well, I am overruling you now, here and now. It is going to be amended.

Mr. Alsup: Your Honor, may I ask Mr. Vaughn to prepare some specific language and submit it?

The Court: Well, this comes under the stipulated facts, doesn't it? So it will have to come out of there. I can't amend stipulated facts. Isn't this under the admitted facts?

[fol. 1762] Mr. Coyle: Yes, your Honor.

The Court: Well, I can't do anything about that. So we will just do this—paragraph XLVI——

Mr. Alsup: Your Honor suggested yesterday some very good language——

The Court: No, I am going to change it. I am going to come back within the line of the language of the Supreme Court, that they competed generally in the section—what do you call it?

Mr. Alsup: Within the Los Angeles metropolitan area.

The Court: Within the Los Angeles metropolitan area, and then—in other words, that there is a general competitive situation in the entire area period.

Mr. Alsup: But that evidence as to particular competition between particular Von's and Shopping Bag——

The Court: I am going to allow it, I am going to allow it. You have already put it in.

Now how much weight it will have I don't know, I don't know how much weight it will have because the ultimate decision is: May there be a substantial lessening of competition? That is the sole issue.

So we will just strike out—if counsel objects I will just strike the entire paragraph.

Mr. Coyle: If your Honor please, I object to amending [fol. 1763] the pretrial conference order.

The Court: I have overruled you. You might just as well give that up, counsel. You have been overruled on that. It is going to be amended.

Mr. Coyle: My position is clear——

The Court: All right. Then you don't care to participate any further, you are just making an objection, is that right?

Mr. Coyle: That is correct, your Honor.

The Court: All right. Then we will take over and we will do it without your help and assistance.

We will let it stand—in fact I will strike out the whole of XLVI, since counsel will not agree to it. I was going to have it read that: "In 1958 the 20 leading chains of supermarkets in the Los Angeles area, including the two defendants in this action, competed intensively in the general—in this particular trade area," in other words.

Mr. Coyle: Your Honor, I would agree to that.

The Court: I thought you were not agreeing.

Mr. Coyle: I hadn't heard the language, your Honor. I would agree to that.

The Court: All right. Now let's see if we have it.

We strike out the words "with each other and with other grocers and firms engaged in the purchase, distribution and—" through the word "and."

[fol. 1764] So it will be "competed intensively in the retail sale of groceries and related products in the Los Angeles area."

Now do you agree with that, counsel?

Mr. Coyle: Let me look this over, your Honor.

The Court: You had better write it out because I don't want to take advantage of you. But time is beginning to waste.

Mr. Coyle: "In 1958 the 20 leading chain supermarkets in the Los Angeles area, including the two defendants in this action, competed intensively," striking out "with each other."

The Court: "And with other grocers and firms engaged in the purchase, distribution and—" through the word "and" and I am putting in "retail sale of groceries and related products in the Los Angeles area."

Mr. Coyle: "In the purchase, distribution and retail sale of groceries and related products."

The Court: Do you want me to leave that in?

Mr. Coyle: Yes, your Honor.

The Court: All right, I will do that. So we will strike out then——

Mr. Alsup: Your Honor, that would create confusion if that were done because the words "purchase, distribution and retail sales" used in this paragraph XLVI modify [fol. 1765] "grocers and firms."

The Court: I don't see that it makes any difference. The sole question here is, on the horizontal level what happens to the competition, isn't that right? We are not concerned about what happens on the purchase of groceries in other states or how it affected other people, is that correct?

We are concerned solely with the question of a horizontal competitive situation. Is that the issue in the case?

Mr. Alsup: That is the issue in the case.

The Court: Is that right, counsel?

Mr. Coyle: That is correct, your Honor.

The Court: Then what difference does it make?

Mr. Alsup: No difference, your Honor, so long as this evidence is to the extent of overlap, if any is admissible.

The Court: Well, they had to purchase to sell.

Mr. Alsup: Yes, your Honor.

The Court: So I am going to leave it that way, counsel. Now are we in agreement now?

Mr. Alsup: Yes, your Honor.

The Court: I don't want to push you into an agreement if you don't agree, gentlemen.

So it will now read, paragraph XLVI of the pretrial [fol. 1766] order now reads:

> "In 1958 the 20 leading chains of supermarkets in the Los Angeles area, including the two defendants in this action, competed intensively in the purchase, distribution and retail sale of groceries and related products in the Los Angeles area."

Once again, is that satisfactory?

Mr. Alsup: May I take a moment, your Honor?

That is very satisfactory, your Honor, since counsel has agreed that the competition he is talking about is on the horizontal retail level, actually as you know——

The Court: Well, that is going to be the decision of the court on what the horizontal situation is. That is what I have to decide and that is what it is going to be.

Mr. Alsup: Yes. As you know, we have contended the relevant section of the country as to the purchase of groceries and related products is not the Los Angeles area. It has to be nationwide.

The Court: Well, that is what you gentlemen call peripheral, is it not? Is it not, or is it?

Mr. Coyle: I call it peripheral.

The Court: Well, it is an admitted fact in the pretrial order that they are engaged in interstate commerce. There is no question about that. All of these matters have to do with commerce you are agreed upon.

[fol. 1767] Mr. Alsup: That is right, your Honor.

The Court: So I have no problem about finding the interstate commerce feature.

It is solely a question of whether or not there may be a substantial lessening of competition. That is the whole issue in the case, as I see it.

Mr. Alsup: We have taken the position, your Honor, that suppliers are not in the case, because the purchase, being nationwide, the relevant market under this Temple Electric case decided a year ago is nationwide, I think we are in complete agreement on that.

The Court: Are you in agreement, Mr. Coyle? Is that agreeable?

Mr. Coyle: Your Honor, I think we should add two words there, "competed intensively among themselves."

The Court: No, I won't do it. You put it back right where it was. You really must think the court is naïve.

Mr. Coyle: No, your Honor, but I don't know what it means to say——

The Court: I am just telling you my ruling is simply going to be, counsel, that I am going to allow this evidence. If you object to it it is already in—it will be in—I am going to allow the evidence as to what the competitive situation was between Von's and Shopping Bag.

[fol. 1768] Now what persuasion it will have in the case I don't know. But I am going to allow it in evidence.

Mr. Coyle: I understand that, your Honor, but I was just wondering about this one stipulation, the way you changed it now, does this mean that these chains competed among themselves?

The Court: It means—counsel, to me it means simply that everybody in this area, in the metropolitan area were competing in this line of commerce. That is what it means to me, generally competitive.

In other words, if Von's closed down in all the spots that it had, I assume Safeway or somebody else would immediately move over into that area, somebody would. In other words, there is a general competitive situation throughout the country.

Mr. Coyle: Could we put the word "generally" in there then?

The Court: Well, I will be glad to do that. That doesn't help you at all, that weakens your situation. Is that what you want?

Mr. Coyle: All right. We will leave it the way it is.

The Court: All right.

Will you prepare—since you are the one that created the problem, Mr. Alsup, prepare a written order with [fol. 1769] that amendment.

Mr. Alsup: Yes, your Honor.

The Court: All right, gentlemen.

Now let's proceed. And I expect you to have your witnesses here ready to go, because there are no adjournments in this court because of absent witnesses. I have learned long ago that you can't let the lawyers look at the clock

and say, well, your Honor, I ran out of witnesses so we will have to adjourn.

So we don't adjourn. Proceed.

The Clerk: Your Honor, I have concluded marking the defendants' exhibits.

I have marked Defendants' Exhibits A to Z inclusive, and AA to AW inclusive, except that counsel informs me that Exhibit No. AH will not be offered or used.

(The exhibits referred to were marked Defendants' Exhibits A to Z, AA to AW inclusive for identification.)

The Court: Do you want to offer them now, counsel, at this time, or do you want to wait until your case, how do you want to do it?

Mr. Alsup: However your Honor prefers.

The Court: Whatever suits you gentlemen, it is all right with me.

Mr. Alsup: I gather Mr. Coyle——

[fol. 1770] The Court: I take it that a motion—you of course, you may have a motion at the end of the plaintiff's case, I don't know.

Mr. Alsup: Yes, normally I would, your Honor, I want a complete record.

The Court: Well, maybe we had better do it that way then.

Mr. Alsup: Your Honor, I transgressed a great deal yesterday on the court's time. I hope——

The Court: No, you didn't, you didn't trespass. We accomplished a great deal.

At least we found one problem in the pretrial order and I think we have solved that.

And I re-read the case again last night and I am tempted to disagree with both of you on some of the things in the case, and to agree with both of you.

I think the case, the Brown Shoe case on the facts, on the holding is very far reaching. But it doesn't cover the facts in this case.

Mr. Alsup: That is true, your Honor.

The Court: So the principles do cover this case, but there is a vital difference in that case and the thread or the theme running through even the horizontal case. To me it appears to be that the court could never get out of its mind the fact that this was a broad, national situation where the

[fol. 1771] vertical was causing a great damage, and with it the court even says in one place here, the size, the national size of it.

Mr. Alsup: That is correct, your Honor.

The Court: Apparently would affect the horizontal situation.

So the area really, while they were considering cities of 10,000 and their adjacent vicinities, they were really considering it, in my opinion, on the holding on the whole national setup. That is what it amounted to, despite the finding that they talk about.

And I am amused at parts of it about samples. Apparently you can come to conclusions that because a situation existed in St. Louis it would exist in Milwaukee also, I don't know.

Mr. Coyle: I believe they had 24 cities.

The Court: Yes, but the court plainly said that in some of the cities there was no evidence. And I was just wondering—I notice I marked one finding by the court that was rather amusing to me who has been trained in the old school of findings, and that was that—if I can find it, here is the finding at 340 by the Supreme Court which says:

> "* * * Each competitor within a given market is equally affected by these factors, even though the city in which it does business may differ from St. Louis in [fol. 1772] size—" and et cetera.

There is just a finding out of the clear blue sky.

But it is the Supreme Court.

And incidentally, before I leave the case I might say that I re-read again very carefully this portion of the decision which lists some of the factors to be considered under the horizontal aspects of a merger.

And that was, it says on page 334:

> "* * * Thus its validity in the face of the anti-trust laws will depend upon such factors as the relative size and number of the parties to the arrangement, whether it allocates shares of the market among the parties, whether it fixes prices at which the parties will sell their products, and whether it absorbs or insulates competitors * * *"

This is just some of the situations that did exist in the Brown Shoe case. Whether they will here or not, I don't know.

Go ahead, counsel.

Mr. Alsup: Your Honor, counsel have taken issue with the statement we made that Shopping Bag did not compete with its articles of incorporation. Its retail stores are still there to serve the public. They are still competing.

In this case it is of particular importance because our evidence will show there were very few overlaps between [fol. 1773] the stores of Von's and Shopping Bag.

The Court: How far a distance do you consider it necessary to be before there is an overlap?

Mr. Alsup: Your Honor——

The Court: Generally speaking. Of course I realize there can be no hard and fast rule, but generally speaking, the distances.

Mr. Alsup: Your Honor, I am told by Mr. Von der Ahe that it varies from a mile to a mile and a half, and in some cases and some areas up to two miles. And in some cases in isolated areas it could even go to as far as 5 or 25 miles.

The Court: Now, let's see——

Mr. Alsup: But generally speaking, to answer your question specifically, most of the witnesses, the Government witnesses and ours indicate a mile and a half to two miles distant areas.

The Court: Well, that would depend upon the population of the place, wouldn't it? In other words, if you were, say, in Beverly Hills where the traffic is becoming unbearable, a mile might make a big difference.

Mr. Alsup: Yes, indeed, your Honor.

The Court: Whereas if you were out in an open area where the lanes of traffic were relatively free, then it would be a different situation, wouldn't it?

[fol. 1774] Mr. Alsup: That is correct, your Honor. Mr. Von der Ahe has pointed out that his Reseda store when it was built had a drawing area of about five miles, as I recall. New competition moving into the area has greatly reduced——

The Court: Well, doesn't the traffic situation reduce?

Mr. Alsup: Very much so, your Honor.

The Court: All right, go ahead. But it would seem to me that it would.

Mr. Alsup: Counsel is saying that the courts have not confused the fact that a company, in effect, its instruments of competition remain in effect and it doesn't affect a merger. And they cite the United States vs. the Maryland-Virginia Milk Producers case decided by the Supreme Court. The problem in that case, your Honor, was that the largest wholesaler in the area took over the big independent retailer, distributor of milk.

The Court: Is that the damage suit that you are talking about?

Mr. Alsup: No, your Honor, that is the——

The Court: That was the United States against——

Mr. Alsup: The Sherman Act, and Clayton Act proceeding.

The Court: I see. I was thinking of the other Maryland [fol. 1775] case that came down right about the time of the Sunkist case.

Mr. Alsup: Yes. And as we say in this case, since there was little overlapping between the Von's and Shopping Bag stores, since the Shopping Bag stores still remained to compete, and since counsel concedes that competition is vigorous, as we understand it, and since they further concede the test of a violation is not the lessening of competition between the acquired and acquiring concerns, it is the effect on competition generally, and all of these——

The Court: Does counsel concede that? Do you concede that, Mr. Coyle?

Mr. Coyle: Concede what, your Honor? I don't know what that was.

Mr. Alsup: The test is not the competition between the acquired and acquiring concerns, it is the effect of the merger upon the competition generally.

Mr. Coyle: I say I concede that the Brown Shoe opinion said that when the act was amended no longer is competition between the acquiring and acquired the sole test, the court——

The Court: Well, I remember those words "the sole test," but I was wondering if you went along. Counsel said that he thought you conceded that the competition between the two merging parties was not of serious consequence.

[fol. 1776] Mr. Coyle: Counsel says I concede a lot of things, your Honor.

The Court: All I am trying to do is get an answer. Don't give me these State Department answers, please. I would like an answer when I ask you something.

Mr. Coyle: Your Honor, my position is that these chains in this area competed with each other, Von's and Shopping Bag, Von's and Ralphs and Von's and all the others, they all competed with each other. That is what makes this section of the country, the line of commerce, and that is part of the case. They competed with each other and they competed with these other chains, they are all competitive factors in general competition throughout this area.

The Court: Well, that is a declaration, general declaration of policy that could apply to the whole world.

Go ahead, counsel.

Mr. Alsup: I may point out, your Honor, that——

The Court: What I am trying to do is pinpoint an issue and I get no answer at all on it.

Mr. Coyle: Your Honor, he is talking about——

The Court: You can say no, you can say you disagree, counsel.

Mr. Coyle: I disagree.

The Court: And if you say that you disagree that settles it.

[fol. 1777] Mr. Coyle: I disagree with counsel.

The Court: All right, proceed.

When I used to try cases I never hesitated to tell somebody I disagreed with them, the court included.

Go ahead.

Mr. Alsup: Your Honor, counsel's next argument which we believe is per se argument is this "increase in concentration."

While we deny there has been an increase in concentration in this area, we do want to point out that you don't determine concentration simply because a number of small mom and pop stores disappear.

The A & P, for example, you know once had 15,000 small stores. It now has 4,000 stores.

The Court: Where?

Mr. Alsup: Supermarkets.

The Court: Where?

Mr. Alsup: Throughout the country.

The Court: That is what I thought you meant.

Mr. Alsup: Homer Mitchell commented to me recently, my partner, he said that it reminds me of two men watching a steam shovel and one of them said to the other, "Look at that mechanical monster——"

The Court: Yes, it put a lot of people out of work, there is no question about that. I have seen that in my lifetime. [fol. 1778] Mr. Alsup: And—may I finish, your Honor?

The Court: Yes.

Mr. Alsup: And he said that it put a thousand men working with shovels out of jobs.

And the other man said, "Be realistic. It has put 10,000 men working with spoons out of jobs."

The fact is, your Honor, the public has put a large number of small mom and pop stores out of business. It isn't the chains, the supermarkets, it is just public demand.

The Court: Well, I suppose a lot of people are out of work that didn't have to deliver every day.

Mr. Alsup: That's right.

The Court: So modern changes, as bad as they are, I guess we have to accept them, explosion in population, explosion in everything, we have to accept it I guess. It has its benefits and it has its setbacks.

Mr. Alsup: That's right, your Honor.

But as our evidence shows some—any number of stores, single store operators have succeeded. One of the Government witnesses, for example, was asked about our witness Mr. Crawford who runs a very successful single store at Five Points in El Monte. And he said very definitely that is a very successful operator, "Some have it, some don't. I [fol. 1779] guess I don't."

But your Honor, there are very, very many who do, as our evidence will show.

Basically, your Honor, we feel that the Government has advocated nothing here but per se test, substantial competitive factor, increase in concentration without any real examination into the economic realities, which examination, we are convinced, will demonstrate—or the affidavits will demonstrate—that this merger does not violate Section 7, does not have any tendency whatsoever to substantially lessen competition or tend to create a monopoly.

The Court: Well, the burden is on the Government to prove beyond, by a preponderance of the evidence. I take it that is the rule, is that right, counsel?

Mr. Coyle: Right, your Honor.

The Court: Proceed with your burden.

Mr. Alsup: Thak you, your Honor.

Mr. Coyle: If your Honor please, we have a witness coming in but he hasn't shown up yet. I presume——

The Court: Well, I just rang the bell on that. You have no witnesses present?

Mr. Coyle: Your Honor, I will——

The Court: I will let the defense put on its case. I am not going to be adjourning to wait for witnesses. I don't care if he is a professor of Hongkong University.

[fol. 1780] You have no witnesses?

Mr. Coyle: We have a witness but he hasn't gotten here yet, your Honor.

The Court: Well, that is just too bad then. Do you rest your case, do you?

Mr. Coyle: No, I don't rest my case, your Honor.

The Court: Well, I am about to rest it for you.

Mr. Coyle: I am going to say one thing, your Honor, right now.

I am not agreeing to this change in paragraph XLVI.

The Court: You are repudiating what you said a while ago?

Mr. Coyle: I am doing what counsel has done, I am standing, I am not agreeing to this change.

The Court: I thought you said a while ago you agreed to it.

Mr. Coyle: I did, your Honor, but I don't now.

The Court: You are repudiating it.

Mr. Coyle: I have changed my mind, your Honor.

The Court: I see. You have changed your mind.

Mr. Coyle: Yes.

The Court: All right. I will strike the entire paragraph from the pretrial order.

Mr. Coyle: Yes, your Honor.

[fol. 1781] Now, your Honor, we have, if your Honor please, yesterday when we submitted these various affidavits we neglected to mention that there are three affidavits, one from Mr. DeSilva, one from a man named Linden and

an affidavit or statement from the Bureau of the Census, all of which were filed January 15th. And we had intended to offer them.

The Court: Well, you certainly may. You are offering them now?

Mr. Coyle: We are offering them now. They were filed January 15, 1963.

The Court: Any objection?

Mr. Alsup: No objection, your Honor.

The Court: Admitted, they are admitted.

Mr. Coyle: If your Honor please, the witness has——

The Court: Let's get this done first. The exhibits are numbered what?

Mr. Coyle: They are not exhibits, I don't think they are exhibits. I think they will be copied into the transcript.

The Court: I know, but they are affidavits—they are the ones that are included in that——

Mr. Coyle: No, no.

The Court: Have they been filed with the clerk?

Mr. Coyle: No, there were several filed with the clerk.

[fol. 1782] The Court: Well, I want some way to identify them, that is the reason.

Mr. Coyle: Your Honor please, we have been identifying them by name. We offered several other affidavits.

The Court: All right. What are their names?

Mr. Coyle: DeSilva, Linden and a census certification.

The Court: Now where do you wish those put into the record, counsel?

Mr. Coyle: With the other affidavits.

The Court: All right. Now, are there any depositions to follow each of those, Mr. Alsup?

Mr. Alsup: No, your Honor, we did not take those.

The Court: All right. The reporter understands then they are going into the record.

Mr. Coyle: If your Honor please, I call——

Mr. Alsup: Your Honor, I would like to check the census figures which he has to make sure——

Mr. Vaughn: We have never seen that census, Mr. Coyle, you never showed it to us.

The Court: Well, show it to him.

Mr. Coyle: It is right here.

The Court: These documents were supposed to be shown [fol. 1783] to counsel prior to this time.

Mr. Coyle: I am sure they were, your Honor. Perhaps they overlooked them because there were many documents shown to them.

The Court: If they were filed I am sure they must have been served.

Mr. Coyle: Yes, sir.

Mr. Alsup: Was that filed January 15, 1962 or 1963?

Mr. Coyle: 1962, January 15, 1962.

The Court: Any objection, counsel?

Mr. Alsup: Yes, your Honor. I have an objection to this. I may be in error, but I do not believe this is what was filed with their motion for summary judgment. The document does not identify who the four largest were, the eight largest, the twelve largest, the 16 largest, the 20 largest, and any of the years in question. Refers to '48, '54, '58, it seems to me entirely meaningless.

Mr. Coyle: If your Honor please, the witness never identified the four largest.

Mr. Alsup: Well, we know, your Honor, there have been great changes in the identity of the firms.

Mr. Coyle: That goes to weight, your Honor.

Mr. Alsup: I am saying, your Honor, they have another exhibit comprising exact sales data and so forth from the [fol. 1784] firms in this area by the FBI which identifies the firms.

The Court: Well, I would admit them, counsel, but there again I think it goes to weight.

Mr. Alsup: Thank you, your Honor.

The Court: They are admitted.

Mr. Coyle: If your Honor please, I call Mr. Kenneth Craun.

The Court: Come forward.

Kenneth Craun, called as a witness on behalf of the plaintiff, having been first duly sworn, testified as follows:

The Clerk: What is your name, please?

The Witness: Kenneth Craun.

Direct Examination.

By Mr. Coyle:

Q. Mr. Craun, would you state your place of business, please?

A. 11943 South Paramount Boulevard, Downey.

Q. And what is your occupation, sir?

A. Grocery.

Q. How long have you been in the grocery field?

A. Approximately 25, 26 years.

Q. Would you tell us some of your experience in the grocery field?

[fol. 1785] The Court: You mean what is his experience?

Mr. Coyle: Yes, outline his experience and background.

The Court: In a general way, what has been your experience?

The Witness: I have worked in the store, over-all for the store, I have run this market for 26 years, with the exception of three years I was in the Service. I feel I know a little about it.

By Mr. Coyle:

Q. In operating the business is it necessary for you to keep informed as to marketing conditions?

A. Yes, it is.

Q. How do you do this?

A. Well, by periodicals, by visiting surrounding markets, other markets in surrounding towns and in my own town, to keep up with what they are doing.

Q. And do you discuss your business with other members of the industry?

A. Yes, I do, frequently.

Q. On the basis of your experience and your observations have you formed any opinion as to whether the number of grocery operators in the area are increasing or decreasing?

Mr. Alsup: I object to the question, your Honor, on the ground it is immaterial and——

[fol. 1786] The Court: I will allow it. It is expert opinion, I take it, and the realm of experts, they can go all over the ground.

I will allow you to answer. Have you formed an opinion?
The Witness: I would say the number are increasing.
The Court: Based on what, on your observation?
The Witness: On my observation.
The Court: Go ahead.
Mr. Coyle: I didn't hear the answer.
The Witness: They were increasing.

By Mr. Coyle:

Q. The number of what is increasing?
A. The number of markets is increasing, the number of major markets is increasing.
Q. The number of major markets?
A. Major markets.
Q. And have you formed any opinion as to whether the total number of markets in the area is increasing?
A. There have been some independents close up in that area——

The Court: Now, when we say area, what area are we talking about?
The Witness: In the Downey, Norwalk, Bellflower area.
[fol. 1787] The Court: Downey, Bellflower, Norwalk.
The Witness: Yes, sir, in my area.

By Mr. Coyle:

Q. What about the general Los Angeles area? Have you formed any opinion as to the general Los Angeles area?

Mr. Alsup: Object, your Honor——
The Court: First of all, is he familiar with it? He may not be. This is a rather big county. There are people living in this county that have never been on the other side of the county.

By Mr. Coyle:

Q. Are you familiar with conditions generally in the Los Angeles metropolitan area?
A. Yes, I am. And I do know that from a statement made by Certified Grocers, which is an absolute fact, that there has been numerous independents closed for one reason or another.

Q. Were you familiar with the operation of Von's and Shopping Bag prior to the merger?

A. Yes, I was.

Q. What was your opinion of their operation?

The Court: In what way, counsel? That is calling for too general a conclusion, isn't it?

Mr. Coyle: What was your opinion as to their general financial solvency?

[fol. 1788] Mr. Alsup: I object——

The Court: I will sustain it. You haven't shown any foundation for that.

By Mr. Coyle:

Q. Were you familiar with the history of the Von's and Shopping Bag to the extent that they were expanding or opening new stores?

A. Yes, I was.

Q. What was your opinion as to that, sir?

A. I thought they were expanding with, normally, I know they opened a new store in Downey, Von's Company did. The Shopping Bag Company did. I knew they were expanding by observation. I see this all around our area.

Q. Were there any other chains comparable to Von's and Shopping Bag in the area?

A. In our area?

Q. In your area, and in the general area.

A. Yes, Ralphs, Safeway, Boy's, All American, McCoy's, Food Giant.

Q. Have you formed any opinion as to whether you are at an advantage or disadvantage in competing with these chains?

Mr. Alsup: I object on the ground it is too general, your Honor.

The Court: Well, I think we will save time, counsel, it [fol. 1789] is a rather general question but I believe we will save time. I will allow him to answer—because we are exploring the whole economic front and I suppose that if it comes in as evidence, I can disregard it if it is based too far on hearsay.

Go ahead, counsel.

The Witness: Would you restate that question, please?

By Mr. Coyle:

Q. Have you formed any opinion as to whether you are at an advantage or disadvantage in competing with these chains?

A. I am at a definite disadvantage.

Q. In what respect are you at a disadvantage?

A. Well, there are several. No. 1 is advertising. No. 2, locations. Locations are not available to the independent operator at this time, such as shopping centers.

And the purchasing of some of the commodities, I would say over 50 per cent of the commodities that are used in our total sales.

Q. What commodities, what would they be?

A. Well, mainly produce and meats.

Q. All right.

A. Bakery products.

[fol. 1790] Q. In what respect are you at a disadvantage with respect to those?

A. We cannot buy our merchandise on the same basis that they can, in that they are buying for—at this particular time for approximately 80 stores. And it puts us in a definite disadvantage. There has been times when our men that do buying for us have been unable to procure merchandise, due to the fact that it has been bought up by the majors, in large quantity.

And the merchandise that we do buy, therefore, costs us considerably more.

[fol. 1791] Q. Are there any other items other than produce that you are at a disadvantage?

A. Yes, many.

Q. Do you have any—do you know or do you have any information as to—

A. We are paying approximately three cents a pound more for beef than the majors. And bread, we are paying at least 5 per cent more for this product than the majors. And that would be about it.

Q. Can you give any specific examples with respect to any of these products?

The Court: By that you mean what, counsel? I don't understand the question.

By Mr. Coyle:

Q. Specific examples of purchases of these products.

A. There is one example that is of record.

Our poultry products this last particular year, in December, we bought a rather large shipment of fresh turkeys, in which the Von's Company bought some of, they were on the same truck.

After our load—we understood we had the whole load—we were told that 10 cases of those——

The Court: I won't listen to this. This is pure rank hearsay. It would be a waste of time. This is not opinion, this is just hearsay testimony as to facts.

[fol. 1792] Mr. Coyle: No, he is testifying as to something that happened to him.

The Court: He was just about to say what somebody told him, that is hearsay.

Mr. Coyle: No, your Honor, I think it is—

The Court: Yes, it is hearsay. I won't hear it, what somebody told him.

By Mr. Coyle:

Q. Mr. Craun, would you relate this incident which is developed in the deposition before the court, and leave out what somebody told you?

A. I didn't know I said what somebody told me. I am sorry.

A truckload of this product——

The Court: You just answer the questions now and don't become a lawyer. Just answer the questions.

The Witness: I'm not sure, your Honor, what——

The Court: Just answer the question.

The Witness: Please state the question again.

By Mr. Coyle:

Q. Would you relate the incident with respect to these turkeys which was developed in the course of a deposition?

A. We ordered a load of turkeys from the International Poultry Company. These turkeys were delivered.

[fol. 1793] I received them, checked the invoices, and

found that part of the load belonged to the Von's Company—10 cases of them, to be exact.

Looking on the bills, I found that they were billed at the rate of 39 cents a pound. We were billed at 41.

We immediately contacted the company——

The Court: This is pure, rank hearsay. But if counsel wants to let it go in, it is all right with me.

Mr. Coyle: He is stating what he read on an invoice.

The Court: Well, counsel, you can't testify what you read in a Sears, Roebuck catalog, unless—go ahead, go ahead—it is pure, rank hearsay is all it is.

He is entitled to give his opinion, based upon hearsay evidence, yes. But he can't testify as to hearsay.

Go on.

The Witness: After much bickering with the company and explaining why they could give Von's this price over our own, we finally received credit back and were billed then at the same rate that Von's Company was.

We were told that they bought from this company in such large quantities, that that was the reason, they pooled all of their stores combined, bought so much more than we [fol. 1794] did, that was the reason for the differential in price.

Mr. Alsup: I am having trouble hearing the witness, your Honor. I missed the last part.

The Court: Please speak up, Mr. Witness.

Would you read it——

Do you want it read back, the last answer?

Mr. Alsup: Yes, I would like the last part of the answer.

(Answer read.)

Mr. Alsup: Your Honor, it is so clearly hearsay, it seems to me so much of it, we might as well let it go in.

The Court: Well, counsel, as you know, there is a wide distinction—if you want to let hearsay go in, it is your privilege—but there is a wide distinction between testifying as an expert based upon hearsay matters that they have learned through the course of their training, but when they start to talk about what somebody told them, it is pure hearsay.

Go ahead, if you want to let it go in.

Mr. Alsup: I move to strike the last part.

The Court: I will strike it, what he was told.

By Mr. Coyle:

Q. Mr. Craun, have you formed any opinion as to whether [fol. 1795] the large chains in the area are increasing their shares of the grocery sales?

Mr. Alsup: I object, your Honor, on the ground it is immaterial.

The Court: I will allow him to answer.

By Mr. Coyle:

Q. Now, Mr. Craun——

The Court: What his opinion is. I will give it such weight as it is entitled to.

The Witness: My opinion is that they are.

By Mr. Coyle:

Q. Have you been aware of other mergers and acquisitions in the retail grocery business in this area?

A. Yes, sir. The Alpha Beta merger, the Food Giant, and Fox, Mayfair, one that is pending——

Mr. Alsup: I am sorry, I can't hear you, Mr. Craun.

The Witness: The one that is pending, Kroger, Market Basket.

By Mr. Coyle:

Q. Have you formed any opinion as to whether these acquisitions will affect the independent grocery retailers such as yourself in the Los Angeles metropolitan area?

A. Yes.

[fol. 1796] Mr. Alsup: Your Honor, I think foundation ought to be laid for that type of question. I object to it.

The Court: Well, what foundation, counsel?

Mr. Alsup: Well——

The Court: He has testified he is familiar with the general area.

Mr. Coyle: He has been in business 26 years.

The Court: He has been in the business for 26 years, his opinion is based on hearsay.

Mr. Alsup: And he is talking about large chains, some which have merged and some of which have not.

The Court: Well, I will allow him to answer.

By Mr. Coyle:

Q. What is your opinion, Mr. Craun?

A. Will you restate the question?

Q. What is your opinion as to whether mergers and acquisitions such as the Von's and Shopping Bag, will affect the independent grocery retailer such as yourself in the Los Angeles area?

Mr. Alsup: I object, your Honor, on the ground it is too indefinite.

The Court: Well, as a matter of fact, it is a question I have to decide. He is not going to decide it for me. I will have to make that decision.

So actually you are asking him to make a decision for [fol. 1797] the court, really, aren't you?

Mr. Coyle: I have asked him for his opinion as to——

The Court: I will allow him to do it. I don't have to follow his opinion. I can make my own independent judgment, I guess.

Mr. Coyle: I would say that is right, your Honor.

The Court: All right. Go ahead.

The Witness: Yes, sir, in my opinion it will, definitely.

By Mr. Coyle:

Q. In what respects?

A. Well, now, in this particular merger we have two markets in our particular area operated by one company that will—it is two sources of supply to the community, to this particular community, run under one head, practically overnight, by this merger.

Mr. Coyle: I have no more questions of this witness.

The Court: Cross examine.

[fol. 1798] Cross-Examination.

By Mr. Alsup:

Q. Mr. Craun, you testified that some independents, single store operators have closed up in you area, is that correct?

A. Yes, sir.

Q. Do you recall testifying, when your deposition was taken on April 16, 1963—I refer to page 17, counsel, lines 17 and 20——

> "Q. Isn't it a fact, Mr. Craun, that there are more single store operators in the Downey area today than there were in 1950?
>
> "A. Yes, I guess there are."

Do you recall so testifying?

A. Yes, sir.

Q. Do you wish to change that testimony now?

A. I believe that between 1955 and 1963 there has been growth in Downey and the surrounding community, and possibly more markets that are—definitely more chains.

Q. And more independents, you so testified?

A. And some have closed.

Q. Yes. But there are still very, very many stores in the Downey area to serve the population, isn't that true, Mr. Craun?

A. There are sufficient.

[fol. 1799] Q. Isn't it a fact that from your reading, your study of the industry, the biggest complaint you hear in the grocery business today is not that there are too few stores, but there are too many?

Mr. Coyle: Hearsay, your Honor.

[fol. 1800] Mr. Coyle: That is hearsay, your Honor.

The Court: No, he is testing his opinion. That is based on hearsay.

You know, I recommend to all your lawyers, just once in a while you dive into Wigmore and read some of it. It seems to be that lawyers nowadays have an antithesis to learning the rules of evidence. Why, I don't know.

Mr. Alsup: Do you wish the question read?

The Witness: Yes.

(Question was read.)

The Witness: Yes.

By Mr. Alsup:

Q. Now, Mr. Craun, you testified that as the result of the Von's and Shopping Bag merger, Von's now has two stores in the Downey area?

A. Correct.

Q. And you were referring to the Shopping Bag store in the Stonewood Shopping Center, is that correct?

A. Yes, sir.

Q. And how far away from your store is that?

A. About a mile and a half.

Q. That Store was there before the merger of Von's and Shopping Bag, wasn't it?

A. Yes, sir, it was.

Q. And are you referring also to the Von's store on [fol. 1801] Paramount Boulevard?

A. Yes, sir. Paramount and Florence.

Q. Incidentally, this Shopping Bag store in the Stonewood Shopping Center, that is in North Downey, isn't it?

A. Next to my home, yes, sir.

Q. But not to your business.

A. Not to my business.

Q. And you testified you were referring to the Von's store on Paramount Boulevard.

A. Yes, sir.

Q. How far did you say that was from your store?

A. That is approximately two miles.

Q. And that store was in existence at the time of the merger of Von's and Shopping Bag, isn't that right?

A. Yes, sir.

Q. Have you seen any lessening in competition since the merger of Von's and Shopping Bag took place in March 1960 in your area, Mr. Craun?

A. In my opinion, for my own business, no.

Q. Mr. Craun, you testified at your deposition that your sales in 1960 were $725,000.00 a year, is that correct?

A. Yes, sir.

Q. And that in 1961, after the merger of Von's and Shopping Bag, they increased to $750,000.00 a year, is that [fol. 1802] correct?

A. The approximate figure, yes, sir.

Q. And in 1962 they maintained their level at $750,000.00 a year, isn't that correct?

A. Yes, sir.

Q. Now, directly across the street from your store, Mr. Craun—and, incidentally, your store is about seven or eight thousand square feet, is that right?

A. Yes, sir.

Q. There is a large store of Alpha Beta, isn't that correct?

A. That is correct.

Q. And when was that store opened?

A. It was originally a Raisin's, and it was opened approximately eight years ago.

Q. And there are other stores in the Downey area which you compete with?

A. Yes, sir.

Q. Is there a Ralphs store at Rosemead and Firestone?

A. That is correct.

Q. When was that opened?

A. That store was opened about 1958.

The Court: May I interrupt, counsel, and ask him a question?

[fol. 1803] Mr. Alsup: Yes, your Honor.

The Court: From your experience in 25 years, what have you observed with respect to stores of other chains opening, when, say, one chain opens a store, do the other chains begin to come in to compete, or what have you observed?

The Witness: That seems to be the trend.

The Court: You understand what I am getting at.

The Witness: Yes, sir.

The Court: In other words, Standard Oil opens a filling station on one corner and then another oil company opens another one on another corner. Is that true in the grocery business?

The Witness: This seems to be very true in this business.

By Mr. Alsup:

Q. Is there a Great All American Market in your area?
A. Yes, sir.
Q. And where is that located?
A. At Rives and Firestone Boulevard.
Q. I see. How far is that from you?
A. Approximately one mile.

The Court: Is that the All American, counsel, that owns Alpha Beta?
[fol. 1804] Mr. Alsup: No, your Honor.
The Court: What is the name of the company that owns Alpha Beta?
Mr. Alsup: It was known as American Stores, then it changed its name to Acme Markets.
The Court: Acme Markets.
Mr. Alsup: Greater All American was organized back—that was organized by a man named Blaine Hutchinson in the early '50's, who left Alpha Beta to start his own business.

Q. Now, is there a Boy's Market in your area?
A. Yes, sir.
Q. Where is that located?
A. Approximately one-half mile.
Q. South on Paramount Boulevard?
A. South on Paramount Boulevard.
Q. And you testified that there was a discount house that recently opened in your area?
A. Yes, sir.
Q. Udisco?
A. Yes, sir, Udisco.
Q. Do they carry grocery products?
A. Yes.
Q. Have you read predictions in these trade papers that you referred to, Mr. Craun, that the discount houses are [fol. 1805] likely to put the supermarkets out of business by 1970 or 1975?
A. I have read opinions of certain people that think along those lines.

Mr. Coyle: Your Honor, just for——
The Court: That is purely speculative. I will not pay

any attention to it. It is a waste of time. What the trade paper says about ten years from now, I probably know as much as they do, don't you think I do, counsel?

Mr. Alsup: You know more, your Honor.

The Court: No, I wouldn't say that. But I don't — it has any weight at all.

Mr. Alsup: I don't think the latter did and I apologize for asking it to your Honor.

Q. Mr. Craun, have there also been a number of drive-in milk depots selling groceries as well as milk that opened up in the Los Angeles area in recent years?

A. Yes, sir.

Q. Are there any in your area?

A. Yes.

The Court: How about the wagons that are going around now selling to the coffee squads and keeping people from working? Do they sell groceries, too, now; are some of them beginning to sell groceries?

[fol. 1806] The Witness: Not to my knowledge.

The Court: Aren't some of the wagons that are going around on the streets now, haven't they developed in recent years that they have a grocery line?

The Witness: Not that I have noticed, your Honor.

The Court: You haven't seen those?

The Witness: No, sir.

The Court: Do either one of counsel know about those?

Mr. Coyle: I don't know about it, your Honor.

The Court: I wonder why I have so much time to see these things, I don't know. I don't understand it.

Mr. Alsup: I have got to the point, your Honor, in the last three years that whenever I take a drive I look at every grocery store I see.

The Court: I see.

Mr. Alsup: These drive-in milk depots——

The Court: It might be of interest to you to know that— I don't know how substantial it is but there are quite a number of these wagons that have a small line of groceries and produce, coffee and things of that kind.

Mr. Alsup: Yes, I have seen those, your Honor.

Q. You mentioned these drive-in milk depots, does the Rockview Dairy have any in the Compton area?

A. The Downey area?

[fol. 1807] Q. I mean the Downey area.

A. Yes, sir, they have two.

Q. Is this a new development in the last three years?

A. Yes, sir.

Q. These drive-in milk depots, are they permitted to sell the milk at cheaper prices that you grocers are, by the State law?

The Court: Counsel, you are getting over in the hearsay department yourself, aren't you?

Mr. Alsup: I think this is a matter of common knowledge.

The Court: Is it? All right. If it is common knowledge it is an exception.

The Witness: Yes.

By Mr. Alsup:

Q. And have you seen these drive-in milk depots operated by Rockview Dairy in your area?

A. Yes.

Q. When did they open up?

A. The original one has been open about seven or eight years. A new one opened within the last three years.

Q. Is milk an important draw item for grocery stores?

A. I wouldn't say it is a draw item, it is a must.

The Court: How much longer will you be, counsel, with this witness?

[fol. 1808] Mr. Alsup: I think five minutes.

The Court: I think we had better take the recess.

Before we do, I want the record clear on this paragraph 46.

As I understand it you are asking to be relieved of the stipulation included in paragraph 6 of the pretrial order, is that correct?

Mr. Alsup: That was 46, your Honor.

The Court: 46, rather, yes. Is that what you are doing?

Mr. Alsup: That is what I would desire, your Honor.

But I would like to make any position clear on it. I do not agree with the interpretation which counsel have put on it. But in view of the——

The Court: In view of the fact that a dispute has arisen,

and there seems to be a misunderstanding, I am not going to hold anybody to a stipulation.

Mr. Alsup: Thank you, your Honor.

The Court: And that would apply just as well to the other side. So I will not hold you to that stipulation, since you claim that there is a misunderstanding.

Mr. Alsup: Thank you.

The Court: That is the ruling of the court.

Mr. Coyle: I have a statement I would like to read.

[fol. 1809] We can't agree to any change in the pretrial conference order. We do not believe that there has been any showing of manifest injustice which would warrant a change in the pretrial order.

The paragraph in question is plain in meaning, in no way ambiguous. It is a straight statement of fact which repeats an allegation in paragraph 6 of the complaint, which has been admitted by the defendant in paragraph 6 of their answer. The facts were true when they were admitted and they are still true——

The Court: Counsel, you are making a speech.

Mr. Coyle: Well——

The Court: Court will stand in recess for ten minutes.

(Short recess.)

[fol. 1810] Mr. Coyle: If your Honor please, when the court adjourned I was about to make a supplemental objection to the pretrial conference order——

The Court: I have already ruled, counsel. You should have made your objection a long time ago.

You have gone out and worked up a long document and brought it in to read it. After ruling, you know it is really too late to object.

Mr. Coyle: Your Honor, I think——

The Court: I gave you ample opportunity, in fact, to discuss it fully.

Mr. Coyle: Your Honor, I think I have been objecting for the last two days and I am objecting now, your Honor.

The Court: Well, you are reading a long document, your objections are fully in the record.

What is it you want to read now?

Mr. Coyle: That is all I want to say. There has been

no showing which justifies change in the pretrial conference order at this time.

The Court: You mean in your opinion.

Mr. Coyle: That's right.

The Court: Because I have ruled to the contrary.

Mr. Coyle: We object to any amendment to the pretrial [fol. 1811] conference order.

The Court: All right. You are overruled.

It is stricken because it is obvious to the court that there has been a misunderstanding between counsel as to the paragraph 46, and I am not going to compel any counsel at any time in this court to stick by a stipulation if they were mistaken when they entered into the stipulation, in the interest of justice and arriving at truth.

I am going to rule that is now stricken from the pretrial order.

Mr. Alsup: Q. Mr. Craun, you testified that your sales increased from $725,000.00 a year to $750,000.00 a year from 1960 to 1961, and they remained at that level in 1962. Do you recall testifying at your deposition—I refer, counsel, to page 63 at line 26, as follows:

> "Q. Did you or did you not, after the merger, make the same rate of profit on your volume of sales as you did prior to the merger?
> "A. Yes."

Do you recall that?

A. Yes, sir.

Q. And do you recall this:

> "Q. And is it not a fact that after the merger you increased your volume of sales?
> [fol. 1812] "A. Somewhat."

Mr. Coyle: If your Honor please, this is something that is beyond the scope of direct.

The Court: I take it it is for impeachment purposes only, isn't it?

Mr. Alsup: Surely, your Honor.

The Court: I will allow it for that purpose only.

Mr. Coyle: He is not going to impeach——

Mr. Alsup: I have just one more question and answer to read——

The Court: Well, I agree with you that if it is not impeachment, it is not proper. I thought it was for the purpose of impeachment.

Mr. Alsup: Exactly, your Honor. He testified that the independent is at a disadvantage.

The Court: That is what I thought. And I thought you were now trying to show that his opinion is not supported. Go ahead.

By Mr. Alsup:

Q. And do you recall this question:

"Q. And the same was true of the merger, so far as the American and Alpha Beta was concerned, isn't that so?

[fol. 1813] "A. Yes."

You recall that?

A. Yes, sir.

Q. Now, you referred to some——

Mr. Coyle: Your Honor, I don't see how that is impeachment at all.

The Court: Well, I have ruled that it is, counsel. I think that is the end of it.

By Mr. Alsup:

Q. You testified that a single store operator faces disadvantage because Von's and Shopping Bag can advertise in the metropolitan newspapers.

A. Yes.

Q. Shopping Bag advertised in the metropolitan newspapers before the merger, is that correct?

A. Correct.

Q. And Von's advertised in the metropolitan newspapers before the merger, didn't they?

A. Correct.

Q. You said that they have the advantage in locations, in getting into shopping centers.

A. Yes.

Q. Both of those concerns, before the merger, could get into shopping centers, isn't that correct?

A. Correct.

[fol. 1814] Q. And you stated that they have some advantage in purchasing of commodities?

A. Yes.

Q. Did Shopping Bag, as a 38-store chain, have that advantage—if it was one—before the merger?

A. Yes, they had that advantage.

Q. Did Von's have?

A. Yes.

Mr. Alsup: No further questions.

The Court: Any redirect?

[fol. 1815] Redirect Examination.

By Mr. Coyle:

Q. When you testified that Von's Shopping Bag had advertising advantages, what do you mean, Mr. Craun?

A. Well, they can advertise in the metropolitan papers, one ad covers the complete chain. In the local papers one ad covers the complete chain. Where an independent, it takes the same ad, the same page for one store, as against 80.

Q. Now, you have testified as to these new stores opening in Downey over a period of time. What has happened to the population of Downey in the past 15 years?

A. Downey has increased very much.

Q. And these new stores that have come into the Downey area, have they been predominantly chain stores or independent stores?

Mr. Alsup: Your Honor, that is so vague and indefinite, "predominant"——

The Court: I will let him answer.

The Witness: Yes, it has been chain stores.

By Mr. Coyle:

Q. Has it been predominantly chain stores?

A. Yes.

Q. Well, insofar as numbers are concerned, have there been more independents or more chains?

[fol. 1816] The Witness: More chains.

The Court: But independents are still coming in, aren't they?

The Witness: Two Speedy Markets have come in.

By Mr. Coyle:

Q. How big is Speedy Markets?

A. They are quite small, more like a delicatessen, liquor store type thing, with some grocery items.

Q. And have the chains increased their share of business in the Downey area over the years?

Mr. Alsup: I object, no foundation has been laid——

The Court: How would he know, counsel?

By Mr. Coyle:

Q. Do you know?

A. In my opinion, they have.

Mr. Alsup: I move to strike the answer, your Honor, and object on the ground——

The Court: I will leave it stand, but I probably won't give it very much weight.

By Mr. Coyle:

Q. Now, you have referred to these various stores in the Downey area. What is the trading area from which you draw your customers, in terms of miles?

A. About four miles.

[fol. 1817] Q. Have any come from beyond the four-mile area?

A. Not too many.

Mr. Coyle: I have no more questions.

The Court: You have parking facilities, I take it?

The Witness: Yes, sir.

Mr. Alsup: May I have just a couple of questions, your Honor?

The Court: Yes.

Recross-examination.

By Mr. Alsup:

Q. You don't have very large parking facilities, do you, Mr. Craun?

Mr. Coyle: Your Honor, that is pretty vague, that question, "very large."

The Court: Well, counsel——

Mr. Alsup: I will withdraw the question, your Honor.

The Court: I will ask him. How big a parking facility do you have?

Now he is going to have to use "large," "small," or something else.

The Witness: We have, for our size of store we have ample parking.

[fol. 1818] The Court: How many parking spaces do you have, when it is full?

The Witness: Approximately 50.

The Court: Anything further, counsel?

Mr. Alsup: One further question, your Honor.

Q. You testified that Von's can now make savings in its advertising costs because one ad covers more stores.

A. Correct.

Q. Those savings that Von's has been able to make have not hurt your gross, and they have not hurt your net profits, right?

Mr. Coyle: That is argumentative, your Honor.

The Court: Well, I think it is.

Mr. Alsup: I will withdraw it.

That is all.

The Court: All right. Step down.

(Witness excused.)

Mr. Coyle: If your Honor please, I would like to call Mr. Richard Dick at this time.

RICHARD DICK, called as a witness by and on behalf of the plaintiff, having been first duly sworn, was examined and testified as follows:

The Clerk: What is your name, please?
[fol. 1819] The Witness: Richard Dick.
The Clerk: How do you spell that?
The Witness: D-i-c-k.

Direct examination.

By Mr. Coyle:

Q. Would you state your residence address for the record?
A. 1300 Indian Avenue, South Pasadena.
Q. What is your occupation, Mr. Dick?
A. Grocery.
Q. What grocery are you affiliated with?
A. Dick Markets, Inc.
Q. Where are they located?
A. 6015 North Figueroa, that is Los Angeles.
Q. What is your position with that market?

The Court: What is that address?
The Witness: 6015 North Figueroa.
I am vice president of the corporation and assistant secretary. And I act in a capacity as manager for the market.

By Mr. Coyle:

Q. How long have you been in the grocery business, Mr. Dick?
A. At this business address, I have been there 19 years.
[fol. 1820] Q. How long have you been managing the store?
A. I have been managing the store for the last 12 years now.
Q. Have you found in your capacity in the grocery business that it is necessary to keep informed as to market conditions?
A. Yes.
Q. How do you do this?
A. Well, I read manuals, periodicals, that is one way of

finding out what is going on. I talked to salesmen, to the businessmen in the industry. We exchange ideas and talk over things that are happening in the industry. And between them I get a pretty good idea of what is going on.

Q. Do you visit other stores in the area?

A. That's right.

Q. Where are some of these stores located?

A. Oh, I have talked to people in stores in Reseda, I have been to different luncheons where they have stores all over the city actually.

Q. Have you, on the basis of your experience and observations, have you formed any opinion as to whether the number of groceries, operators of grocery stores in the area are increasing or decreasing?

[fol. 1821] A. I would say the small stores are decreasing. The larger stores are increasing.

Q. On a net basis have you formed any opinion as to whether the total number of stores are increasing?

A. I would say they are decreasing—

The Court: Counsel, you will have to speak up louder because we are having difficulty hearing you.

Mr. Coyle: I am sorry, your Honor.

Q. Have you, from your experience, have you formed any opinion as to whether you are at a disadvantage or an advantage in competing with larger chains?

A. Well, I am definitely at a disadvantage.

The Court: That is your opinion?

The Witness: In my opinion, sir.

By Mr. Coyle:

Q. What do you base your opinion on?

A. Well, I base my opinion on several things. In respect to listening to counsel talk about Certified as buying, I belong to Certified and I buy from Certified. I have very little choice. I couldn't operate without Certified.

But buying direct is a better arrangement, if you are capable of buying direct. I can't buy direct in any quantity that will do me any good.

But in a respect of that nature—now you are talking [fol. 1822] like a Safeway or Ralph's or Von's, with ware-

housing of their own, they definitely have advantages that I don't have in Certified.

In my opinion, my opinion is if they didn't, they would belong to Certified.

Q. What items do you buy from Certified, sir?

A. Mostly dry groceries.

Q. Where do you purchase other items?

A. Well, if you are talking about produce, we buy produce on the produce market downtown, that is here in Los Angeles. And cold cut meats and things of that nature are bought from different houses scattered throughout the city.

Q. These are items that Certified doesn't handle?

A. All I am speaking of now, generally, yes, they don't, Certified does not have them.

Q. Have you formed any opinion as to whether you can buy produce and these other items as cheaply as the chains do? I am referring to the items you don't buy from Certified.

A. No, I——

Mr. Alsup: Your Honor, no foundation has been laid for this question, a man who is a single store operator, has been all his life——

The Court: Well, you know the thing I don't understand—perhaps I am just not far enough along in antitrust [fol. 1823] understanding, but I thought the issue here was whether or not there was a substantial lessening of competition by reason of this particular merger.

Mr. Alsup: That is right.

The Court: Now you are asking an independent grocer to testify because he is small and can't use the power of purchasing, if a chain has a better advantage.

Mr. Coyle: If your Honor please, I heard many, many hours of comment yesterday by Mr. Alsup as to the great advantage that these independents get from Certified.

The Court: That doesn't mean that I accept what Mr. Alsup says.

Mr. Coyle: No, your Honor.

The Court: I listened to him, but I don't have to accept anything he says any more than I accept everything you say.

But what is the relevancy of this testimony? I would like to know. I am not fully——

Mr. Coyle: We have a tendency here towards concentration in these large chains in which we are developing that the independent is at a disadvantage in attempting to compete with them, and if they grow larger the independent is placed at a greater disadvantage. And this is a relevant consideration.

The Court: I see. All right. Well, I think it goes without [fol. 1824] saying that—I don't think counsel would dispute you, maybe I am mistaken, that the chain has advantages such as the power of purchasing, larger amounts, greater amounts, and the facilities of warehousing, the advantage of greater advertising and those things.

Mr. Coyle: I would like——

The Court: Are they disputable items?

Mr. Coyle: I should hope not. I don't think they are, your Honor. But I think counsel wouldn't agree to those things.

Mr. Alsup: Mr. Coyle, we have agreed on a lot of things——

Mr. Coyle: Is it stipulated——

Mr. Alsup: We have stated in all of our affidavits, your Honor, our witnesses testified the chains have certain advantages.

The Court: Can we arrive at a stipulation, I don't want you to do it if you don't feel you should.

Mr. Alsup: I think then we get in conflict, your Honor, because our witnesses say the chains have certain advantages and single store operators have certain advantages and the picture——

The Court: Well, we can't stipulate to everything. I was just wondering if there wasn't something we could stipulate to.

[fol. 1825] Mr. Alsup: The facts are clearly set forth in these affidavits.

The Court: All right, go ahead. But I don't think it is subject to contest that 80 stores have a better buying advantage than one store. I don't think it is.

Mr. Coyle: I think that——

The Court: I think just plain common sense would tell one that.

Mr. Coyle: I should hope that is so, your Honor. But I don't get that from counsel.

The Court: All right, go ahead.

There is one thing that I learned early in life, and that is that lawyers, practically all lawyers do it, but I never did—never fight until you get in the ring. And don't fight over something that is valueless.

Go ahead, proceed with the battle.

By Mr. Coyle:

Q. Have you been aware of acquisitions and mergers of the retail grocery business in the Los Angeles area?

A. Yes, I have.

Q. Have you formed any opinion as to the effect which acquisition such as the Von's-Shopping Bag acquisition will have on the independent grocery retailers in the Los Angeles metropolitan area?

Mr. Alsup: Your Honor, I don't know what acquisitions or mergers he is talking about. I think the question is confusing and ambiguous.

[fol. 1826] Mr. Coyle: Let's ask the witness if he can state some of the acquisitions, other than Von's and Shopping Bag.

The Witness: Yes, I think I can.

By Mr. Coyle:

Q. Will you state them for the record?

A. You mentioned before, the Acme-Alpha Beta merger.

The Court: Has that actually taken place?

The Witness: Yes, it has, your Honor.

The Court: I see.

The Witness: And, oh, there have been acquisitions by Fox and Food Fair, whether that has completely finished or not I don't know. Their advertising will be so.

By Mr. Coyle:

Q. Any of the other chains that have made acquisitions except Mayfair?

A. No, there has been an acquisition—I have just noticed recently—of Kroger coming in from Market Basket.

The Court: You mean they are trying to, they haven't come in yet, have they?

The Witness: No, they are talking about how they are going to exchange their stock.

Mr. Coyle: I think they have signed an agreement, your Honor.

The Court: Have they? Has the Department approved that one, too, counsel?

[fol. 1827] Mr. Coyle: No, as I said yesterday——

The Court: I believe you are investigating that, you say.

Mr. Coyle: Yes.

The Court: So that is embryonic at the moment, isn't that right?

Mr. Coyle: Yes, that's right. I think that they have signed an agreement, subject to a stockholders' meeting.

The Court: All right. Go head.

By Mr. Coyle:

Q. Have you formed any opinion as to the impact which these acquisitions will have, including the Von's-Shopping Bag, will have on grocers, retail independent grocers in the Los Angeles metropolitan area?

A. Yes. My opinion would be that if they continue to make acquisitions like that in time it will be mostly large stores combined together to compete among themselves, let's put it that way.

Mr. Alsup: Your Honor, I move to strike the answer as not responsive to the question.

The Court: I will let it stand.

May I ask a question?

Mr. Coyle: Yes, your Honor.

The Court: Is this going to increase competition?

[fol. 1828] The Witness: I have to answer that this way, your Honor——

The Court: Well, can you first answer me "Yes" or "No," and then explain?

The Witness: Yes, it will increase competition, but only in this state. As the competition, or chains increase, it puts such a burden on independent stores I think that they will lose that competition entirely.

The Court: In other words, what you are saying, your

opinion is that the competition will increase, but it will increase between the chains.

The Witness: That is right.

The Court: Go ahead, counsel.

By Mr. Coyle:

Q. What will that increased competition do to the independents?

A. It should eliminate them and I think it is eliminating them now.

Mr. Coyle: I have no more questions, your Honor.

The Court: All right.

Cross-examination.

By Mr. Alsup:

Q. Mr. Dick, what were your grocery sales in your store in 1962?

A. I believe it was one million and close to four hundred thousand.

[fol. 1829] Q. Do you recall testifying in your deposition, Mr. Dick, that your gross sales in 1959 were $1,377,000.00?

A. I believe those were the figures we used.

Q. Your sales have increased?

A. No, we have not. You are talking about today, this year?

Q. I thought 1962, in 1962 they were one million four hundred thousand, you testified.

A. No, sir, not to my knowledge. You only asked me about——

Q. In fact——

The Court: Well, he said this, a million and close to four hundred thousand, that is what he said. He didn't give a specific answer.

By Mr. Alsup:

Q. Mr. Dick, what is the trading area of your store?

A. I would say the trading area of our store probably ranges in the area of about three miles.

Q. Do you believe that is different than most?

A. It is not like all others, I will answer that way.

Q. Do you recall testifying at page 10 of your deposition taken on April 17th, that you believed the average trading area of a grocery store is a mile to a mile and a half?

A. Yes.

[fol. 1830] The Court: I take it what you are saying is that yours is different.

The Witness: It is in an older area of town, your Honor, and we are not concentrated in population like some areas are in the city right now. In other words, people come a little farther to shop.

The Court: What do you attribute the—I take yours is a successful business, isn't it?

The Witness: I think it is, yes, sir.

The Court: What do you attribute your success to, the merchandise to sell or the personality or the way you handle the public?

The Witness: I would say it is more of a personal nature and we have a management factor where we are much closer to our customers.

The Court: You rely heavily upon the contact, personal contact with the customer, do you?

The Witness: Yes, we do, sir.

The Court: Go ahead.

By Mr. Alsup:

Q. Now, there is a Kory's store a little way north of you, isn't that correct?

A. Yes.

Q. That is about two or three blocks at the corner of York and North Figueroa?

[fol. 1831] A. Correct.

Q. And it is open 24 hours a day, is that right?

A. That is right.

Q. How many hours do you stay open?

A. We are open from 9:00 in the morning until 10:00 at night.

Q. Going a little bit further north, Mr. Dick, isn't there a new drive-in milk depot?

A. Yes, there is.

Q. When did that come into your area?

A. In the last four or five months, I would say, six months.

Q. Do you know at what prices their sell their milk?

A. It is cheaper—I have never been in there but I have been told it is cheaper than what we sell our milk for.

Q. Have you been by the drive-in milk depot?

A. Yes, it is on a corner.

Q. Have you noticed they advertise rather wide range of other grocery products?

A. Not a wide range.

Q. Sausage?

A. Not in this one.

Q. Bread?

A. Bread, milk, potato chips.

[fol. 1832] Q. Beer, delicatessen items?

A. I did not see those advertised.

Q. This drive-in milk depot situation is a relatively new development in this area in the last three years, is it not?

A. In my area, yes.

Mr. Coyle: Your Honor, I don't see the relevancy of this at all to the prior testimony of this witness.

The Court: Well, I think probably, counsel, it is a peripheral thing that is just showing the general conditions. I take it that is what he is doing, is that right?

Mr. Alsup: That is right, your Honor. And we have shown it through other affidavits, so I will drop that line of questioning, your Honor.

Counsel, I would like to refer to page 46 of the deposition of Mr. Dick.

Q. You recall testifying on April 17, 1963, Mr. Dick, and I quote:

> "Q. You haven't seen any lessening of that competition since the Von's merger with Shopping Bag, have you?
>
> "A. I wouldn't think so.
>
> "Q. It has been more vigorous, if anything, has it not?
>
> "A. It has to be, yes. That is a trend."

[fol. 1833] Did you so testify?

A. Yes, sir.

Mr. Coyle: I don't see any relevancy to this here. He has testified to that.

The Court: Well, it is in.

By Mr. Alsup:

Q. Now, you have indicated, Mr. Dick, that in your opinion a single store operator has difficulty in surviving. Do you recall testifying—I can't find my reference, I am sorry, your Honor—with reference to a Mr. Al Goldstein, former executive of the Boy's or Food Giant, who decided to become a single store operator last year?

A. Yes.

Q. Do you recall that?

A. Yes.

Q. Do you recall saying——

Mr. Coyle: What page is this on?

Mr. Alsup: I am sorry, page 49.

The Court: Is this impeachment, counsel?

Mr. Alsup: It seems so, your Honor. He says that the single store operator can't compete. He testified as to people who are entering the business and successfully competing.

The Court: I see. All right. Go ahead.

[fol. 1834] By Mr. Alsup:

Q. "Q. You have no knowledge that he is a single store operator at the present time?

"A. Yes, yes, yes, I will go that far. I never saw the statement you are making at all. Frankly I think that Al Goldstein would like to own 100 stores.

"Q. I am sorry, I didn't hear that.

"A. I would think that Al Goldstein would love to own 100 stores. It is true that I have heard that he has a store in Burbank.

"Q. A single store operation?

"A. A single store. Now, we are talking about personal money. That is probably the extent of what he can do at the present time, I would assume, otherwise he would be a lot bigger than he is.

[fol. 1835] "Q. Do you expect Mr. Goldstein to be successful in this operation and grow?

"A. I can't see why he should not."

Do you recall that?
A. Yes.

Mr. Coyle: If your Honor please, I object to counsel—read the next question and the next answer also.
Mr. Alsup: No objection.
Mr. Coyle: Do you want to read it?
Mr. Alsup: "Q. Did you see in the trade papers that Mr. Goldstein had stated that he didn't like to be an executive——"
Mr. Coyle: I am sorry, I meant the following question.

"That store is directly across the street from Von's store in Burbank, is it not?
"A. I don't even know where the store is at. I just heard that Al Goldstein had taken over a store from somebody in Burbank. That is the extent of my knowledge."

Now what all of this proves, I don't know.
Mr. Alsup: It proves a single store operator——
The Court: Well, never mind, I will decide what it proves, counsel. You don't have to help me on that score.
Mr. Alsup: I am sorry, your Honor.

[fol. 1836] Q. You were asked by counsel about other acquisitions and mergers and you testified that Acme, American Stores had acquired Alpha Beta. You recall that was some time in 1960 after the Von's-Shopping Bag merger?
A. Yes.
Q. And prior to the time that Acme acquired Alpha Beta, it had not done business in this area, is that right?
A. Acme? Yes.
Q. Now, you said that Food Fair has taken over the remaining stores of the Fox chain.
A. Yes.
Q. Do you recall that?
A. Yes, I have heard that.
Q. Do you know anything about the Fox organization, about how it got started in 1954?
A. No, I do not know the history.

Q. You do know that they expanded very rapidly between 1954 and 1961, and then got into financial difficulties and bankruptcy, don't you?

A. That's right, I do.

Q. How many stores did they get up to, about 50 or 52?

A. I know they had over 30 stores. How many more, I don't know.

Q. Where a number of these stores sold off to single store [fol. 1837] operators out of the bankruptcy?

A. I heard that, yes.

Q. And Food Fair came in and is running the remaining 18 out of the bankruptcy court, isn't that correct?

A. I believe that is so.

Q. And you referred to the proposed acquisition of Market Basket by Kroger?

A. That is right.

Q. That has been announced in the trade papers?

A. Right.

Q. Now, Kroger is not doing business in this area at the present time, are they?

A. No, they are not.

Q. Is Kroger generally reputed to be the fourth largest chain in the nation?

The Court: Well, counsel, I think that is pretty well known. I don't know that this is proper cross examination.

Mr. Alsup: No further questions.

The Court: As a matter of fact, as I have been listening to you two gentlemen, I have just been checking over the pretrial order and I find most of the things that you are going into have all been stipulated to in the pretrial order and it has been stipulated, for example, that in the last 20 years there has been an increase in the size of the indi- [fol. 1838] vidual retail grocery store in the Los Angeles area, and in the same period there has also been an increase in the size of the individual grocery store, retail grocery store, in the other parts of the United States, and since 1940 there has been a decrease in the number of grocery stores that operate in the Los Angeles metropolitan area and during the same period there has been a decrease in the total number of retail grocery stores in the United States. I mean these things have all been stipulated to.

Mr. Alsup: Absolutely, your Honor. I would say a large

part of those exhibits go to the very things that were stipulated to in the pretrial order.

[fol. 1839] The Court: Well, his questions, I thought he was trying to prove—and that part is admissible—that opinion evidence, in their opinion there had been—and I haven't heard yet just what he said. I am not clear as to what he said about substantial lessening of competition, other than to say that he thought the competition would increase rather than lessen, didn't he say that, Mr. Coyle?

Mr. Coyle: I think that he said that the competition from the chains would increase and the independents were then going to go out.

The Court: I think that is what he said, that he thought in due time the independents would probably decrease.

Mr. Coyle: And that the chains would then have the market.

The Court: I see. All right.

But when we get off on all this other matter, it seems to me that we have a stipulation that they will decrease.

Mr. Alsup: The number of stores?

The Court: Yes.

Mr. Alsup: I have no further questions.

The Court: Anything further, Mr. Coyle?

Mr. Coyle: I have three questions.

[fol. 1840] Redirect Examination

By Mr. Coyle:

Q. Your personal contacts that you referred to, personal services to the customers, is that your way of competing with the chains?

A. One of the ways, yes.

Q. Now, you have talked about these new people, are they a serious factor in the competition in your area?

A. Not at all.

Q. Now, you have mentioned that a number of Fox stores have been sold, were a number of these stores sold to some of the chains in the area?

A. I can't answer all of this because I haven't seen their records.

Q. You don't know——

A. I don't know that.

Q. —as to whether they were sold to independents, do you know that?

A. Being exact, no. I have heard that some of their poorer stores were taken by independents. But the bulk of it or the nucleus of their operation was taken over by the chains.

Mr. Coyle: No further questions.

The Court: Step down.

(Witness excused.)

COLLOQUY BETWEEN COURT AND COUNSEL

The Court: I am just wondering, Mr. Alsup, if you [fol. 1841] couldn't stipulate that in lieu of this paragraph 46—admit rather than stipulate, you admit it and I will accept the admission and that will end the matter.

If you will admit the way I put it a while ago, that in 1958 the 20 leading chains of supermarkets in the Los Angeles area competed intensively in the purchase, distribution and retail sale of groceries and related products in the Los Angeles area.

You have already admitted that heretofore, so——

Mr. Alsup: Yes, your Honor. I admitted that.

The Court: Well, if you admit that it solves the problem. Then there is no problem left. That takes care of it.

You don't object to him admitting that, do you, Mr. Coyle?

Mr. Coyle: He can admit anything he wants to, your Honor.

The Court: Well, that is subject to the control of the court, I am afraid.

How many more witnesses do you have this afternoon?

Mr. Coyle: I have no more witnesses, your Honor.

The Court: Is that all your witnesses?

Mr. Coyle: Yes, your Honor.

The Court: Have you put in all of your documentary?

Mr. Coyle: Yes, your Honor. I am prepared to close. [fol. 1842] The Court: Do you want to check over, or are you prepared to close now?

Mr. Coyle: We will check over the documentary——

The Court: Well, I will give you an opportunity if you wish to.

Mr. Vaughn: Your Honor, before the Government rests its case we do have the deposition of John Marshall, one of their witnesses, that has not yet been received by the court.

The Court: They haven't offered it, have they?

Mr. Vaughn: No, that is correct. But they have offered the affidavit of John Marshall——

The Court: Oh, this is the deposition, you wish to follow that?

Mr. Vaughn: This is the deposition which I would like to have transcribed into the record after the affidavit of Mr. Marshall.

Mr. Coyle: I am a little puzzled, because I thought it was already in.

Mr. Vaughn: No, it is not.

The Court: Well, it may be put in and follow the same procedure. It will be filed with the clerk and the reporter will be instructed to copy it succeeding the affidavit of—this is the deposition of whom?

Mr. Vaughn: John B. Marshall.

[fol. 1843] The Court: Succeeding his affidavit, is that correct?

Mr. Vaughn: That is correct, yes, sir.

And in addition, if I may, your Honor, Exhibits A through G on the defendant's list of exhibits were all exhibits to Mr. Marshall's deposition. I would request that they be received in evidence.

The Court: Well, I assume they should be.

Mr. Coyle: Yes. There was one Government exhibit attached to this deposition.

Mr. Vaughn: There may have been. I am only offering the ones we attached to the deposition.

The Court: Well, do you want to offer the other one?

Mr. Coyle: We will offer the other one, your Honor——

The Court: Then all of the exhibits attached to the deposition will be admitted in evidence and they are Government's 1 and A, B, C and D, you say?

Mr. Vaughn: A, B, C, D, E, F and G, copies of which have been supplied to the clerk.

The Court: All right, they will all be admitted.

(The documents referred to were marked Defendant's Exhibits A to G, inclusive, and were received in evidence.)

The Clerk: What is the Government's number?

Mr. Coyle: Look at Government's 1——

[fol. 1844] The Court: I thought he said Government's, it can't be 1, so it is 1 to the deposition, isn't it?

Mr. Coyle: Yes.

The Court: So it will have to be—we will leave it in the deposition——

The Clerk: It is not in the deposition.

The Court: It is admitted.

The Clerk: There are no exhibits with the deposition.

The Court: Where are they, where are they?

Mr. Vaughn: May I inquire if you received the original of Mr. Marshall's deposition? I only have a copy.

The Court: One at a time, please. I can't follow three people at once.

Mr. Coyle: I will have to check it over the noon recess.

The Court: Then when you find it we will admit it.

The Clerk: We will file the original then?

The Court: Yes, the original will be filed.

The Clerk: This is a copy.

The Court: All right, find the original and we will file the original.

The Clerk: Yes.

(The document referred to was marked Plaintiff's Exhibit 1 for identification and was received in evidence.)

[fol. 1845] The Court: Anything else, gentlemen?

Mr. Coyle: No, your Honor. We will check it over the noon recess.

The Court: Well, you can close your case and if you find that through any inadvertence you have overlooked something I will allow you to reopen and put it in, of course.

Mr. Coyle: All right. Then we will close.

[fol. 1846] The Court: Now, counsel, you realize I have not read all of the affidavits.

Mr. Alsup: Yes, your Honor.

The Court: And I have not read all of the material that is before the court.

But you indicated you might have a motion. I think if you want to protect your record you had better make it.

Mr. Alsup: I would like to make a motion to dismiss,

your Honor, but request that the ruling on the motion be reserved until after we have been able to put on our case.

The Court: Can I reserve it under the rules at this time? I don't think I can, can I?

Mr. Alsup: Then I would like to withdraw our motion, your Honor, ——

The Court: You would like to what?

Mr. Alsup: I would like to withdraw our motion, your Honor, because I think it is very important in these cases to have a very complete record.

The Court: Well, I will tell you this much, from the very pretrial order itself, counsel, I don't think I could grant your motion. And from the testimony because the issues—I have read enough in the affidavits and I have read sufficient of the material on file to where there is a question [fol. 1847] presented to the court at this time that is a little different from what it will be after the full case is in.

Mr. Alsup: Yes.

The Court: For example, at this point I have to take everything in its most favorable light to the Government.

Mr. Alsup: Yes, your Honor.

The Court: And on that basis—I don't want to anticipate you, but I will probably have to deny your motion.

I am not indicating it will be any different later on, but —what is the rule on the motion?

Mr. Alsup: I have a very poor memory, yo · Honor.

Mr. Coyle: 41, your Honor.

The Court: 41?

Mr. Alsup: Your Honor, I would like to withdraw the motion in any event.

The Court: Counsel, that is entirely up to you, if you wish to make your motion, do so.

Mr. Alsup: No, because I fully intend to proceed with our case, your Honor, I desire to do so.

The Court: I don't think I have the power to reserve on that motion.

Mr. Alsup: Your Honor, I withdraw—I do not make the [fol. 1848] motion.

The Court: All right. We will stand in recess until 2:00 o'clock.

(Whereupon at 12:03 o'clock p.m., an adjournment was taken until 2:00 o'clock p.m. of the same date.)

LOS ANGELES, CALIFORNIA, WEDNESDAY, JUNE 12, 1963, 2:00 P.M.

The Court: All right, proceed.

Mr. Vaughn: Your Honor, we found out when court recessed that the original deposition of John B. Marshall was already on file with the court.

The Court: Very well.

Mr. Vaughn: And Government counsel has found the one document we referred to as an exhibit to that deposition and has marked it as Plaintiff's Exhibit 73, which I understand is in evidence.

The Court: Is that satisfactory?

Mr. Coyle: That is fine, your Honor.

The Court: It will be admitted in evidence.

The Clerk: Plaintiff's 73 in evidence.

(The document referred to was marked Plaintiff's Exhibit 73 and received in evidence.)

Mr. Alsup: If your Honor please, I offer in evidence the affidavits of the following single store operators who are witnesses for the defendant:

W. H. Crawford
J. R. Dahl
Cecil Dobson
Reynold Elkin
Joseph Goldberg
[fol. 1650] Albert Goldstein
Harlos Gross
Paul A. Hines, Jr.
John H. Irwin
O. W. Richard
Mrs. Leila M. Roberts
Robert Sherry.

The Court: All right. By the way, counsel, are you going to supply—I believe you have, have you not, —have you supplied, have you noticed what counsel has supplied me?

Mr. Alsup: Yes, your Honor.

The Court: And you have also done the same, is that correct? These are Plaintiff's Exhibits 1 to 71?

Mr. Alsup: Well, your Honor——

The Court: They are copies, is that right, Mr. Coyle?

Mr. Coyle: That is correct, your Honor.

The Court: So that I have these for my use.

Mr. Coyle: We also have interspersed the affidavits dealing with the particular exhibits, in other words——

The Court: Are all of the affidavits in here?

Mr. Coyle: All of the affidavits relating to the exhibits are in there, yes, your Honor.

[fol. 1851] The Court: Relating to the exhibits, but not all of your affidavits.

Mr. Coyle: But not the statements from industry witnesses.

The Court: That is what I thought.

Mr. Coyle: Just the ones introduced in evidence.

The Court: So I will have to resort to the original file, or to the exhibits to get that.

Mr. Coyle: If your Honor would like them in the binder——

The Court: I don't want to put you to a lot of trouble, counsel, but you have it here already.

Mr. Coyle: It is not—it is not inconvenient.

The Court: Would it be inconvenient—I like to mark them up and I cannot mark up the original file.

Mr. Coyle: This will be a copy of Exhibit 72.

The Court: All right. Then you are passing to me a copy of Exhibit 72 which contains all of the affidavits which are now in the present Exhibit 72?

Mr. Coyle: That is correct, your Honor. They are not affidavits, to make the record clear.

The Court: Of the narrative statements.

Mr. Coyle: Yes.

The Clerk: Do you want to mark that a copy?

The Court: Yes, mark that a copy.

[fol. 1852] You see, in this way I can make pencil marks on it, which I can't do on the original file.

Thank you very much.

Now, I have also here a copy of Exhibit 24.

Mr. Coyle: That is correct, your Honor.

The Court: And Exhibit 24 is the advertisements of Von's competitors retained in Von's weekly file from June 11, 1959, to February 4, 1960.

Mr. Coyle: That is correct, your Honor.

The Court: Submitted by defendants in response to paragraph 3 of plaintiff's motion for production of documents.

Mr. Coyle: Yes, your Honor.

The Court: Now, are these in evidence?

Mr. Coyle: Yes, your Honor.

The Court: All right. These are copies.

Mr. Coyle: It was just too voluminous to put in the other——

The Court: Now this is not the original, this is a copy?

Mr. Coyle: Yes, your Honor.

The Court: Fine. And I may mark it up.

Mr. Coyle: Yes, your Honor.

The Court: Fine. All right, counsel. Go ahead.

Mr. Alsup: If your Honor please, I offer these affidavits [fol. 1853] of these single store operators in evidence. May I approach——

The Court: Yes, certainly.

Mr. Alsup: I have here what is labeled an office copy——

The Court: I would like to have it, if I may.

Mr. Alsup: Yes, indeed, your Honor.

(The document was handed to the court.)

The Court: This will be marked Defendants' Exhibit what, Mr. Clerk?

The Clerk: This will be Defendants' Exhibit AX.

(The exhibit referred to was marked Defendants' Exhibit AX for identification.)

The Court: Now this is to be copied into the record also, is it? Or just——

Mr. Alsup: Yes, your Honor. That is what we anticipate.

The Court: Counsel, do I understand that also in addition to Exhibit 72, that——

Mr. Coyle: If your Honor please, that Exhibit 24 was offered the other day.

The Court: Yes. That is what I thought. It is not to be copied in the record—there is nothing to be copied into the record from this, as I understand, is that right?

[fol. 1854] Mr. Coyle: No, that is right.

The Court: Very well.

Mr. Alsup: As I understand it, your Honor, the only thing that will be copied in the record is the affidavit itself.

The Court: That is correct.

Mr. Coyle: That is correct, the affidavits and the statements.

The Clerk: Defendants' Exhibit AX is admitted.

(The exhibit marked Defendants' Exhibit AX was received in evidence.)

The Court: Yes. Will you mark my copy, please, Mr. Clerk.

You know, counsel, while we are on the subject, the more I think about it, I suppose that I ought to read all of this material, and then at the end of the case if you desire to file any additional memorandum to emphasize or summarize any of the testimony or any of the material in these exhibits you are welcome to do so. But I would like it done at a very reasonably early date.

[fol. 1855] Mr. Alsup: We have endeavored to do that, your Honor. You know we have summarized the documents which we have filed with your Honor and the documents, the testimony of the industry witnesses.

The Court: Yes. I thought you might have others, more than that though.

Counsel has introduced certain others that have not been summarized in his brief, as I understand it.

Mr. Coyle: No, your Honor. These two witnesses we added on this morning we also have statements.

The Court: Well, that won't be necessary, of course.

Mr. Coyle: Yes.

The Court: I have heard the testimony.

Mr. Coyle: Yes.

The Court: But all of the affidavit evidence you have has been summarized or averted to in your brief.

Mr. Coyle: Oh, no, your Honor. My understanding was that we are going to summarize——

The Court: You can if you wish. What I am saying is you can if you wish.

Mr. Coyle: Yes, but the——

The Court: Yes, I want you to understand it is not compulsory.

Mr. Coyle: I see, your Honor.

[fol. 1856] Mr. Alsup: I next offer in evidence, your Honor, and assume it will be Exhibit AY, the affidavits of the industry witnesses, defendants' industry witnesses who operate from two to nine grocery stores as follows:

Eugene Gelson.
Nathan Gilbert.
Marcus Godfrey, Jr.
Joe B. Goodnight.
Yoshi Inadomi.
Arthur C. Jones, Jr.
A. J. Miller.
O. J. Sloan.
Daniel H. Wilson.

The Court: It will be—Mr. Clerk, is that AY, is that right?

The Clerk: Yes, sir, Defendants' AY.

The Court: It will be admitted.

(Document referred to was marked Defendants' Exhibit AY and was admitted in evidence.)

The Court: That too is to be copied into the record, as I understand.

Mr. Alsup: Yes, your Honor. Thank you.

The Court: I only want to say one thing in advance. I hope that you put your best foot forward on these copies [fol. 1857] because some of the lawyers seem to feel that if they can give the judge a real bad copy he can't read he might rule in their favor. But I don't work on that theory. And I hope the copies are legible.

Mr. Alsup: I trust your Honor it is very legible. We are proud of these affidavits.

The Court: I am talking about planning, counsel.

Mr. Vaughn: I might say, your Honor, that you have the copy that we intended to keep for our own files. So it will be legible.

The Court: All right, thank you.

Mr. Alsup: I next offer in evidence, your Honor, Defendants' Exhibit AC, an affidavit of defendants' industry wit-

nesses who operate ten or more grocery stores in this area, namely:

Sam Alexander.
Claude W. Edwards.
Charles Futterman.
George F. Fitzpatrick.
Joseph P. Hughes.
Roger Laverty, Sr.
Richard Ross.
Neal D. Ramsey.
Ted. R. Wood.

The Court: As a matter of fact, you have summarized [fol. 1858] all of these in your, as I remember, some of them—you have summarized all of these, haven't you?

Mr. Alsup: I summarized those and I summarized the Government's industry witnesses and the depositions of the Government's industry witnesses, your Honor.

The Court: That is what I thought. Now that is ten or more, is that right?

Mr. Alsup: These are ten or more.

The Court: I wonder if you would help me out and go back to AX, how many do they own, one or more?

Mr. Vaughn: One.

The Court: AX.

Mr. Alsup: One store only, your Honor.

The Court: One store only.

And AY is one to 9, was it?

Mr. Alsup: Two to nine, your Honor.

The Court: Two to nine. I have it. Thank you.

Mr. Alsup: I offer Defendants' AZ, being the operators of ten or more grocery stores I have just referred to, your Honor.

The Court: Admitted.

(Document marked Defendants' Exhibit AZ was admitted in evidence.)

Mr. Alsup: I might say, your Honor, in connection with the affidavit of Joe Hughes, which is in the last exhibit, [fol. 1859] there are attached some forms from, order forms, from Certified Grocers.

The Court: Yes.

Mr. Alsup: Mr. Hughes is chairman of the board of Certified, as well as an operator of grocery stores. And those exhibits which are attached to his affidavit need not be copied in the record. I think they have been otherwise identified as our Exhibit H.

And I would offer that Exhibit H in evidence.

Mr. Coyle: That is Exhibit I, I think.

Mr. Vaughn: No, we changed that.

Mr. Coyle: I see.

The Court: So long as the reporter understands.

The Clerk: Your Honor they are now offering Exhibit H?

Mr. Alsup: Yes.

The Clerk: Is this the one you are referring to?

Mr. Coyle: Are you making the offer now?

Mr. Alsup: Yes.

Mr. Coyle: I object to this exhibit, your Honor. It doesn't prove anything.

The Court: If it doesn't prove anything why object.

Mr. Coyle: It is irrelevant.

The Court: What are these, counsel?

Mr. Alsup: They are order forms issued to members by [fol. 1860] Certified Grocers which indicate the very wide range of——

The Court: What they can purchase?

Mr. Alsup: ——products which the members of Certified can purchase.

And Mr. Hughes' affidavit—I don't have a copy of it before me now, your Honor, I have given you my copy—points to the wide range of products which members of Certified can purchase.

The Court: Well, I think I will admit it for whatever weight it may have on general conditions in the industry.

In other words, it may have some persuasive force, it may not. I don't know.

I assume that the thoughts you get concerning the area the better you are able to judge whether there is a lessening of competition.

Mr. Alsup: If your Honor please, I next offer as defendants' next exhibit in order—what is that?

The Clerk: BA.

[fol. 1861] Mr. Alsup: BA, the affidavit of three of the officers of Von's Grocery Company, namely:

Theodore A. Von der Ahe
W. R. Hayden
Charles Von der Ahe.

Mr. Von der Ahe is the president. Mr. Hayden is executive vice president and former president of Shopping Bag, and Charles Von der Ahe is the chairman of the board of Von's Grocery Company.

The Court: Any objection?

Mr. Coyle: Your Honor, I think I should point out that we deposed Mr. Von der Ahe and the deposition should be copied into the record.

The Court: After each, the same as we have heretofore done, after the copying into the record of the affidavit, then at that point copy in the deposition.

Mr. Alsup: You deposed Mr. Von der Ahe three times.

Mr. Coyle: The deposition on the affidavit was the last one we deposed.

Mr. Alsup: Very good.

The Court: Now, gentlemen, so the record will be clear at this point, I think it is clear, but let's be sure.

It has been understood throughout these proceedings leading up to pretrial and after pretrial and now that where these affidavits have been offered, that there is no [fol. 1862] objection and that counsel has had available, to both sides, to them the opportunity if they desire to cross examine by proceeding on deposition, is that correct?

Mr. Alsup: That is correct, your Honor.

The Court: Is that correct?

Mr. Coyle: With this reservation, your Honor, that there may be objections as to weight or hearsay statements——

The Court: I am not talking about that. I am talking about the opportunity to cross examine.

Mr. Coyle: That is correct, your Honor.

The Court: No one has been deprived of that. That is what I am talking about.

Mr. Coyle: That is correct, your Honor.

The Court: Whether it has weight or whether you want to object to it is another matter.

Go ahead.

The Clerk: Do you want counsel to identify which of the three depositions you are speaking of?

The Court: Yes, I think you should.

Mr. Vaughn: For your assistance counsel, it would be to the deposition to which you referred, the May 23, 1963.

Mr. Coyle: I have a problem here, which officers' [fol. 1863] affidavits are submitted.

Mr. Alsup: At this point Theodore A. Von der Ahe, W. R. Hayden and Charles Von der Ahe.

The Court: Did you get those, Mr. Clerk?

The Clerk: Well, the——

The Court: Get the first one first. Let's get them out and be sure we have them.

The Clerk: Yes.

The Court: That is what we want to be sure of.

The Clerk: I thought he said there were three separate depositions of Von der Ahe.

Mr. Alsup: There were, but counsel refers just to the last one.

The Court: He gave the date May 23, 19——

The Clerk: Here is one taken on May 4th.

The Court: That is not it. Give him the date again. It is May 23, is it?

Mr. Vaughn: 1963, your Honor.

Mr. Alsup: Do you have a copy?

Mr. Vaughn: We have the original. As a matter of fact—I apologize, we do have the original.

The Court: All right. The original is now filed with the clerk.

That is the original, Mr. Clerk.

The Clerk: The original of the deposition of Von der [fol. 1864] Ahe.

The Court: Which one, which Von der Ahe?

The Clerk: Theodore A.

The Court: All right.

The Clerk: Taken May 23, 1963. It will——

The Court: That will be copied into the record succeeding where his affidavit is copied.

Mr. Coyle: Correct, your Honor.

Mr. Alsup: That deposition has not been signed and notarized. If counsel wishes we will have it——

The Court: Do you wish it, counsel?

Mr. Coyle: No, your Honor.

The Court: All right.

Mr. Alsup: In connection with the——

The Court: Now, the next deposition, the next affidavit—we must get all three of them.

Mr. Alsup: No, your Honor, they did not depose any of our industry witnesses.

The Court: The other two Von der Ahes they did not?

Mr. Coyle: We did not depose the other two Von der Ahes.

The Court: All right.

The Clerk: That is Defendants' Exhibit BA, is that admitted?

[fol. 1865] The Court: Yes.

(The exhibit referred to was marked Defendants' Exhibit BA and received in evidence.)

Mr. Alsup: Attached to the deposition of Mr. Von der Ahe, your Honor, are certain exhibits. And I think we have supplied copies of those exhibits to Mr. Figg and had them marked Exhibit I collectively. And I offer those as well.

The Clerk: This one?

Mr. Vaughn: Yes, that is correct.

Mr. Coyle: If your Honor please, I object to those. There are pages and pages——

The Court: But, counsel, if they are part of the deposition and the deposition is going in, how can I understand the deposition without these? I don't think—what was this, on cross examination or direct examination?

Mr. Coyle: Direct examination, your Honor.

Mr. Alsup: Direct examination.

The Court: Well, I suppose technically he is right. Upon what theory can we put it in evidence, counsel?

Mr. Alsup: Your Honor, the Government witnesses consistently stated in their affidavits, just as Craun and Mr. Dick testified this morning, they have to be aware of market conditions in the area.

The Court: Is this what the opinion is based on, is that [fol. 1866] what you mean?

Mr. Alsup: In part, yes, your Honor.

The Court: Well, of course——

Mr. Alsup: They refer to trade papers, each of them——

Mr. Coyle: If your Honor please, I don't object to the trade, to the opinion——

The Court: Well, the basis of his opinion, you know you can always state the basis of your opinion, even though it is hearsay.

Mr. Coyle: But it is hearsay, it doesn't go into evidence, your Honor.

The Court: Well, it goes into evidence but it is not substantive evidence of the events or acts. It is merely the basis for the professional opinion, that is all.

Mr. Coyle: It is not evidence of any——

The Court: That is correct, that is correct. So it is not probative evidence of the facts recited here. It is only what is in support of his opinion. That is all. That is the exception to the hearsay rule.

Mr. Coyle: I think the exception is the opinion, but not the hearsay material. Some of the hearsay material——

The Court: Well, you are getting down to the rule in a condemnation case where some of the State courts have held that he can't give it on direct examination but on cross it [fol. 1867] can be elucidated.

But I think I will admit it here, not as probative evidence of what it contains, but merely what he considered in formulating his opinion. For that purpose only.

The Clerk: Defendants' Exhibit I in evidence. H was admitted, your Honor?

The Court: Yes, that was admitted.

The Clerk: Defendants' H and I in evidence.

(The exhibits marked Defendants' Exhibit H and I were received in evidence.)

Mr. Alsup: Your Honor indicated yesterday that there may be some of these that we would like you to read as a whole, some of these affidavits—I know it imposes a great burden upon you but——

The Court: No, I don't think that is necessary. I think I decided the best thing for me to do, the quickest thing is to read them myself.

Mr. Alsup: If your Honor please, I would like to turn it

over now to Mr. Vaughn who understands the facts of the figures and charts and statements, to produce the balance of our evidence.

The Court: Very well.

[fol. 1868] Mr. Vaughn: Your Honor, I don't know how well I understand the facts and figures and charts, but I will give this a try.

The Court: Now, on the facts, you are talking now about charts, I take it.

Mr. Vaughn: Well, in part. First I would like to start out by offering in evidence the affidavits of defendants' other industry witnesses. These are people who do not operate grocery stores but are suppliers or otherwise engaged in or connected with or intelligible about the retail grocery business.

The Court: They are suppliers of grocery products?

Mr. Vaughn: They are suppliers of grocery products, market consultants and others engaged in the trade.

They include:

Coker.
Charles Chamberlain.
Cyril C. Nigg.
Edward F. Pasini.
Cambell Stewart.
D. L. Childress.
Thomas H. Linden, Sr.
M. W. Engleman.
Clive W. Johnson.
Howard Kruger.
[fol. 1869] Franklin L. Miller.
Roy King.

And if I may approach the clerk, your Honor, I have the original and one copy of those affidavits.

The Clerk: I have marked this Defendants' Exhibit BB for identification.

(The document referred to was marked Defendants' Exhibit BB for identification.)

Mr. Coyle: If your Honor please, we object to the affidavit of the witness Childress because he relates to an

incident occurring outside of the Los Angeles Metropolitan area, which would be outside——

The Court: What is the incident, counsel? Tell me. Do you remember what it is?

Mr. Coyle: Yes, availability of the shopping center. He says that he had a location in a shopping center offered to him outside the Los Angeles metropolitan area.

Mr. Vaughn: Your Honor, that is not what the affidavit says at all.

The Court: What does it say?

Mr. Vaughn: It actually is a rebuttal affidavit, your Honor, of one of the Government witnesses, Mr. Paul Palmer who has a four-store chain called Country Cousins.

He said in his statement, which purports to summarize his testimony, that small concerns have a difficult time [fol. 1870] getting into shopping centers.

Mr. Childress is a real estate broker admittedly in Ventura, who signed up a shopping center which Von's also wanted and gave it to Country Cousins.

Mr. Coyle: Yes, but it outside——

Mr. Vaughn: And it is rebuttal, because Country Cousins is a concern which operates in Los Angeles metropolitan area. And while specifically it refers to Ventura, I think it is probative and of materiality in connection—particularly in connection with Mr. Palmer's testimony.

The Court: Where is his affidavit? I can't find it.

The Clerk: It is 39, your Honor.

The Court: There is no 39. There is a 38 divided by 39 here, is that the page?

The Clerk: I see the page isn't numbered itself. It has a tab on it which says 39.

The Court: Oh, I see, I see.

Mr. Vaughn: Your Honor, those affidavits were originally prepared not in that form, so the documents do not run in consecutive numbers. That is why we used the tabs.

The Court: Well counsel, what probative value does this have?

Mr. Vaughn: It shows that Mr. Palmer's statement about firms and concerns not being able to get into shopping [fol. 1871] centers was, to this extent, not true.

The Court: Well, it doesn't affect this area though.

Mr. Vaughn: That is correct.

The Court: It is outside of this area.

Mr. Vaughn: It may be so, but we are going into whatever understanding here, and we feel though that this evidence is of materiality because Country Cousins does business in Los Angeles area, the Los Angeles metropolitan area.

If your Honor feels that it is irrelevant for that reason we will withdraw it.

The Court: Well, I am afraid it goes outside—if we start to broaden the scope of the area for one purpose we may run into collateral matters for other purposes.

So I think I had better sustain the objection on that.

Mr. Vaughn: Very fine, your Honor.

The Court: I don't think it has a great deal of weight anyway, frankly.

Mr. Coyle: Your Honor, we also object to——

The Court: Just consider that the objection has been sustained to Childress and I won't read it.

Mr. Coyle: All right.

The Court: I have already read it anyway. So I won't read it again.

Mr. Coyle: We also object to certain publications or [fol. 1872] excerpts from publications contained in the affidavit of Mr. Roy King.

The Court: Why are they in there, counsel?

Mr. Vaughn: I don't know of any excerpts from publications in his affidavit.

The Court: Who is this we are talking about?

Mr. Vaughn: Roy King.

The Clerk: The bottom tab.

The Court: Yes, I have it, 45, Mr. King.

Would you point out to me where they are? I don't find them.

Mr. Coyle: I think I was wrong in that area, your Honor.

The Court: All right, fine.

All right, these will be admitted in evidence then. This is marked now exhibit——

The Clerk: Defendants' Exhibit BB in evidence.

(Document marked Defendants' Exhibit BB was received in evidence.)

Mr. Coyle: Now your Honor, I would like to offer the

affidavit of Mr. William Dover. I have the original and one copy of that and ask that that be marked Exhibit BC.

The Clerk: Defendants' Exhibit BC for identification.

The Court: Going back a moment to BB. When you use the term "other industry witnesses", is there any one classification I can put on here?

[fol. 1873] Mr. Vaughn: No, but the first in the categories are suppliers.

The Court: Suppliers and what else?

Mr. Vaughn: If I may see the original of that—the first five were suppliers.

The Court: All right.

Mr. Vaughn: Mr. Childress is out.

The Court: Just give me the category of the others, suppliers and what?

Mr. Vaughn: I can't, there is no category in which the rest of them will fit.

The Court: I will just put "Suppliers and." All right.

The Clerk: BC is marked for identification.

(The exhibit referred to was marked Defendants' Exhibit BC for identification.)

The Court: BC—any objection?

Mr. Coyle: No.

The Court: Admitted.

The Clerk: Defendants' Exhibit BC in evidence.

(The exhibit marked Defendants' Exhibit BC was received in evidence.)

The Court: That is the affidavit of Mr. William Dover.

Mr. Vaughn: Mr. Dover is presently a market consultant. [fol. 1874] But at the time he was with the Los Angeles Examiner Research Department. And he prepared the map which is over on the right-hand side of the courtroom showing the stores of the 37 leading chains in the Los Angeles metropolitan area as of June 1961.

I would like to offer, in conjunction with Mr. Dover's affidavit, Exhibits J and K referred to on our exhibit list.

Exhibit J is a statement or a report in narrative form from which is depicted graphically on the map which is Exhibit K.

The Court: The old saying, one look is worth hours of work, it certainly is true, isn't it.

Mr. Vaughn: It certainly is.

The Court: You don't have any way—is that going to be introduced as an exhibit?

Mr. Vaughn: I have just introduced it, your Honor.

The Court: That is what I thought. So if I need to look at it I can get that and look at it.

Any objection?

Mr. Coyle: No, your Honor.

The Court: Admitted.

(The exhibits marked Defendants' Exhibit J and K were received in evidence.)

[fol. 1875] The Court: I don't know that I want to take this with me. This is just a list of names and addresses.

Mr. Clerk, this is an extra copy, is it?

The Clerk: No, that is an original.

The Court: All right.

The Clerk: Do you have another copy?

Mr. Vaughn: We did have another copy, if your Honor would like it.

The Court: I don't know where I will store all this material, counsel. Maybe you had better comply with the rule and file the copy, if you have a copy.

Mr. Vaughn: All right. Would you like an extra copy of all our exhibits?

The Court: No, no.

Mr. Alsup: Your Honor, we do not have an extra copy of the map and it would cost several hundred dollars to make. I hope we won't have to make an extra copy of that exhibit.

The Court: I certainly won't, counsel. I for one have always believed in frugality in trials. If I had my way about it, there would be a slim record that would go up on appeal.

The Clerk: That is Defendants' Exhibits J and K admitted in evidence.

The Court: Counsel, I don't think you need to bother [fol. 1876] with that copy at this time. If you have an extra one you can give it to the clerk at a later time.

Mr. Vaughn: Very well, your Honor.

I also see that I overlooked Mr. Kruger's affidavit. He was one of the other industry witnesses.

Our Exhibit AF which I would like now to offer in evidence. Exhibit AF—Mr. Kruger was an employee of Kroger Company in 1957. He came to Los Angeles at the behest of his employer to look at three grocery chains which Kroger was interested in acquiring.

They were Von's, Shopping Bag and Alexander's. He did a survey of each of the stores of those chains. And these are the conclusions, among other things, that there were no Von's and Shopping Bag stores in competition with each other in 1957, with the exception of two stores in Whittier.

And as to those, there were other stores that were in more important competition than Von's and Shopping Bag were with each other. That is his report, Exhibit AF.

The Court: In other words, this is what he would have testified to if he had appeared here and testified.

Mr. Vaughn: That is correct. The affidavit supplements that to some extent.

The Court: Any objection?

Mr. Coyle: That is going only to weight, your Honor. [fol. 1877] The Court: That is right, counsel. It may have no weight, but if it has any weight it is for the court to decide what weight it may have.

Mr. Coyle: Also to relevancy, because it was previous, some three years before this acquisition took place.

The Court: Well, you talk about the Supreme Court says you must get all the conditions leading up to and following. Isn't that what the court says?

Mr. Coyle: Industry structure, your Honor.

The Court: That's right. Well, this is a part of the industry, isn't it?

So I will admit it.

The Clerk: Defendants' AF admitted.

The Court: It comes in two things, it comes in the line of commerce and it also comes in the metropolitan area. So it is in both categories.

I will admit it.

Mr. Vaughn: I also might say this, Mr. Kruger obviously wasn't paid by Von's to make that survey. He was doing it independently.

(The exhibit marked Defendants' Exhibit AF was received in evidence.)

[fol. 1878] Mr. Vaughn: Now, as Exhibit BD, I would like to offer in evidence the affidavit of Dorothy D. Corey. Mrs. Corey is the president of a concern known as Facts Consolidated, doing market research, a market research organization.

She has prepared a number of maps and exhibits and so on which are referred to in our affidavit.

The Court: Any objection, counsel?

Mr. Coyle: Your Honor, the Corey exhibit, also the Kruger exhibit, are subject to this other objection that they go into this store-by-store competition, which was covered by paragraph 46 of the Pretrial Order, and also by the admission that the defendants made in paragraph 6 of their Answer.

So we do object, we feel that this evidence is inconsistent with their answer, now that the pretrial order has been amended.

The Court: I will admit it.

Mr. Coyle: We also have a deposition of Mrs. Corey that ought to be placed in the record.

The Court: You may waive your objection, counsel. Do you want to put it in?

Mr. Coyle: I don't think so, your Honor.

The Court: All right. You may put it in. It will be copied in, this affidavit of Dorothy Corey will be copied in the record and following will be the deposition taken [fol. 1879] when she—what date did she give it?

Mr. Coyle: It was a week ago.

The Court: I see. All right.

The Clerk: The affidavit is Exhibit BD, which is in evidence.

(The exhibit referred to was marked Defendants' Exhibit BD and received in evidence.)

Mr. Vaughn: Your Honor, Mrs. Corey in her affidavit refers to a number of exhibits, Exhibits M through R all relate to a study which Facts Consolidated did for Von's and Shopping Bag in October and November of 1959—I beg your pardon, they were retained by O'Melveny & Myers

to do a survey to determine the extent of overlap between the Von's and Shopping Bag stores that were nearest to each other in the Los Angeles metropolitan area.

What she did was go out and interview people in the Von's and Shopping Bag store parking lots and determine where they did most of their shopping. She then tabulated that in her report, which is Exhibit M.

She then prepared maps—and if I can move over here I can find a copy——

The Clerk: Everything but N is a chart, isn't it?

Mr. Vaughn: That is correct.

She then prepared these maps which are Exhibits M [fol. 1880] through R which plot by dots the location of the customers of Von's and Shopping Bag stores which she surveyed, hopefully depicting the drawing areas of these particular stores, and I think showing that the draw areas of these stores were, in most cases, distinct.

Mr. Coyle: If your Honor please, in deposition we established that each of those dots represents more than one customer, more than one customer interview as part of the sample, but it didn't represent——

The Court: It is nothing but a sample poll, is all it is, isn't that what it amounts to?

Mr. Coyle: That's right, but the dot doesn't represent one customer, it represents a number of customers, 20 or 30 or 40 customers in a given area.

The Court: Well, this is a sample, a sampling program, wasn't it?

Mr. Coyle: That is correct, your Honor.

The Court: So you can't tell how many it may represent, is that correct?

Mr. Coyle: I think you can tell how many it represents because it was sampling customers of a given store and they were figuring customers as to the total number of customers that a store has. If it is a sample then each of those interviews would be representative of a portion of the total patronage of a store.

[fol. 1881] In other words, if the store had 3000 customers and you interviewed 300, then each sample would represent 10 customers.

The Court: I don't follow you, I just don't follow that.

Mr. Coyle: Well, these samples are projections.

The Court: I understand that, but you say they represent——

Mr. Coyle: They did show that one customer would come from that area, but on a projection basis it would represent 20 customers.

The Court: How can you come to that conclusion? I mean, how do you arrive at that?

Mr. Coyle: That is the way projection samples are made. For example, if the sample represents one-tenth of all of the customers of the store, then you interview——

The Court: That part I understand. But I understand you are saying that if they interview one person and then you project it out, prognosis, I guess is what it is, by saying, that, well, that represents so many customers for that area. Is that what you are saying?

Mr. Coyle: I think that is what it means, yes, your Honor. In other words, it doesn't show that this store is just drawing one customer from that area. It shows that this store, they are projecting this on many customers.

[fol. 1882] The Court: Is that your interpretation, counsel?

Mr. Vaughn: Well, I think I will let Mrs. Corey's deposition speak for itself on that score. Obviously they didn't plot the location of every Von's and Shopping Bag customer. They took a sample. And it may be that a particular person living at a particular address is representative of the general community from which other customers are drawn——

The Court: That I understand, that part would be in keeping with what I have been thinking.

But when you start to pin it down to a certain number, then I don't quite understand it.

Mr. Vaughn: Mrs. Corey, as she testified, made no determination of the percentage of samples of the total number of customers; she knows how many she sampled, but she does not know what the total universe was, that is, how many total customers of any Von's or Shopping Bag store had.

But she very adequately explained in her deposition that it was irrelevant for her to know that because it is the size of the sample, not the size of the universe which governs the validity of the sample.

Mr. Coyle: She also testified that the sample was project-able, your Honor.

The Court: Yes. Well, I can see how it may be project-[fol. 1883] able, but on that basis it is a little difficult—in other words, let me see one of those, will you, Mr. Clerk, please.

[fol. 1884] I certainly want to understand it before I start to look at it.

(The exhibits were handed to the court.)

The Clerk: That is Exhibit R.

The Court: Exhibit R. I am looking at now and I find red and green markings.

Now, the red I take it are Von's is that right?

Mr. Vaughn: That is correct, your Honor.

The Court: The green are what?

Mr. Vaughn: Shopping Bag.

The Court: Now it says "Table Depicting the Residences of Von's and Shopping Bag Stores as of December 1959," showing there was little if any overlap in the draw areas of Von's and Shopping Bag stores located in Monterey Park.

Now I take it you say that her deposition shows, both the affidavit and deposition show—there is both an affidavit and a deposition.

Mr. Vaughn: Correct.

Mr. Coyle: Yes, your Honor.

The Court: —show that she went throughout these neighborhoods interviewing customers.

Mr. Vaughn: She stood in the parking lot of the Von's and Shopping Bag stores and asked the customers, obvious customers of the store who were in the parking lot various [fol. 1885] questions along the line of, "Where do you do your marketing, where do you do most of your grocery shopping?"

The Court: Now, if there were a thousand customers in a Von's store and she interviewed——

Mr. Vaughn: She interviewed about 300.

The Court: About 300. All right. Then she would take—suppose she got 10 from one area, she would project that out by multiplying 10 times, is that right?

Mr. Vaughn: She would put 10 dots on the map at the

intersection closest to their residence. In other words, let's suppose that I was interviewed in one of those parking lots and I said that I lived near the corner of Bowling Green and Sunset. She would put one dot at Bowling Green and Sunset.

Now Mr. Coyle is making the argument that that may represent more than one customer.

The Court: It certainly may, and probably does. But I am trying to find out how the projection works, how it works.

Mr. Coyle: If she had projected it, each dot would have, she would have figured out a ratio——

The Court: That is the point, how do you arrive at that ratio. You take the number of people that she interviewed and ratio it to the number of customers.

Mr. Coyle: The total number of customers of the Von's [fol. 1886] store.

The Court: And then from that you conclude that if she hit 10 from one area, that would account for one-tenth.

Mr. Coyle: That is right.

The Court: I see now. Now I understand you.

Mr. Vaughn: But there is no evidence in the record as to how many customers any of these stores had. This is only intended to reflect a pattern of buying in this particular community, not to go down to the last customer and the last dot and show where he lives, but only to give a graphic representation of where most of the customers of these stores——

The Court: It is a sampling to indicate the location of the customers.

Mr. Vaughn: That is correct.

Mr. Coyle: Yes, sir.

The Court: All right.

Mr. Coyle: My point is only that one dot indicates more than one.

The Court: Well, it could be, that's right. I quite agree it could be, but just how many I don't know.

Mr. Coyle: And there is testimony in the record that Von's has between three and six thousand customers at Von's stores, so——

[fol. 1887] The Court: By the way, counsel, how do they arrive at how many customers a store of this kind has?

Mr. Vaughn: I don't know. Mr. Von der Ahe can testify to that, he testified to that in his deposition——

The Court: Well, they obviously have some method of checking people, I guess.

All right, these will be admitted in evidence.

Mr. Vaughn: I think that is substantially the testimony of Mrs. Corey.

The Clerk: Those are Exhibits M, N, O, P and Q and R in evidence.

(The exhibits referred to were received in evidence as as Defendants' Exhibits M, N, O, P, Q, and R.)

The Court: It might turn out, as a famous poll did back in—the magazine took a poll and showed a complete clear-cut election of Mr. Hoover in 1932. But I think that was the end of the Literary Digest, was that the name of it?

Mr. Alsup: That's right.

Mr. Vaughn: We suggest that these people have learned something since that time, your Honor.

The Court: Maybe it is not to be so sure.

(Laughter in the court room.)

Mr. Vaughn: Your Honor, Mrs. Corey's affidavit also [fol. 1888] refers to Exhibits S through Z. Those exhibits are prior studies done by Mrs. Corey for Von's, which reflect a number of things about the Los Angeles Metropolitan Area, including the draw area of various stores and the intensity of competition in the area generally, the number of stores Von's has to compete with, their number and location and the like.

These have a two-fold significance which shows what it shows. It also shows that the sampling methods which were employed by Mr. Corey in her study for the previous exhibits were substantially similar to those which she had performed in the past and on which Von's and other grocers relied.

The Clerk: S and T are book exhibits. The others are charts.

Mr. Vaughn: No, they are all book exhibits, I am quite sure.

The Clerk: I see.

Mr. Vaughn: The red books there.

Mr. Clerk: I have it U, V, W, X and Y—here they are.

Mr. Vaughn: And, your Honor, we can furnish additional copies of any of these which you might want.

The Court: Well, I don't think it will be necessary, counsel.

Any objection?

Mr. Coyle: No, your Honor.

[fol. 1889] The Court: They will be admitted.

The Clerk: That is Defendants' Exhibits S, T, U, V, W, X, Y, and Z.

(The exhibits referred to were received in evidence as Defendants' Exhibits S, T, U, V, W, X, Y, and Z.)

Mr. Vaughn: Now, your Honor, we tried to approach this problem from another way, and in that connection I would like to offer in evidence under the letters BE the affidavit of Victor Hinson, who is also an officer of Von's.

The Clerk: I have marked Defendants' Exhibit BE for identification.

The Court: Any objection?

Mr. Coyle: We object to the exhibits, but not to the affidavit itself.

The Court: What are the exhibits?

Mr. Vaughn: Your Honor, Mr. Hinson had the store managers of Von's and Shopping Bag stores which the government said were competing make a list of all of the persons cashing checks at the Von's and Shopping Bag stores, the first 200 persons on a given Saturday and Sunday or over a given period of time.

He then got their addresses from their checks, had his secretary put a pin in these maps at their address. Sometimes he couldn't get—he had too many addresses for the [fol. 1890] number of pins he had, and sometimes each pin represents more than two. But it is intended again to show the pattern and to show that there was no substantial competition between Von's and Shopping Bag stores prior to the merger.

The Court: Any objection, counsel?

Mr. Coyle: Yes.

Mr. Vaughn: We have four of these maps in addition to the lists of checks from which these were prepared. And all of those are lists of addresses—I should say of cus-

tomers as Exhibit AA, the maps, three of which are over there and one over here (indicating), are Exhibits AD through AE.

Mr. Coyle: Your Honor, the basis for our objection to this is that it was introduced to show there was little or no competition between Von's and Shopping Bag prior to the merger.

Our objection is based on the fact that this study was taken subsequent to October, October and December of 1960, which was fully eight or nine months after the acquisition. Obviously there was no competition afterwards. But this doesn't show that there was no competition prior to the merger.

People naturally would go to the Von's or Shopping Bag stores to cash their checks. This was subsequent to the acquisition.

[fol. 1891] The Court: Yes.

Mr. Coyle: And they are purporting to show that this is subsequent to the acquisition, people living in the vicinity of the Shopping Bag stores—Von's and Shopping Bag stores it was then—went to that store to cash their checks, which would indicate that they wouldn't have gone to the other store prior to the merger. Well——

The Court: No, there is nothing—again, it is nothing more than a sampling——

Mr. Coyle: But it was taken subsequent——

The Court: I take it is is just a trend of people, on the theory they are habit-forming, that people go back to the usual place, and even if you change the name of the store they will go back. I take it that is the theory.

Mr. Vaughn: Yes. If I may be heard on this, your Honor——

Mr. Coyle: That is not what it shows, your Honor. The theory of this exhibit is that people who reside in the neighborhood of the Von's store don't go to the Shopping Bag store and cash their checks.

And it was taken after the Shopping Bag stores went out of independent existence.

The Court: Well, the best it could do would be to go to weight, it seems to me, and that would be whether or not the court would decide that human beings are such that as [fol. 1892] a matter of habit they would go back to a

Shopping Bag store, even after it had been changed to the name Von's.

Mr. Vaughn: The name wasn't changed, your Honor.

[fol. 1893] The Court: I am saying that even if it had been changed to the name Von's, the people would more or less by habit go back to the same store, wouldn't they, counsel?

Mr. Coyle: I don't know what people would do, but I know——

The Court: Well, you are a person, you know what you would do, you would go back usually to the same store, wouldn't you?

Mr. Coyle: No, I wouldn't, if two of the chains merged, I would know enough to know that the store closed, that it wasn't the same store.

The Court: That isn't the point, though. But if you went to cash a check, you would go back to the same place that you had known, wouldn't you?

Mr. Coyle: No, these people have check-cashing cards, that is where they got the addresses from anyway, you got it from the cards.

The Court: Well, at best it would prove, it seems to me, an indication, merely a survey showing the trend of human beings, what they were doing in the area.

Mr. Coyle: There is no trend to it, it would show what they were doing at a given time, which was eight months after the acquisition. It shows that eight months after the acquisition the people who lived closest to the Shopping Bag store, formerly Shopping Bag store, went back to the [fol. 1894] Von's-Shopping Bag store to cash their checks because it was closest to their residence.

The Court: I don't know how it shows that, I don't follow you.

Mr. Coyle: That is what it shows, it plots, it shows that people can cash checks, the addresses of the people who cashed checks at the Von's and Shopping Bag stores.

The Court: That is what I understand.

Mr. Coyle: But it took the plot of people who cashed these checks nine months after——

The Court: I understand that, too, but I am talking about the question of—for whatever weight it has indicating the habit of the people. Do you think that people

change their habits just because they read in the newspapers that there had been an amalgamation of two corporations?

Mr. Coyle: Certainly they do, a housewife isn't going to go five miles away to shop at a Von's-Shopping Bag store when there is one two miles away, your Honor.

The Court: Well, you may be right, I don't know.

Mr. Coyle: I mean housewives know when these acquisitions taken place, they know they have the same line of merchandise at both stores.

The Court: Where do you get your haircut? Suppose [fol. 1895] they change the name of the barber shop and had the same barber there, would you go——

Mr. Coyle: That is personal service.

The Court: Well, is personal service involved here?

Mr. Coyle: I am certainly not going to pass a Shell Oil station to go to another Shell Oil station that is maybe five minutes further on.

The Court: Well, I don't know whether you would or not. I have done it.

Mr. Coyle: That is slightly different, there is a different service station operator involved.

The Court: What is the grounds of your objection?

Mr. Coyle: My objection is that this study purports to show shopping habits prior to the acquisition——

The Court: You mean after the acquisition.

Mr. Coyle: It was introduced to show shopping habits prior to the acquisition.

The Court: I don't think it shows that.

Mr. Coyle: That is my objection.

The Court: Well—

Mr. Vaughn: Your Honor, I think Mr. Coyle has a point that goes to the weight of these exhibits. Obviously we couldn't create all of these exhibits before this lawsuit was filed. I think we did pretty good to have Mrs. Corey [fol. 1896] prepare before the lawsuit was ever filed.

I think it is subject to the objection which Mr. Coyle has made, I think the objection should go to the weight.

The Court: Well, I think I will admit it. And I am frank to say the weight, though, may not be too great. I will consider it in the light at the time it was made and in view

of counsel's statements I see now your point. It may well not be persuasive of any probative fact.

Mr. Vaughn: Well, there was still Von's and Shopping Bag. I don't know how many of these housewives know there was a merger between Von's and Shopping Bag. I can assure you my wife didn't know until I told her.

The Court: Well, the reason I raised the point, counsel misunderstood me. He thought I was saying that the name had been changed on the store.

I was talking about a suppositional situation where you actually change the name. In other words, there is an acquisition and then you put the name of the acquiring company on the stores. I am wondering even then what customers would do if a store was nearer, whether they would still go to the store farther away and say, well, now that it is owned by the same people I will go to the closest store.

Mr. Vaughn: I agree, your Honor.

The Court: I don't know.

[fol. 1897] Mr. Coyle: If your Honor please, the advertising was changed immediately. They published single ads and I am sure that housewives read those ads——

The Court: That could be quite a problem, quite a problem. All right, I will admit it for whatever weight it has.

The Clerk: The affidavit and the four charts?

The Court: And the four charts.

The Clerk: That is Defendants' Exhibit BE which is the affidavit. And the four charts——

The Court: Now four charts, I was just talking about one chart.

Mr. Vaughn: No, there were four charts.

The Court: Do they do the same thing?

Mr. Vaughn: The same thing in different areas.

The Court: They will be admitted.

The Clerk: That is Defendants' Exhibits BE, AA, AB, AC and AD.

(Documents marked Defendants' Exhibits BE, AA, AB, AC and AD were admitted in evidence.)

Mr. Vaughn: And AE.

The Clerk: And also AE.

(Document marked Defendants' Exhibit AE was admitted in evidence.)

The Clerk: What was that again now?

[fol. 1898] Mr. Vaughn: AE is the list of names and addresses which was worked from AB through AE on the maps.

The Clerk: Oh, there are five, that's right. This one here is AA.

Mr. Vaughn: Yes.

The Clerk: That includes AE. Admitted.

The Court: What is this thing you are referring to?

The Clerk: Hadn't you looked at it?

The Court: No. I would like to know what it is.

Mr. Vaughn: Those are lists of names and addresses that were supplied, that Mr. Hinson supplied, supplied to him by the store managers from which he——

The Court: It is nothing more than supporting data, I take it.

Mr. Vaughn: That is correct, supporting data.

The Court: Any objection?

Mr. Coyle: I have no objection where it goes in or not. I think it is supporting data.

The Court: All right. It is in for that purpose only.

Mr. Vaughn: Now your Honor, I would like to offer as Exhibit BF the exhibit of Roy L. Bouque. This is a sticker which I would like to have——

The Court: With one guess I can guess he is an economist, I take it.

[fol. 1899] Mr. Vaughn: He is a market, market consultant. With the firm of Lybrand, Ross Bros. & Montgomery. He has conducted a number of—he has done a number of things for us in this case in an effort to deal with a number of issues.

The first thing that he did was—first of all let me explain that all of this over-all evidence, is subject to certain clarifications, in my opinion. You cannot precisely determine the overlapping area of any given store with any of these surveys. You can get a general impression.

Perhaps the best people to tell you about what these overlaps are are people in the industry, like Mr. Von der Ahe, who has chosen the stores, the sites, many of them in the past, and who knows where his customers come from.

But in order that we could give your Honor every conceivable approach to this problem we had what I think can be fairly classified as theoretical studies. They have concluded, based upon evidence which was satisfactory to them, and which is convincing to me, that each store had a drawing area of from one and a half to two miles. They plotted that on the map.

Then in an effort to—and here is the Garden Grove area—in an effort to—blue is the Shopping Bag and red is the Von's—in an effort then to determine what the drawing area of the store is they considered competing stores of the major chains.

[fol. 1900] They then considered, on overlay No. 2, barriers to traffic which might exist in this theoretical draw area of one and a half to two miles—I might say that those circles around here (indicating on exhibit) represents a draw area of one and a half for the inner circle and the outer circle is a draw area of two miles.

Now these areas to traffic they considered as complete barriers to traffic flowing to a particular store, unless there was evidence to indicate to the contrary——

The Court: By barriers do you mean congestion or something of that kind?

Mr. Vaughn: No, I mean freeways, to which streets dead end into freeways, you can't get through. This is also true in some instances of railroad tracks and rivers, and other barriers, all of which are noted and described in the affidavit, and are depicted on the maps.

They then also took census data—and this shows the various census tracts, the number of people living in the census tract, the number of dwelling units, and they tried to determine how many people were actually living in an area which could be served by both the Von's and the Shopping Bag Stores, taking into account competition and the barriers to traffic.

And they have come up with counts, all of which are revealed in the affidavit and its appendix.

[fol. 1901] Finally, this is done—as you know this case has been on file for about three years, your Honor—and we came to a point where this was pretty out of date. So we had them prepare a final overlay which shows the competing stores which have come into the area since the merger,

or since December 1960 actually, which is the final overlay (indicating on exhibit).

By the way, the purple squares are discount houses which sell food. And this shows competition that has come into the area since the merger.

The yellow squares are stores operated by concerns which could not be regarded as major chains.

I also should say that we could not put on this map all of the stores that are in the particular communities of the Von's-Shopping Bag Stores, the task was just too great. So we limited ourselves to stores of major chains, and wherever possible, stores of small concerns.

The Court: Any objection?

Mr. Coyle: Yes, your Honor. I object to this exhibit on the ground that—these exhibits on the grounds that the witness Bouque didn't do the work, didn't supervise the work, had nothing to do with the work, and the work was all completed prior to the time he made his affidavit. It was done by two men from New York, Dr. Fabian and another doctor from New York who did the work. And this man Bouque——

The Court: This man who?

[fol. 1902] Mr. Coyle: This man Bouque, B-o-u-q-u-e, who furnished the affidavits—rereading from the deposition, page 10 of the deposition, line 25:

"Q. Who made the original assumption that there was a possible trading area of one and a half to two miles?

"A. As to the individual who made this particular decision I would assume it was made on the basis of a team operation. That is the way we do our work, that you have a man in charge who is the principal in the firm or a partner supervising the job and other staff men. Based on the facts that they gather from observation and from talking to people and from reading and studying, from these facts they develop their conclusions and made their assumptions.

"Q. You say it is generally agreed by the retailers. How many retailers were interviewed in connection with this project?

"A. I am not familiar with the exact number.

"Q. Do you know whether they had a sample or made a survey?

"A. I know that they talked with various retailers about this during the course of the examination. I know the staff was out making interviews. The exact [fol. 1903] number I don't know. These interviews were made by Dr. Fabian.

"Q. Is Dr. Fabian from New York?

"A. Dr. Fabian was from New York.

"Q. And he is employed by Lybrand, Ross Bros. and Montgomery?

"A. He was employed. He is no longer with the firm at this time.

"Q. You state that you have familiarized yourself with their records. How many retailer interviews have you read, did they make reports of these retailer interviews?

"A. None that I am aware of. There is such a mass of data in the file that it fills a couple of file drawers, three file drawer cabinets.

"Q. And in familiarizing yourself with the working papers you never ran across any of these retailer interviews that they made?

"A. No, I did not."

This is the witness that they are introducing in these exhibits, your Honor.

Mr. Vaughn: As a matter of fact, your Honor, unfortunately both men who were responsible for this project in 1960 are no longer with Lybrand, Ross Bros. and Mont- [fol. 1904] gomery, they reside in New York and they are not available to us. But this was a team effort, they had a team working on it.

Mr. Bouque is a partner of the firm and he testified on deposition further as follows:

"Q. You yourself made no survey or no study in connection with the field work that was done in 1960 because you weren't associated with the project at that time, is that correct?

"A. Since the time I have become involved in the particular studies under discussion here I have reviewed the working papers, familiarized myself with

the reports, reviewed the conclusions that were drawn and the assumptions made, and am in complete concurrence with the facts shown by our staff at the time as presented in the affidavit."

He also points out in different instances in his testimony that this is the way accounting firms ordinarily work. You don't have one man do everything, this is a team effort and comes out as a study which the firm—which the partner—Mr. Bouque is a partner in the firm—which the firm stands behind. And I think it ought to be admitted for that reason.

The Court: Well, let's just examine it a moment to find [fol. 1905] out if it is admissible under the rules of evidence.

In every case that I can think of involving accounting most of the work was done by people who do not give the final opinion. The man who gives the opinion goes over facts and figures which are made by others. Isn't that correct?

Mr. Vaughn: Yes, sir, and I have cases here——

The Court: And the opinion is based upon many, many items of hearsay.

Now, in eminent domain cases, even there they have assistants who go out and check the distances, check the locations, check many, many things. Many of these expert appraisers take the stand—I remember one that hadn't even been out to the property. Yet their opinions are admissible in evidence.

It seems to me that this question is, first of all, is this man an expert? If he is not an expert, then his testimony is not admissible.

[fol. 1906] Mr. Vaughn: I think he established during the course of his deposition and other wise that he is a management consultant who customarily worked in management consulting fields for Lybrand, Ross Bros. & Montgomery to solve any number of problems that might arise that might be referred to them by their clients.

Mr. Coyle: If your Honor please, I don't think that this man was qualified as an expert. This is an accounting firm, not a market research firm.

The Court: Some of these accounting firms, you know, do business—for example, I can give you one name—I

won't name them—who do, for example, the hotel and restaurant business, who do practically all that type of work. Their opinion as experts, although they are accountants, would be probably better than some of the hotel executives that run hotels.

Mr. Coyle: That may be so.

The Court: In fact they are called in to find out what is wrong with hotels.

Mr. Coyle: This man was not a partner of this firm when that survey was taken——

The Court: That wouldn't matter, counsel. He could still be an expert.

Mr. Coyle: He didn't review the files, he didn't go through anything here, he didn't know what use were made [fol. 1907] of them, if any was made, he wouldn't know the basis for establishing these barriers, he just signed an affidavit that the firm prepared.

The Court: Is this a compilation of information based upon an exhaustive research by the firm.

Mr. Vaughn: Yes.

Mr. Coyle: It is based upon research that was done under Dr. Fabian's supervision. He is the man that supervised this. He is the research expert who set up this whole program and supervised it. And he would know the basis for all these various conclusions and opinions.

The Court: Well, what you are trying to say, counsel, is that this man is not an expert?

Mr. Coyle: One, he is not an expert.

Two, he didn't do the work, he didn't supervise the work, he had nothing to do with the work. He came in after the work was completed and accepted the conclusions of his predecessor.

The Court: Well, we even permit the government to put in charts of people that sit in the court room here and listen to testimony and then they prepare these charts of what has been testified to which, as far as they are concerned, is pure hearsay. They have no personal knowledge of it. And they let experts get on the stand and explain all those charts.

[fol. 1908] Mr. Coyle: I have no problem with the experts getting on the stand and testifying to charts they have supervised——

The Court: Where is the prejudice in this? Let's find if there is any prejudice. Is there any prejudice here as to your side in this? This document AF, is that what we are talking about, BF?

Mr. Coyle: That is correct, your Honor.

The Court: What is the prejudice?

Mr. Coyle: The prejudice is that it is hearsay testimony. We took the deposition, we couldn't get an answer from the man, couldn't get answers from the man because he didn't know the work.

Mr. Vaughn: I think you got all the answers.

The Court: Now you say you couldn't get the answers.

Mr. Coyle: No. I asked him how many retailers there were in the area, what were his conclusions based on that a retail chain has a drawing area of one and a half to two miles, and he said he didn't know.

Mr. Vaughn: That is not entirely correct. He said he knew interviews were conducted but he couldn't tell you the specific details about it.

Mr. Coyle: Or how many—he had never seen any of the interview reports, he just talked it over——

[fol. 1909] Mr. Vaughn: He said that he based the two-mile draw area on specific documents as well, the studies, documents that are in evidence here——

Mr. Coyle: He said Dr. Teborn Fabian based it on Dr. Corey's studies.

Mr. Vaughn: I will accept that amendment.

The Court: Is that correct?

Mr. Vaughn: That is correct. Lybrand, Ross Bros. & Montgomery as a firm not working on this project relied in part upon surveys conducted by Facts Consolidated which showed that the vast majority of the customers come within two miles of the store. And it seems to me that if that assumption is incorrect in any case the government is certainly free to show that the draw areas are greater.

The Court: That isn't the question, counsel. The question is whether or not this is a trustworthy document within the meaning of the evidentiary rule, if it meets the test.

Mr. Vaughn: Yes.

The Court: And it is a question, if all this man has done is just sit down and just go over papers of other people, it does raise some questions.

Mr. Vaughn: It seems to me the——

The Court: Now on an accounting job they are allowed to go over all the books and records, but they are not [fol. 1910] necessarily original records.

Mr. Coyle: But that is a different thing, accounting.

The Court: What is different about it?

Mr. Coyle: Accounting is different. You don't have to make these value judgments.

The Court: Why, that is all accounting is. Don't ever let anybody tell you differently. Accounting is not mathematics, it is labeling. All accounting is is labeling.

Mr. Coyle: That may be.

The Court: You can take $5.80 and wreck a set of books by just labeling it wrong, $5.80, put the wrong label on it and put it in the wrong account and you will never get your books back in balance.

I know a lot of people think to the contrary, but believe me, accounting is labeling.

Well, have you both said all you care to say on the subject?

Mr. Vaughn: I would like only to point out, your Honor, that the cases establish that there is a great liberality——

The Court: There has to be, there has to be.

Mr. Vaughn: In antitrust cases. I think that these documents ought to be accepted subject to Mr. Coyle's objections going to their weight.

[fol. 1911] Mr. Coyle: If your Honor please, our objections don't go to weight.

The Court: No, he is objecting on the ground that this man is not presented really as an expert. I think that is his main objection.

Mr. Coyle: That's right.

The Court: He is a compiler, he is a compiler. What he is saying is that he has compiled without being an expert.

[fol. 1912] Mr. Coyle: He has hardly even compiled. There are a few figures that he compiled, but generally he didn't compile, he took their conclusions, the conclusions of Dr. Fabian.

The Court: The only trouble about documents of this kind, I don't know whether there is any prejudicial error in it or not. I can't tell without reading it.

Since we don't have a jury it seems to me there ought to

be a great liberality in connection with these documents. And I assume that it certainly would be unfortunate to admit a document and have this case reversed because of some admission of some document. The clients would have a pretty expensive ordeal to go through again.

I suppose the way to slow these antitrust cases down is to take away all the deductions so that the expense of the case would not be deductible and charge the cost to the Government. Then maybe we wouldn't have so many of these cases.

You think there is prejudice in this, counsel?

Mr. Coyle: I think there is prejudice in hearsay evidence.

The Court: That doesn't follow at all.

Mr. Vaughn: Your Honor, may I——

The Court: There are many, many times hearsay evidence goes in and has no effect on the trier of facts at [fol. 1913] all.

Mr. Coyle: As I say, I think this is again as to that same issue that we have been objecting to all along.

The Court: Well, on that score I will overrule you because I am admitting it on——

Mr. Coyle: I understand that, I understand that. But to that extent I don't think there is any of this exhibit which is prejudicial.

The Court: Oh, all right. I will admit it then.

Mr. Coyle: But on the other hand it is hearsay evidence.

The Court: I will admit it.

Mr. Coyle: I didn't say that——

The Court: I will admit it then, your main objection goes——

Mr. Coyle: I object to this because it is hearsay evidence.

The Court: Your main objection goes to—you change your grounds awful fast, counsel. A moment ago you gave me the impression that you were basing your objection mainly on the fact that it related to evidence having to do with competition between the Von's and Shopping Bag stores.

Mr. Coyle: You asked me whether I thought it was prejudicial.

The Court: And you gave me an answer.

[fol. 1914] Mr. Coyle: I said any hearsay evidence is prejudicial.

The Court: That just isn't so. Much hearsay evidence has no weight at all, couldn't be prejudicial. That may be the situation here.

Mr. Coyle: If this has no weight——

The Court: Just because it is hearsay doesn't mean it is prejudicial. I think I will—you have convinced me it should be admitted. I think I will admit it, you have convinced me it should be admitted.

The Clerk: That is Defendants' Exhibit BF in evidence.

(The exhibit heretofore marked Defendants' Exhibit BF was received in evidence.)

Mr. Vaughn: Your Honor, that is not all that that affidavit deals with. The maps, we have shown your Honor one. All of the rest of them are substantially the same.

The maps are Exhibits AG, AI, AJ, AK, AL, which deal with different areas. I would offer those exhibits.

The Court: Now are those the over covers that——that is all one exhibit, isn't it?

Mr. Vaughn: No, we have in all——

The Court: That is one exhibit with all of the over covers, that is one exhibit?

Mr. Vaughn: One exhibit, yes, your Honor.

[fol. 1915] The Court: What exhibit is that?

Mr. Vaughn: This particular one is AK. The remainder over here have been marked by the clerk.

The Court: Now, as I understand it this all relates to competition between the stores.

And it is being admitted only on that issue.

Mr. Vaughn: Only on that issue, correct, yes, sir.

The Court: If I understand you correctly, counsel for the Government, you are contending that the court has to decide this on the competition of the entire area.

Mr. Coyle: That is correct, your Honor.

The Court: So I am going to allow it in evidence for whatever value it may have. I may decide with you, I don't know, I can't tell.

The Clerk: Are the five charts admitted?

The Court: They are admitted.

Mr. Coyle: Your Honor, I might note that we do have a deposition of Mr. Bouque, perhaps——

The Court: That will be admitted also and copied into the record succeeding the affidavit.

Mr. Coyle: I think it definitely shows the hearsay nature of this evidence.

The Court: It may well be that this man's testimony is such, from what you say it will have very little weight, if he has just compiled some things—I don't know [fol. 1916] until——

The Clerk: Will the deposition referred to at this time be copied in, Mr. Bouque?

Mr. Coyle: That is Roy Lawrence Bouque.

Mr. Vaughn: Now, your Honor, we will supply you with another document.

[fol. 1917] Mr. Vaughn: Now your Honor, we will supply you with another document.

During the course of the deposition, Mr. Coyle, ultimately, after we had—I am not criticizing Mr. Coyle because I understand his problem—Mr. Coyle asked Mr. Bouque to provide him with a document which would state whether or not these barriers to traffic were regarded as complete barriers to population going to particular stores. And Mr. Bouque was not able to answer that question in each individual case.

The Court: Now wait a minute, counsel. You have got me confused. You say prevent population, you mean——

Mr. Vaughn: Prevent people from going to, shopping in a particular store.

The Court: I see.

Mr. Vaughn Mr. Coyle's question was would these barriers to freeways, to railroad tracks and other be regarded as complete barriers to people going to this store, and making the determination which was reflected in these exhibits.

The Court: I will anticipate that he said they weren't, is that right?

Mr. Vaughn: Well, Mr. Bouque said he didn't know in every case.

So Mr. Coyle said, will you supply us with a letter which would state the facts.

[fol. 1918] And Mr. Bouque has then gone back and reviewed each one of these maps and made his determination. And he has sent a letter, which is addressed to me, which

says that they were regarded as complete barriers in every case, unless otherwise noted in a discussion with respect to a particular store in the affidavit.

And Mr. Coyle's question was——

Mr. Coyle: This is what I anticipated, your Honor, that the witness' testimony, if it was read——

The Court: This is just a complete conclusion is what you are saying, is that right?

Mr. Coyle: It indicates—the letter is not by Lybrand, Ross Bros. & Montgomery, is not even signed by this witness.

The witness himself testified that he didn't think these barriers should be complete barriers.

Mr. Vaughn: I think that is a misunderstanding——

Mr. Coyle: You will have to read the deposition.

The Court: Let me see the letter, pass the letter to me, Mr. Clerk.

(The documents were handed to the court.)

The Clerk: The affidavit BF, and five charts, AG, AI, AH, AK and AL——

Mr. Vaughn: I produce this letter, to be fair this helps Mr. Coyle. This is for Mr. Coyle, he was trying after two [fol. 1919] days of depositions——

The Court: I don't think, counsel, it has much weight. I will tell you very frankly it doesn't impress me as having the weight of a neutrino—you know what a neutrino is.

Mr. Coyle: I wasn't objecting to it either, your Honor.

The Court: Well, I will admit it, for whatever weight it may have.

Mr. Vaughn: I was just trying to be fair to Mr. Coyle.

The Court: All right, counsel. I know you want to be fair.

The Clerk: Is it intended to be an exhibit?

Mr. Vaughn: Yes, I will—I am willing to offer it as an exhibit.

The Court: It is admitted. Mark it and admit it.

Mr. Coyle: I would suggest it might be copied in after the deposition.

Mr. Vaughn: That would preserve our exhibit list.

The Court: That may be done. Mark it as an exhibit to be copied in after the deposition.

The Clerk: It is Exhibit BG in evidence.

(Documents marked Defendants' Exhibits BF, BG, AG, AI, AH, AK and AL were received in evidence.)

[fol. 1920] The Court: Counsel, I think we had better take a recess. It is 3:20. Let's give the reporter a rest. How much time do you want, ten or fifteen minutes?

Let's make it a 15-minute recess.

(Short recess.)

[fol. 1921] The Court: All right. Proceed, counsel.

Mr. Vaughn: To stay with Mr. Bouque, but to move from the theoretical to the statistical, there is no question of the theoretical approach to the problem, there is no question that Mr. Bouque made surveys.

Also Mr. Bouque's affidavit refers to certain statistics concerning the sales, number of stores and market shares of the leading concerns in the Los Angeles metropolitan area. Those exhibits which for the most part Mr. Bouque relied on for years for individual companies, which were obtained by the FBI, as counsel for the Government said, and turned over to the defendants under court order, those exhibits are Exhibits AM, AN, and AO, which I now offer in evidence.

Mr. Coyle: Your Honor, we have no objection to that.

The Court: Very well. They will be admitted.

The Clerk: That is Defendants' Exhibits AM, AN, and AO in evidence.

(The documents marked Defendants' Exhibits AM, AN and AO were received in evidence.)

Mr. Vaughn: They purport to show by it the various shares of the market of the leading chains in 1960, taking them all the way back to 1948. That is Exhibit AM. And also the percentage of shares of the market for various [fol. 1922] groups of chains for the years 1950 through 1960, depicting both in tables and graph form.

Now, Mr. Bouque has one more map dealing with one more aspect of his study which determines the broad area of discount houses, which is the evidence as shown, which are a relatively new form of competition in the Los Angeles metropolitan area.

Mr. Bouque, with the aid of the security department, took the—well, I am ahead of myself.

First of all, Von's on its own, independent of this case, as I understand it, wanted to know what the draw area of various discount houses were in the Los Angeles metropolitan area.

So they went into the parking lots of three of those discount houses and they took down the license numbers of cars in those parking lots.

Then they took a sample of those license numbers and found out the addresses of the people who owned the automobiles.

And they came up with a conclusion which has been depicted by Mr. Bouque graphically on this map, showing by a line stretching out from the discount houses involved the distances which people traveled from their homes to the discount houses.

The Court: Where are the discount houses located?

[fol. 1923] Mr. Vaughn: This is one down here in the Long Beach area (indicating on exhibit). This is a Big A discount house out in the Valley (indicating). And this, I believe, is a CMA discount house down in Anaheim.

And these lines run to the various homes of the individuals whose cars were seen in the parking lots.

Now, Lybrand felt that the sample which was used by Von's security people may not have been adequate. So they went out to the same discount houses and did the same thing. This time they wrote down many more driver's license numbers and vehicle numbers and plotted the information they had obtained from that source out, using again the Department of Motor Vehicle for that information, the draw areas of these discount houses.

I might point out that this time the information obtained by Lybrand generally substantiates what Von's people found in their earlier survey, and shows the discount houses that sell food have a broad and wide drawing area, and that a very substantial number, 75 per cent or so of the customers, I believe that is the correct figure, your Honor, come from within this six-mile draw area.

The Court: Is the evidence going to show here what kind of food is distributed by these discount houses?

Mr. Vaughn: Yes, your Honor, it will.

UNITED STATES

vs.

VOLPE GROCERY COMPANY, INC. A.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CALIFORNIA

FILED JUNE 26, 1963

PROBABLE JURISDICTION NOTED OCTOBER 14, 1963

(Pages 1191 to 1744)

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1965

No. 303

UNITED STATES, APPELLANT,

vs.

VON'S GROCERY COMPANY, ET AL.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CALIFORNIA

Volume III

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The Court: Very well.

[fol. 1924] Mr. Coyle: Your Honor, I would say that this exhibit doesn't prove very much in this case because there is no indication whether these cars were driven by people who are buying food, buying clothes or——

The Court: That's right, counsel. I thought of that immediately. It doesn't show very much concerning the food business.

Mr. Coyle: That is correct, your Honor.

[fol. 1925] The Court: So as to weight, it doesn't have too much weight.

Mr. Vaughn: Well, that is correct. At least these people were accessible to the discount food markets.

The Court: They were accessible to them, and whatever that was I don't know yet, how big a department in food they have.

Mr. Vaughn: Yes, your Honor. This map I referred to is Defendants' Exhibit AP.

We offer that in evidence.

The Court: That will be admitted—any objection? I take it you are just talking about weight now rather than objection.

Mr. Coyle: That is correct, your Honor.

The Court: It will be admitted.

The Clerk: Defendants' Exhibit AP in evidence.

(The exhibit referred to was received in evidence as Defendants' Exhibit AP.)

Mr. Vaughn: I would like now to turn to the affidavit of Godfrey Lebhar, Godfrey M. Lebhar, L-e-b-h-a-r, which we are offering separately in part because we feel that this is the most important expert opinion and document affidavit in the case.

The Court: You mean on your side, counsel, or in the entire case?

[fol. 1926] Mr. Vaughn: In the entire case, your Honor.

Mr. Coyle: If your Honor please, we took Mr. Lebhar's deposition in New York. I would like to have that——

The Court: You are certainly entitled to that. So it will be copied, the affidavit will be admitted and copied into the record as heretofore prescribed and then the deposition filed.

Mr. Coyle: Yes. Unfortunately, we don't have the signed original here, I just have that——

The Court: I take it there is no objection on that score?

Mr. Vaughn: I will stipulate it may be introduced.

The Clerk: This is one that has never been filed.

Mr. Coyle: It has never been filed, as far as I know.

The Court: Do you have a copy of that affidavit? If it is that important, you ought to have several copies, counsel.

Mr. Vaughn: Of the affidavit?

The Court: Yes.

Mr. Vaughn: Yes, we have got many copies of the affidavit.

The Court: I notice this is the first one you haven't [fol. 1927] passed me a copy—I see, here it comes.

The Clerk: That is Defendants' Exhibit BH, your Honor.

(The exhibit referred to was received in evidence as Defendants' Exhibit BH.)

[fol. 1928] Mr. Coyle: And there were five exhibits to the deposition that I would like to have marked and introduce them.

The Court: Do you want them marked as one exhibit?

Mr. Coyle: I think those probably ought to be marked separately.

The Clerk: Are these documents which are not on your list?

Mr. Coyle: That is correct.

The Clerk: I will have to give them new numbers. They will be 74, 75, 76 and 77 and 78.

Mr. Coyle: Why don't you mark all of them.

The Court: You want them separate?

Mr. Coyle: It probably would be more convenient.

The Court: Yes.

The Clerk: They are admitted, your Honor?

The Court: They are admitted.

The Clerk: Plaintiff's Exhibits 74, 75, 76, 77 and 78 in evidence.

(The exhibits referred to were marked Plaintiff's Exhibits 74, 75, 76, 77 and 78 and were received in evidence.)

The Court: I usually like to end a case for the record what they are. Maybe counsel can do it, just some brief indication for the record what they are.

[fol. 1929] Mr. Coyle: Government's Exhibit 74 is a table comparing the chains of less than ten stores with the chains of ten or more stores in terms of total number of stores operated in the Los Angeles metropolitan area.

Government's Exhibit 75 is a comparison of the number of grocery stores and percentage of all grocery stores in the Los Angeles metropolitan area between the 40 chains with the most stores in 1953 and the 24 chains with the most stores in 1962.

Government's Exhibit 76 is a table showing the number of grocery stores operated by chains expressed as a percentage of all grocery stores operating in the Los Angeles metropolitan area.

And Government's Exhibit 77 is a table showing chains operating in the Los Angeles metropolitan area in the period of 1953 through 1962.

And Government's Exhibit 78 is Mr. Lebhar's——

The Court: I didn't know there was another document, is there 78?

Mr. Coyle: Yes, you marked it.

The Clerk: I did.

The Court: All right. Government's 78 is admitted.

Mr. Coyle: That is Mr. Lebhar's deposition.

The Court: They are all admitted.

The Clerk: Governments Exhibits 74, 75, 76, 77 and 78 [fol. 1930] in evidence.

The Court: Counsel, now do you wish those copied into the record, is that what you are saying?

Mr. Coyle: I haven't said that, your Honor. I don't think it is necessary to copy them into the record.

The Court: All right.

Mr. Vaughn: We have objections to all of those exhibits.

The Court: I have already admitted them. You are coming around rather late.

Go ahead, I will withdraw the admission and hear your objection.

Mr. Vaughn: The objections are they are argumentative and that they misstate facts.

Mr. Coyle: They are all referred to in the deposition, your Honor, by the witnesses.

Mr. Vaughn: And the objections were noted in the depositions.

The Court: Well, you say, when you say they misstate the facts, that is a question that goes to the trier of the facts, doesn't it?

Is this——I don't have the deposition, but these facts that are set forth here, these figures, these comparisons they call them, whose figures are they?

Mr. Vaughn: They are figures taken from Mr. Lebhar's [fol. 1931] tables by the Government. And the Government treated certain exhibits based on the tables.

The Court: I know, but did he testify to these?

Mr. Vaughn: He was asked about them and he was able to testify that certain figures were added up correctly. And that is about all he was able to do.

Mr. Coyle: And that they came from his work papers, his affidavit.

Mr. Vaughn: Your Honor, I really think our objection is directed primarily to the documents, and the only way I have of identifying is to say 1 and 2——do you know what number that is?

The Court: I will pass them back so you can——

The Clerk: That is 75.

Mr. Vaughn: 75.

The Court: 75.

Mr. Vaughn: The Government has two columns there——

The Court: You had better identify it for me.

[fol. 1932] Mr. Vaughn: 75 is correct.

They have attempted to compare there the 40 chains with the most stores in 1953, their number of stores, and the 24 chains with the most stores in 1962.

Now, that isn't misleading because the first column refers to Mr. Lebhar's tables. Those are all concerned with two or more stores.

While the next column refers in Mr. Lebhar's tables to all concerns with 10 or more stores.

I think I have stated that correctly. So you are comparing apples and oranges, and it is too argumentative.

Mr. Coyle: No, your Honor, we are just restating Mr. Lebhar's affidavit. That is exactly what the affidavit says.

Mr. Vaughn: It gives the impression that there were fewer chains in 1962, that is, concerns with two or more stores, than there were in 1953. And that is contrary to Mr. Lebhar's testimony.

Mr. Coyle: It shows just what Mr. Lebhar's figures show.

The Court: Well, I can't tell, counsel, without resorting to the testimony. And I think that is probably a question for the trier of the facts, isn't it?

Mr. Vaughn: Yes, I would be willing to have my objection noted in the record.

[fol. 1933] The Court: All right. I will admit them. These are all admitted, including 75.

The Clerk: That is 74, 75, 76, 77, and 78——

The Court: I can't tell by looking at it whether it means anything at all. It would have to be correlated in the testimony to what he has testified to.

(The exhibits referred to were received in evidence as Plaintiff's Exhibits 74, 75, 76, 77, and 78.)

Mr. Vaughn: I looked at the——

The Court: All right. It can't hurt you.

Mr. Vaughn: We have one other affidavit, and only one other. And that is the affidavit of W. D. Hayden. But counsel have not read the revised affidavit of Mr. W. D. Hayden, and they have asked us to postpone offering it until tomorrow, which we are willing to do.

We do have certain other exhibits which have no affidavits. Those are Exhibits AS through AW, reflected on our exhibit list.

The Court: Suppose we, counsel——Mr. Coyle, as he calls these off, unless you object, I will admit them. Is that satisfactory?

Mr. Coyle: Yes, your Honor.

The Court: Call them off, counsel.

Mr. Vaughn: AS, which is Plaintiff's——

[fol. 1934] The Court: Now, go slowly because the clerk has to mark them.

Admitted.

(The exhibit referred to was received in evidence as Defendants' Exhibit AS.)

[fol. 1935] The Court: Now, identify what they are, counsel.

Mr. Vaughn: AS is plaintiff's answer to supplemental interrogatories 6-A through 6-D of Defendant Von's Grocery Company.

The Court: Let me see that.

(Exhibit was placed before the court.

Mr. Vaughn: We asked them who might be affected by this merger and they set up a list of every grocery store in Los Angeles County and Orange County.

The Court: This is an answer to what?

Mr. Vaughn: Defendants' answer to plaintiff's supplemental interrogaroties.

The Court: This is just a list of every store in the area?

Mr. Vaughn: That is correct.

Mr. Coyle: It doesn't prove anything, your Honor.

Mr. Vaughn: I think it proves where each store is.

Mr. Coyle: We have no objection to it.

The Court: All right. It is admitted.

The Clerk: AS admitted.

[fol. 1936] Mr. Vaughn: Exhibit AT is defendants' answer to plaintiff's interrogatory No. 2-F, which I offer in evidence.

By the way, I notice on Government's Exhibit 72, we have to go through these one by one.

The Court: You don't have to do it now, you can get familiar with them and you can offer them all at one time, if you wish, counsel, and you can specify which ones you object to. Let's try to correlate some of these things.

[fol. 1937] Mr. Vaughn: I would be happy to, your Honor.

The Court: You don't need to do it any further. Go ahead and offer them all.

Mr. Vaughn: AU, which is Certified Groceries 1962 annual report.

AZ——

Mr. Coyle: Your Honor, we object to that.

The Court: You object to that?

Mr. Coyle: Yes, sir.

The Court: On what ground?

Mr. Coyle: On the ground it is self serving, a self-serving answer to one of our interrogatories. It is an answer to our interrogatories. That is not evidence, your Honor, we want to put in.

The Court: Well, it would only be evidence, counsel, if you offered it.

Mr. Vaughn: We can do that, your Honor.

The Court: Well.

Mr. Vaughn: Mr. Von der Ahe, Theodore Von der Ahe.

The Court: Do you think it is necessary, counsel, to require this?

Mr. Coyle: I understand he is going to be a witness anyway.

The Court: I know, but if we can save any time on this wouldn't it be better to do it? Is there any harm coming [fol. 1938] to you to admit it, if you apply the rules of evidence so we do not have to, but it—

Mr. Coyle: It may be so, your Honor.

The Court: But do you have any serious objection about this?

Mr. Coyle: Yes, your Honor.

The Court: What is the problem?

Mr. Coyle: It is a self-serving statement.

The Court: Well—

Mr. Coyle: It is not evidence.

The Court: That isn't my point. The rules of evidence, as I understand them, it doesn't hurt to use this method, even though it may be self serving, rather than have him get on the stand and go through all of it.

Mr. Coyle: He is going to be on the stand anyway. If you want to admit the document now I will ask him about it tomorrow. That is all right.

The Court: You know, I usually allow self-serving declarations in defense in criminal cases, which is contrary to the rules. I always thought that if a man could acquit himself by a self-serving declaration he is entitled to be acquitted.

Mr. Coyle: I think you should admit the pleadings, have the pleadings introduced by the parties that made the pleadings as evidence, if you are going to do that.

[fol. 1939] The Court: Now, you have mentioned another ground. You are talking about self serving, these are self serving, is that correct?

Mr. Coyle: That is correct, your Honor.

The Court: Well, I will admit it in evidence.

The Clerk: That is AT in evidence.

(Document referred to was admitted in evidence as Defendants' Exhibit AT.)

Mr. Vaughn: Your Honor, the next one is AU, the last one of the documents which contain various information including merger data.

The Court: Any objection?

Mr. Coyle: No objection.

The Court: Admitted.

(Document marked Defendants' Exhibit AU was admitted in evidence.)

Mr. Vaughn: And the last one which I think I overlooked before is Exhibit L which contains physical data taken from records which concern doing business in the Los Angeles metropolitan area, Safeway, A & P, American Stores, Food Fair, Mayfair, Lucky Stores.

I offer that Exhibit L in evidence.

The Court: Any objection?

Mr. Coyle: No objection.

The Court: Admitted.

[fol. 1940] Mr. Vaughn: Thank you, your Honor.

The Clerk: Defendants' Exhibit L in evidence.

(Document marked Defendants' Exhibit L was admitted in evidence.)

Mr. Vaughn: That is all we have.

The Clerk: Your Honor, the court didn't actually rule on AN series, you didn't say they were admitted.

The Court: Yes, I marked them.

The Clerk: That is Defendants' AN, AT and AU.

The Court: Yes.

Mr. Coyle: I don't think we objected to those anyway, your Honor.

The Court: All right.

Mr. Vaughn: Your Honor, may I turn the lectern back to Mr. Alsup.

The Court: Yes, indeed.

[fol. 1941] Mr. Alsup: If your Honor please, I call Mr. Theodore A. Von der Ahe.

THEODORE A. VON DER AHE, called as a witness on behalf of the defendant, having been first duly sworn, testified as follows:

The Clerk: What is your name, please?
The Witness: Theodore A. Von der Ahe.
The Clerk: Would you spell your name, please?
The Witness: V-o-n d-e-r A-h-e.

Direct examination.

By Mr. Alsup:

Q. Where do you reside, Mr. Von der Ahe?
A. At 5220 West Second Street in Los Angeles.
Q. And what is your business or occupation?
A. I am the president of Von's Grocery Company.
Q. And would you state what your educational background is?
A. I went to Loyola High School, I went to Loyola University, I studied law at night and I received a Bachelor of Law degree and Master of Law degree.
Q. And what is your experience in the grocery business, [fol. 1942] Mr. Von der Ahe?
A. I was virtually born into the grocery business. My grandfather and father were both in the grocery business. I worked in the grocery business after school, on holidays and on Saturdays. I worked full-time, beginning in 1927. And I worked as a truck driver, warehouse manager, buyer, and I have been in practically all phases of the grocery business for the last 37 years on a full-time basis.
Q. When did you start your own company, Mr. Von de Ahe?
A. In 1932.

The Court: You picked a very happy year, Mr. Von de Ahe. 1932 was a very booming year, as I remember it, is that right?
The Witness: That's right, your Honor, yes. The very bottom of the depression.

By Mr. Alsup:

Q. Where was your first store located?

A. In Lynwood.

Q. What other stores were in that area at that time that you competed with?

A. There were half a dozen independents and one Pay and Take Store, which was a price-cutting unit for the Safeway Stores.

Q. Were you able to keep, to compete with the Safeway Store successfully?

[fol. 1943] A. Yes, I did.

The Court: What did you open, one store first, Mr. Von der Ahe?

The Witness: We opened one store, your Honor, yes.

The Court: What was the size of the store, square footage, do you remember?

The Witness: The store was 4500 feet. It was 50 feet wide by 90 feet deep.

By Mr. Alsup:

Q. And thereafter, as your affidavit describes, Mr. Von der Ahe, you began to build chains, is that correct?

Mr. Coyle: If your Honor please, he is leading this witness.

The Court: Well, counsel, I don't think there will be any harm. We all know he built the chain. I can answer that myself.

Go ahead.

Mr. Alsup: I was trying to shortcut, your Honor.

The Court: I don't mind leading on this score.

The Witness: I might say, our first store, we operated the grocery department only. The produce department was leased out and also the meat department.

Our second store, which we opened in 19—the first part of 1933 was a similar arrangement. We had only the grocery [fol. 1944] department, very small store.

By Mr. Alsup:

Q. Was that a common practice in Los Angeles in those days?

A. In those days it was.

Q. And when did that practice change, if it did?

A. As the persons who were accumulating a few stores got to be operating small chains, they realized that it was to their benefit to operate all of the departments, because the lessee many times would take a free ride on the merchandising activities of the grocery man.

So we, in the interest of a having better operation, would operate the delicatessen departments ourselves and then the produce departments, and finally the meat departments, which were the last to be taken over.

Q. You testified you started out in 1932 with your first store. Do you know any other concerns in this area which did the same thing at about the same time?

A. Yes. This was the time when most of the local chains originated. I can think of Market Basket that started about the same time. Shopping Bag started about the same time. Alexander's about the same time, Carte Bros.

There was a firm called Miller & Huck, there was the Thriftmart started about the same time. Most of them [fol. 1945] began their existence during the early 1930s.

Q. Can you think of any concerns which have started in more recent years and have grown larger?

A. Yes.

[fol. 1946] Q. Would you name them, please?

A. This is an ever-changing business, and firms drop off and new firms enter the market.

But I can think immediately of good chain operations: Shoppers Markets, operated by Mr. Fadderman. I can think of the Hughes Markets, operated by Mr.—I might say a first cousin of our counsel at bar, Mr. John Hughes of the government. I can think of Joe Goodnight, who operates the Michaels Markets.

I can think of Ted Wood, who operates the Pantry Markets.

There is many more, people can get into the grocery business if they have the desire and are willing to do so.

Q. Do you know when Joe Hughes got started, Mr. Von der Ahe?

A. I believe it was around 1952.

Q. And how about Mr. Fadderman of Shoppers Markets?

A. Mr. Fadderman had one market in the late 1940's. But I believe he made his big move in the early 1950's.

Q. And you mentioned Ted Wood of the Pantry Markets. How large is that chain?

A. Ted Wood used to work for Alpha Beta Stores. And I would say about 10 years or so ago he left Alpha Beta and started the Pantry Markets, which is now 10 or 11 stores, if I remember.

[fol. 1947] Q. And you mentioned Joe Goodnight of Michaels Markets. When did they get started?

A. Joe Goodnight started just recently. I believe it was around 1959 or 1960. He operates seven markets already —and very good ones, I might add.

Q. Now, prior to the time you commenced your business in 1932, Mr. Von der Ahe, your father had a chain of stores, is that correct?

A. That is correct.

Q. How many stores were in that chain?

A. He had a chain of 87 stores.

Q. And would you describe the stores?

A. These were all very small stores, which consisted of only three departments, usually meat department, produce department, and grocery department.

My father's chain operated only the grocery departments in those stores. All the meat departments were leased out and all the produce departments were leased out.

Q. And can you tell us what the gross annual sales of your father's chain of 89 grocery departments were?

A. For that year 1928 the sales were just slightly over three million dollars in all 87 stores.

Q. Can you tell us what——

The Court: Incidentally, may I interrupt?

[fol. 1948] The Witness: Yes.

The Court: What was the profit margin at that time?

The Witness: Your Honor, I would have to make a guess, but I would say it was in the neighborhood of 2 to 3 per cent.

The Court: The reason I asked the question is because it seems to me that this enters into the competitive feature,

that is, the increase in earnings or the decrease, it seems to me it is rather an appropriate and important factor.

Mr. Alsup: Yes, your Honor.

The Court: Go ahead, counsel.

By Mr. Alsup:

Q. Now, what did your father do with his chain of 87 stores?

A. He sold them to MacMarr, Inc. That is M-a-c-M-a-r-r.

Q. When was that?

A. Effective January 1, 1929.

Q. And what happened to MacMarr?

A. MacMarr was subsequently acquired by Safeway Stores.

Q. To your knowledge, was that the beginning of Safeway in this area?

[fol. 1949] A. No, it was not exactly the beginning of Safeway. I believe Safeway began here by acquiring the Sam Selig operation. And then the Piggly-Wiggly operation, and then the MacMarr operation.

Q. I see. Do you have any knowledge as to how many stores Safeway had in this area in 1932 when you started out in your own organization?

A. I believe it was in the neighborhood of around a thousand.

Q. And how many stores, to your knowledge, does Safeway have in this area today?

A. I would make a guess of about 225 stores.

Q. Now, you have stated in your affidavit, Mr. Von der Ahe, various reasons for the merger with Shopping Bag and various other matters dealing with competition in this area. And I will not ask you to reiterate all those matters. I believe there are some matters in your affidavit which require correction, however——

The Court: Before you get to that, may I ask a question, please?

Mr. Alsup: Yes, your Honor.

The Court: Whether it has relevancy or not—it has relevancy probably, how much weight it may have I don't know.

[fol. 1950] Do any of these stores that you have mentioned give credit? Are they all cash and carry?

The Witness: Which ones have I mentioned, your Honor?

The Court: Well, you have mentioned quite a few over a period, going back to the beginning with MacMarr.

The Witness: Well, I don't know——

The Court: Are they all cash and carry?

The Witness: To the best of my knowledge, they were all cash and carry stores. None of them gave credit.

The Court: I would like to ask this: Is it a practice among the smaller independents to be on a cash and carry, or do they have a charge?

The Witness: I believe most of them are on cash and carry.

The Court: Cash and carry?

The Witness: We have a few credit and delivery stores, but they are more or less for the fancy stores which——

The Court: Jergenson's and those?

The Witness: Jergenson's and Blazers and so forth, that is more or less the fancy stores——

The Court: Jergenson's and that type.

The Witness: They were credit and delivery——

[fol. 1951] The Court: How many stores of that type, Mr. Von der Ahe, would you say—if you know—would there be in this area? I mean now the area of, the metropolitan area. You know what I mean?

The Witness: Of the credit and delivery stores?

The Court: Yes. Do you have any idea?

The Witness: A rough figure would be about 20, your Honor.

The Court: Is that all, 20?

The Witness: That would be a rough figure.

The Court: And generally speaking, how many units do they have, one or more?

The Witness: Well, I am saying the total number of units would be 20.

The Court: That is for the whole of Orange and Los Angeles Counties?

The Witness: It is just a guess, but I couldn't think of any more than that.

Mr. Alsup: I might add, your Honor, I understand

Jergenson's has about 10 stores. I don't know if they are all in Los Angeles and Orange Counties.

The Court: I doubt if they are, counsel. But I just wanted to get a sort of a sidelight on the——

Mr. Alsup: Yes. It may interest your Honor that the deposition of the witness, the government witness Craun, [fol. 1952] who testified this morning, indicated that 10 per cent of his business is credit business.

The Court: I see.

Mr. Alsup: At page 11, line 16 of Mr. Von der Ahe's affidavit, your Honor, there is reference to the government exhibits. And at the time the affidavit was given, the government exhibits bore different numbers. I wonder if we could correct that——

The Court: I think you counsel can do that without the witness having to do that, can't you, just correct it for the record.

Mr. Alsup: I believe that the exhibts referred to on page 11, line 16, should be re-numbered 33 and 34.

Is that right?

The Court: You mean they have been re-numbered——

Mr. Alsup: They have been re-numbered 33 and 34.

The Court: What are the exhibits, counsel? I have a list here, I can look at it—these are the defense exhibits or the government exhibits?

Mr. Alsup: Government exhibits.

Mr. Coyle: Exhibit B-8, your Honor.

Mr. Alsup: It should be 33 and 34. No, 34 and 35.

The Court: Well, 34—33 is J. Marshall—you said [fol. 1953] 33?

Mr. Alsup: I said that, your Honor, and——

The Court: 34 is J. Marshall, so it couldn't be that, could it?

Mr. Alsup: Mr. Von der Ahe in his affidavit makes reference to certain government exhibits, and he refers to what were know as government's Exhibits B-4 and B-5 at that time. I believe they are now 33 and 34, Mr. Coyle.

Mr. Coyle: Which page of the affidavit are you on?

Mr. Alsup: Page 11, line 16.

Mr. Coyle: 34 and 35?

The Court: Now, counsel, you will have to speak up because the reporter has to get it.

Mr. Coyle: 34 and 35.

Mr. Vaughn: Is that B-4 and B-5?

Mr. Alsup: Yes.

Mr. Coyle: According to my record it is 33 and 34.

Mr. Alsup: Well, if your Honor will permit us, we can make the physical corrections in the affidavit tonight.

The Court: I have no objection if counsel doesn't.

[fol. 1954] Mr. Coyle: I was mistaken. It is 33 and 34.

The Court: You want to correct it in the affidavit?

Mr. Alsup: Yes, your Honor.

The Court: The clerk will then permit them in the affidavit to make that correction, and initial it.

Mr. Coyle: If your Honor please, I think we have corrected it, all of our affidavits, to show the new numbers also.

The Court: That is perfectly all right. And counsel, you do the same.

The Clerk: You said 33 and 34?

Mr. Coyle: Yes.

The Clerk: The same as Mr. Vaughn said?

Mr. Coyle: Yes.

The Clerk: I think they are in agreement as to what it should be.

Mr. Coyle: Yes.

The Clerk: Is that right?

The Court: Yes, that's right.

The Clerk: It should be 33 and 34. Do you want me to make that change?

The Court: Yes, you can make it. You can make it.

The Clerk: That is on line 16, page 11, of his affidavit, [fol. 1955] is that right?

Mr. Coyle: Yes.

Mr. Vaughn: Yes.

Mr. Alsup: Your Honor, at page 31 of Mr. Von der Ahe's affidavit, he refers to an exhibit which was prepared by the government Dr. Mueller which listed purported acquisitions between 1948 and 1958 by various chains in this area. And at the time Mr. Von der Ahe's affidavit was prepared, that exhibit which Dr. Mueller prepared listed an acquisition by Thriftimart of a store from its wholly-owned subsidiary.

Since the time of this affidavit, Dr. Mueller's exhibit has been changed, and therefore it would seem to me that we should strike out the sentence commencing at line 10 and

ending on line 12 of Mr. Von der Ahe's affidavit, because otherwise it would not make any sense in relation to Dr. Mueller's new exhibit.

Mr. Coyle: I have no objection, your Honor.

The Court: All right. The clerk will do it—do you want the clerk to do it?

Mr. Alsup: Yes, if you would, please.

[fol. 1956] The Clerk: What page?

Mr. Coyle: If your Honor please, I would make the suggestion——

The Court: Just a moment.

Mr. Coyle: I would make the suggestion that maybe we could edit these things out of court and submit the edited versions.

The Court: I should think probably you can. Are there many of these, counsel?

Mr. Alsup: That is the last one, your Honor.

The Court: All right. The problem is over.

The Clerk: You want lines 10, 11 and 12—how far down on line 12? Is that under the caption Thriftimart?

Mr. Alsup: Yes.

The Clerk: Beginning "I have noted"?

Mr. Alsup: Yes.

The Court: That is to go out down to where?

Mr. Alsup: Down to the end of the sentence.

The Clerk: To the end of the sentence. Want me to make the change?

The Court: Yes, please.

The Witness: That is Exhibit BA, your Honor.

By Mr. Alsup:

Q. Mr. Von der Ahe, you were in court today?

[fol. 1957] A. I was.

Q. You heard the testimony of Mr. Richard Dick and Mr. Craun, Kenneth Craun?

A. I did.

Q. These gentlemen testified, Mr. Von der Ahe, that Von's has a competitive advantage by reason of its ability to make quantity purchases. And I ask you whether, in your opinion, the merger of Von's and Shopping Bag in March of 1960 gave you any greater competitive advantage than you had prior to the merger?

A. The answer is absolutely not.

Q. Would you state your reasons, please

A. The Von's Grocery Company, prior to the merger, was able to buy in the largest wholesale quantities to get the maximum discount.

So, too, the Shopping Bag Food Stores were able to buy—I am speaking of dry groceries now—in the largest wholesale quantities, or carload lots, as we call it, which also enabled them to get the maximum discount.

So as the result of the merger there has been no additional advantage to Von's in the purchase of food stuff.

Q. Would you state, Mr. Von der Ahe, what the requirements are for membership in and service by Certified Grocers of California?

A. Certified Grocers will accept for membership any [fol. 1958] firm who will purchase groceries from them, make the deposit and—which is normally a two weeks, approximately a two weeks purchase, which is a deposit required to just guarantee the account.

But beyond that I know of absolutely no restrictions to become a member of Certified.

Q. Mr. Dick testified this morning that there must be some advantage to you in buying direct or otherwise you would make all your purchases from Certified, or words to that effect. Would you state what the fact is?

A. I might say, Mr. Alsup, that at the present time we are members of Certified Grocers. So is Shopping Bag, or so was Shopping Bag prior to the merger.

The advantages in having our own warehouse have absolutely nothing to do with being able to buy groceries at a lower price. The advantages of having the warehouse are purely related only to the procurement and flow of groceries to the stores. In other words, a maintaining and control over inventory.

Q. I think you indicated once before——

The Court: May I interrupt, counsel?

Mr. Alsup: Yes.

The Court: First, will the reporter read that answer back, please.

(The answer was read.)

[fol. 1959] The Court: I would like to ask this question —I take it inventory control is a very important item, is it?

The Witness: Your Honor, when you have more than several units it becomes a matter of concern to management, control of inventory, yes, sir.

The Court: Well, I take it in merchandising buying is just as important as selling, is it?

The Witness: It used to be, but buying is now very stereotyped.

The Court: Is that right?

The Witness: Absolutely. More firms are going over to electric data processing automatic buying, which is just routine re-ordering. And the merchandising through the stores is the important thing.

The Court: May I ask this, have items become so stabilized that the entrances in the market are fewer now, fewer new items enter the market?

The Witness: There are a lot of items being introduced into the market all the time, your Honor.

The Court: Well, how do you go about——

The Witness: Some of them take hold and result in repeat business for the manufacturer and many of them die by the wayside immediately.

The Court: How do you go about determining the [fol. 1960] purchase on these groceries that are added from time to time, what do you do? Try it out on the basis of some formula, advertising or what?

The Witness: It depends on who is vending the product. For example, new items which have been introduced by firms such as Procter and Gamble, or Campbell's Soup or Pillsbury, or standard brands, General Foods, we know immediately——

The Court: Tell that gentleman to take that pipe out of his mouth—take that pipe out of your mouth and retire from this courtroom.

Go ahead.

The Witness: We know immediately if an item is being introduced by these major producing concerns that they will support it with advertising, point of sale material, and they will actually pre-sell the item for us. And all we have to do is stock it on our shelves.

On the other hand, if the item is introduced by a small manufacturer, it is doubtful—maybe it only substitutes or just adds on to an inventory of other labels of similar products, we wait until we are assured that the product will sell in our store.

The Court: Well, may I ask you this, suppose you introduce a new product, how and when do you determine to discontinue it, it it is not a success?

[fol. 1961] The Witness: We take several things into consideration. The movement—and we like to think that an item should move at least one case per week per store—I will admit that we have many items that sell much slower than that. As a matter of fact, your Honor, only 5 per cent of the items in our inventory—and I am speaking of grocery departments now—sell more than one case per store per week. So that we have a large complement of items that do not move too fast.

But when movement gets so slow that it does not justify space in the warehouse, and the gross margin is not sufficient to handle the cost and there are other items that will substitute for it, then we do discontinue the item.

The Court: Well, I take it you run into a considerable number of those items, don't you?

The Witness: We discontinue hundreds of items every year, yes, sir.

The Court: Are you now using a computer system, in other words, a card system computer to keep up with the inventories?

The Witness: Yes, sir.

The Court: Go ahead, counsel.

By Mr. Alsup:

Q. Based on your years of experience in the grocery [fol. 1962] business, Mr. Von der Ahe, do you have any opinion on whether a competitive effectiveness of a particular store depends upon the size of the chain with which it may be affiliated?

A. My opinion is that the quality, or the effectiveness of the store bears no relationship to the number of stores within the chain that it might be affiliated with.

Competition—if I may add this—is on an area basis and a store-by-store basis, within the vicinity of the customer.

And it is the power of that particular store to attract customers within that one area that determines whether it is going to be successful or not.

Q. Your affidavit states, Mr. Von de Ahe, that the chains have certain advantages and the single store operators have certain advantages. Would you relate what, in your opinion, are the competitive advantages of the single store operator?

A. I believe the single store operator has many advantages, and I can speak from experience, having been a single store operator.

I would say first of all that because of Certified Grocers of California, and because of Orange Empire and Spartan and others, including Smart & Final, a grocer is able to buy his merchandise as low, or in some cases—because of drop shipment arrangements—lower than the chain can have the merchandise in its own store.

[fol. 1963] So I say there is no question but what the independents can own his dry groceries as low or lower.

The independent has the advantage of personal selection on meat products which he buys, and that is very important because no two carcasses are the same. And if a man knows his business he can personally select carcasses which will cut a better percentage than those which a chain gets when they buy the entire lot.

The same thing is true in produce. The right to inspect or select and inspect results in a lesser degree of waste and spoilage, and he is able to actually put in a better produce, if he is of a mind to.

The independent has the advantage of personally supervising his operation by staying on top of it all of the time, with a personal interest in his customers, and becoming a part of the community in which he operates, which is a very tough obstacle to overcome when you are trying to keep against him with a chain with its cold personnel and personnel who have not too much interest in the business.

There are other advantages in being an independent because—I can think of Gilson, who just a year or so ago opened a market out in Encino which is already reputed to be doing seven million dollars, he is an independent operator, he has two stores with a combined total of about ten [fol. 1964] million dollars.

Now, these are boys who have worked hard, they have had vision. But they want to be independent because they know that they just dominate that area as independents.

Q. You mentioned drop shipments, Mr. Von der Ahe. That is another one on me. Will you explain that, please?

A. I will be glad to. A drop shipment is a buying arrangement whereby a seller will deliver a small quantity of merchandise to a member of Certified or Spartan or Orange Empire. And the cost of that merchandise is the same as Certified's cost in their warehouse.

Certified or Orange Empire or Spartan retain the 2 per cent cash discount—if that is on the invoice—and if it is not there mark the goods up 2 per cent. But the end of each six months period when they remit their patronage dividend, that full 2 per cent is rebated to the store.

So the actual result is this—and I would like to give you an example, let's say a store buys 25 cases of tuna, drop ship. The price would be, let's say, $16.00 a case, we will say. Certified buying 5,000 cases still would pay $16.00 a case for that tuna. This merchant has it delivered to his store in lots of 25 cases for $16.00.

The Court: You mean he gets the advantage of delivery expense?

[fol. 1965] The Witness: He saves all of Certified's mark-up, your Honor.

The Court: How about the cartage, there is no cartage charge?

The Witness: No, sir.

The Court: What do you do, pick it up yourself or do they deliver it to you?

The Witness: We do have some drop shipment arrangements and we also have it delivered to our warehouse, which we redistribute.

[fol. 1966] The Court: I see.

By Mr. Alsup:

Q. In a case when you had it delivered to your warehouse and you redistribute it, you have the cost of redistribution?

A. We have the cost of operating a warehouse, plus the cost of storing and redistributing.

Q. Mr. Von der Ahe, there was a period——

The Court: Counsel, I think we have come to the time to recess. Is this an appropriate time?

Mr. Alsup: Yes, your Honor.

The Court: I would like to just ask one question before we do.

What about the situation of a store, Von's Store, Shopping Bag, or Safeway, competing with an independent, insofar as having a greater number of items, and its effect upon a prospective customer who would say, "Well, I would rather go to Safeway because I get a greater selection than I would have if I went to the average independent." I would like to have your comment on that.

Mr. Alsup: Your Honor, I believe that that would be a question that the independent himself could resolve, if he chose to. He can have more items than any Safeway, Ralph's or Von's, if you please, if he wants to buy them. [fol. 1967] Certified has many more items and labels—

The Court: That takes capital, though, doesn't it?

The Witness: It takes capital.

The Court: Tell me this, what kind of capital is involved in an independent store comparable to one of your stores? Forgetting the building, I mean the inventory.

The Witness: The inventory in a store can be manipulated and adjusted, and I have to say frankly that we did, when we were under-capitalized and running one store, we made displays out of corn flakes and Quaker Oats and bulky things that looked big, and there was not too much money invested.

If you want to make displays out of things like salmon at a dollar a can, or Spam or cartons of cigarettes, you are going into more money. It is a question of how you manipulate——

The Court: Yes, I understand. But assuming the normal circumstances, what would you say—let's take one of your stores, one of the Von's Stores, what normally is the inventory in one of those stores, in dollars?

The Witness: Our inventories, your Honor, run from $40,000.00 to $150,000.00.

The Court: I see.

[fol. 1968] I think at this time, counsel, we had better take our recess.

I take it from the way it looks we will finish it tomorrow, is that correct?

Mr. Alsup: I would think so, your Honor.

Mr. Coyle: I think so, your Honor.

The Court: I wish that you gentlemen—I know that you have read all these affidavits, but I wish that you could impart that knowledge to me without making it necessary for me to read them. I suppose that is one of the problems of sitting in this particular position.

Do you have any idea how there could be a shortcut?

Mr. Coyle: I will think about it tonight, your Honor, and maybe we will have an idea tomorrow.

The Court: All right. Otherwise I will have to go through all of them.

Mr. Alsup: As you know, we prepared a summary, your Honor, and while we think they are all good——

The Court: But I don't want to have one of you come in after I have arrived at a decision and say, "Well, the judge didn't read all of these affidavits and all of these documents"—you know, the winning side doesn't complain, it is the loser that always complains.

So at the moment I am beginning to believe I will have [fol. 1969] to read all of them.

Mr. Alsup: Reading the government's affidavits from industry witnesses is easy, because they are stereotyped.

The Court: I see. All right.

We will stand in recess until 10:00 o'clock tomorrow.

(Whereupon, at 4:34 o'clock p.m., Wednesday, June 12, 1963, court was in recess until 10:00 o'clock a.m., Thursday, June 13, 1963.)

[fols. 1970-1972] IN THE UNITED STATES DISTRICT COURT

Honorable CHARLES H. CARR, Judge Presiding

No. 336-60-CC Civil

[Title omitted]

Transcript of Proceedings—June 13, 1963

* * * * * * *

[fol. 1973] LOS ANGELES, CALIFORNIA, 10:00 A.M.

The Court: All right, gentlemen.

Mr. Alsup: Your Honor, we call Mr. Von der Ahe to the stand.

THEODORE A. VON DER AHE, the witness on the stand at the time of the adjournment, resumed the stand and testified further as follows:

Direct examination. (Continued)

By Mr. Alsup:

Q. Mr. Von der Ahe, yesterday we were discussing Certified Grocers. Can you tell me if Von's, your company, ever was a member of Certified Grocers?

A. I didn't hear the whole question.

Q. Can you tell me if Von's was a member of Certified Grocers?

A. Yes.

Q. When did it become a member of Certified Grocers?

A. I believe the year was around 1934, when we first applied for membership and were accepted.

Q. And how long did you remain a member of Certified Grocers?

A. We remained a member until 1949.

Q. Did you have any position in Certified Grocers, official position?

[fols. 1974-1975] A. I was a director from approximately

1937 until 1949. And I was the chairman of the board from 1945 until 1949.

Q. Would you state the reason why your company withdrew from Certified in 1949?

A. In 1949 we had approximately 16 or 17 stores. And we found it necessary to do some storing or warehousing of merchandise outside of Certified. And Certified did have a rule that no member could be both a direct buyer and a member of Certified at the same time.

The Court: By "direct buyer," you mean to purchase other than at Certified?

The Witness: That's right, your Honor. In other words, they wanted 100 per cent loyalty and support from all of their members. And they would not tolerate a member carrying water on both shoulders, so to speak, and their policy was that you either supported Certified completely or you resigned from Certified.

And as the result of that policy, and not caring to embarrass Certified because of my position, we did resign in 1949 to engage in warehousing operations of our own.

[fol. 1976] Q. Did you thereafter rejoin Certified?

A. Yes. Certified modified its policy, and some years later we again rejoined Certified.

Q. And you are a member of Certified at the present time?

A. And we are a member at the present time.

Q. Yesterday, Mr. Von der Ahe, you were discussing the matter of drop shipments, which members of Certified may obtain, and I gathered that is direct delivery from the manufacturer to their retail stores; is that correct?

A. That's correct.

Q. Can you tell us whether or not smaller stores, such as a Mom and Pop store, could take advantage of this drop shipment situation?

A. The answer is the drop shipment method is available to any member of Certified Grocers or Orange Empire or—it is available to any of these members who are in a position to use it. Many of the larger supermarkets, and I know of one very well run chain here that uses drop shipments as its principal means of supply for many years, and that was because they had large back rooms in their markets

and they had merchandise purchased at a central plant, which would be distributed to all of their markets. In direct answer to your question, I would say it depends upon the ability of the store to use the quantities that were delivered in the minimum drops, drop shipments.

[fol. 1977] The Court: Pardon me. There has to be, I take it, a minimum in drop shipments to cut down the expense of cartage, is that the idea?

The Witness: That's right, your Honor. It varies with the item, I might say.

I cited the example yesterday that tuna was being drop shipped in normal quantities of 25 cases. I do know of instances where they have been drop shipped in as small lots as five cases.

The Court: That would involve the problem of a small grocery store having storage space; is that right?

The Witness: Storage space, yes, sir, and the ability to use a minimum quantity within a reasonable length of time.

You see, our business is one where a smaller operator can actually use the supplier's money to finance himself, as long as he keeps turn-over in the picture.

The Court: What is the 2 per cent—30 days, 60 days, what is it?

The Witness: It depends, again, on the item. Normally it is 2 per cent 10 days. There is also a 2 per cent 30 days. And there are some rare instances where 2 per cent extends for even a longer period than 30 days, but they are rare. Usually 10 to 30 days.

By Mr. Alsup:

Q. A very large number of the government industry [fol. 1978] witnesses, Mr. Von der Ahe, had gross annual sales of under $500,000; would such retailer be able to take advantage of this drop shipment situation you are talking about?

A. Frankly, in my opinion, it would not be feasible nor practical, when your sales are that small, to try to engage in a buying function. This is the purpose for such organizations as Certified, Orange Empire, and the rest of them,

and they can supply the needs of those smaller stores without the store tying up its capital in merchandise.

Q. Various of the government witnesses stated in their affidavits, and in their depositions, Mr. Von der Ahe, that while they could get dry groceries through Certified virtually the same as any of the larger chains, they cannot buy their meat, produce, or dairy products through Certified or Orange Empire, and thereby the large chains have a competitive advantage. My question to you is: If there is such an advantage, has there been any change in that situation as a consequence of your merger with Shopping Bag?

A. Absolutely none whatsoever.

Q. Based on your knowledge of the industry, is there a competitive advantage to the large chain in the purchase of meat, as compared to the single store operator?

A. I would like to say, Mr. Alsup, that there might [fol. 1979] possibly be a competitive advantage to large buyers in the purchase of meat, pricewise only, and that would be so insignificant that it is nominal at the most.

Q. What do you mean by that, Mr. Von der Ahe?

A. I would say that a packing house might charge a half a cent to one cent more for a carcass of beef when it is bought in one unit as against when a large buyer would go in and buy a hundred sides or 500 sides. But I would like to further add that the competitive advantage is more than offset by the advantage the small buyer has by being able to personally select and cream or take what we call the show beef out of the packing house, which in turn will result in a better cutting percentage. So the over-all result actually, I would say, would be in favor of the man who can personally select what meat he buys.

[fol. 1980] The Court: May I ask a question?

Mr. Alsup: Yes, your Honor.

The Court: Do the chains and the—first, let me ask you this question: How many sources are there, to your knowledge, of meat in this area?

The Witness: I don't know, your Honor. It is almost unlimited. We have packing house row, our buyers and everyone else's go up and down the row selecting and purchasing meat.

The Court: Is it highly competitive, that is, the sale of meat?

The Witness: I would say so, yes.

The Court: Well, you have, I take it, all the large concerns, the nationally known concerns here, do you? Do you have a Swift, Armour, for example?

The Witness: We have Swift—I do not believe Armour is any longer in the picture.

The Court: How about some of the others, name some of them.

The Witness: Well, most of the beef killers now are independent firms that operate on the market in packing house row. The larger firms, such as Armour, Cudahy and et cetera are not in this market of killing beef any longer. Swift has remained and I believe Wilson has just come back with a new plant. I am not sure whether they kill [fol. 1981] beef or not.

The Court: Would you have any idea how many of these beef people are in this area?

The Witness: I would make a rough guess between 20 and 30.

The Court: Very well.

By Mr. Alsup:

Q. Now, you referred to meat——

The Court: One other question, counsel.

Mr. Alsup: Yes, your Honor.

The Court: Are you aware of generally—do the chains buy from the same people, or similar packers, as the independents?

The Witness: For the most part they do, yes, sir.

By Mr. Alsup:

Q. Now, how about the produce situation, Mr. Von der Ahe?

A. The same situation that obtains in the meat industry also exists in the produce industry. By that I mean a small buyer again can personally inspect and select merchandise he buys, whereas the large buyer is unable to do so. He can only spot check—and believe me we do find

many, many time of deliveries to our company that are rejected because the load, as such, is not as the sample of what our buyers intended to buy.

[fol. 1982] But the small buyer on the job, buying his own produce, putting it on his own truck, has a much better quality control over produce than we will ever have.

Q. How about prices?

A. Prices, it depends upon the item that is purchased. And it is a variable thing, depending upon the time of day and the amount of merchandise on the market and so forth.

We do have what is known as a late market here, in which all unsold produce, or all produce which is unsold by a certain time becomes known as the late market, and it is sold at distress prices by the commission merchants who must get rid of it for that day. And an alert buyer can take advantage of that late market and own his merchandise much lower than the chain, who cannot take the gamble of waiting for the late market, but who must buy his produce at the going price at the time the merchandise is there, so that he can redistribute to the stores.

Q. I think you will find——

A. There is much money to be made in the late market, and one of the best examples of people who avail themselves of it is a Japanese partnership called Hada and and Mori, who operate the largest market in Bellflower. They are the most successful independent in the whole area. As a matter of fact, they run the best store in the whole area. And they shop nothing but the late market.

[fol. 1983] And the chains and other stores just can't keep up with them. They know their business and it is just impossible to compete with them in produce.

Q. I think you pointed out in your affidavit, Mr. Von der Ahe, with respect to hard produce, which I gather is potatoes, onions and that sort of thing, sometimes the direct buyer of a chain has an advantage because he can buy in carload lots direct from the farmer, is that correct?

A. I would not deny that the carload of hard produce, onions or potatoes, and things of that nature, can be bought direct, which eliminates going through a commission merchant.

But to offset that we must take those goods into our

distributing center, warehouse them and redistribute them. So we have a cost on top of our direct buying.

Q. Did you do some of this direct buying of hard produce prior to the merger with Shopping Bag?

A. Yes.

Q. And did the merger with Shopping Bag give you any advantage in this respect?

A. It gave us no advantage at all. It did not change the status a bit.

Q. Mr. Von der Ahe, have you read the affidavits of the various government witnesses?

A. I believe I am familiar with most of them, yes.

[fol. 1984] Q. Have you read the affidavit of Joe DeSilva?

A. Yes, I did.

Mr. Alsup: Could I borrow yours, counsel?

The Court: You can borrow mine, if you wish.

Mr. Alsup: I would like to, your Honor.

The Court: Which group is it in?

Mr. Coyle: I think we have a copy.

The Court: All right. Fine. By the way, I can't find my list of the defense exhibits, somehow I must have—you had a list filed with me, didn't you?

Mr. Vaughn: Yes, your Honor, we did.

The Court: It may have gotten into another file.

Go ahead, counsel.

Mr. Vaughn: Again I have an office copy.

The Court: No, no, it won't be necessary. We will locate it. It may be in some of the other files in my chambers—here it is, I found it, stuck inside of one of the others.

By Mr. Alsup:

Q. Mr. Von der Ahe, Mr. DeSilva's affidavit points out the executive secretary of the Retail Clerks' Union, Local 770, and they have jurisdiction over the retail clerks employed in most of the grocery stores in this area, and he states on page 3 of his affidavit, Mr. Von der Ahe, that Hughes Markets was founded in 1952, and I am [fol. 1985] quoting——

"* * * by Joseph P. Hughes, former vice president in charge of field operations for the Fitzsimmons

Stores, now Thriftimart. He began with one store purchased from Thriftimart, soon thereafter purchased two more stores, one independent and one Thriftimart, and since that time he has acquired several other stores * * * "

Do you have any personal knowledge as to whether or not that statement is accurate?

A. I believe it is.

Q. And do you know what stores Mr. Hughes purchased from others?

A. He acquired three stores from the McDaniel chain at the time that they were in financial trouble.

Q. And when was that?

A. It has been within the past couple of years, I couldn't exactly give you the date. But I would make a guess around 1960 or 1961.

Q. You think——

A. At the time McDaniel's was getting into trouble.

Q. And McDaniel's went into bankruptcy thereafter?

A. Yes, they did.

Q. And how about these stores that he acquired, according to his statement, from Thriftimart; do you have [fol. 1986] any knowledge of that situation?

A. I don't believe that Mr. Hughes acquired his stores from Thriftimart. I believe that particular reference is to a store up on North Highland which had been occupied by a Thriftimart.

Thriftimart had decided not to renew the lease, even though they had an option to do so. And Joe Hughes went in and bought the vacant building and the property on which it was located. He remodeled the store and opened it as a Hughes Store.

Q. Mr. DeSilva's affidavit states on page 4 that Mr. Edward Fox left Mayfair Markets in 1954 and started the chain of Fox Markets by purchasing grocery stores from Mayfair and LaMarrs and later acquired other Mayfair stores, the Roth Market chain, the Yor-Way Market chain, the Iowa Pork Chops chain, and other acquisitions, and that in 1961 Fox filed in bankruptcy. Does that comport with your knowledge of the situation?

A. Yes, that is true.

Q. Do you have any knowledge as to the reason for the bankruptcy of Fox?

A. I believe it is generally well known that Fox expanded too rapidly. They exercised very poor judgment in the selection of some of their sites, and their acquisitions, they paid too much for their acquisitions. They did not [fol. 1987] have good management, nor were they good operators.

The Court: Were they experienced management?

The Witness: They were experienced management, yes, sir.

And they were considerably underfinanced——

Mr. Coyle: This is pretty much hearsay testimony——

The Court: What is it, counsel?

The Witness: They were pretty much underfinanced——

The Court: What is it, counsel?

Mr. Coyle: This is pretty much hearsay testimony, Mr. Von der Ahe is testifying to things that happened to Mr. Fox——

The Court: Well, you haven't objected up to now. What am I supposed to do, interrupt and stop him?

Mr. Coyle: I am objecting now.

The Court: Well, there is nothing before the court now. Go ahead, counsel.

By Mr. Alsup:

Q. Mr. Von der Ahe, Mr. DeSilva states that Mr. Jack Kennedy left the Jim Dandy Markets Company to establish the Yor-Way chain in 1953, that he began with purchasing a Mayfair Market and later acquired several more, and in 1958 Yor-Way acquired C. S. Smith's Metropolitan Mar- [fol. 1988] kets. After Mr. Kennedy's death in 1961 the stores were all sold.

Do you have any knowledge at all as to the reasons for the demise of the Yor-Way?

Mr. Coyle: This is hearsay.

The Court: Well, counsel, you state your objections in proper form and I will be prepared—but you are ruling, you are not objecting——

Mr. Coyle: I object, your Honor——

The Court: You are ruling, you are not objecting.

Mr. Coyle: I object, your Honor, on the ground that this is hearsay.

The Court: I think it is, counsel.

Mr. Alsup: Very well, your Honor.

The Court: But I don't think—what are you proving by this testimony? Are you trying to refute that these people were put out of business because of lack of competition or because of competition?

[fol. 1989] Mr. Alsup: No, your Honor. What I was purporting to establish is what Mr. Von der Ahe has told me, that when a company expands rapidly with inadequate capital and without a deep management staff, and something happens to the leader——

The Court: That is about as obvious as anything that I know of. That happened in 1929. Everybody was expanding, as they are doing today, and they were talking the same language that they are talking today, we are headed to a new era.

We will head for it all right. When this new generation wakes up and finds what it is, they will be surprised to learn that over-expansion, inexperience, leads to one thing, and I don't think you need to prove that to this court. I know that from just plain experience.

Mr. Alsup: There was one other point in that connection——

The Court: The Fox situation, everybody in town that keeps up with what goes on knows what happened in that case.

Mr. Alsup: I think that is true of McDaniel's and Yor Way.

The Court: McDaniel's, also.

If you want to put it in the record in some other form, [fol. 1990] I will let you do it, but I suppose this is hearsay.

Mr. Alsup: I am perfectly willing to develop the matter, your Honor.

The Court: People think nowadays experience is unnecessary. All you have to do is go in the shoe business and buy some shoes and be prepared to sell them. Sizes mean nothing to them, last or anything else, but you just become a shoe man overnight. This is the new era in lack

of experience. In other words, don't be hampered by experience, never let experience hamper you.

Go ahead.

By Mr. Alsup:

Q. Do you know of any other of the larger chains in this area which had financial difficulty in 1961, 1962, Mr. Von der Ahe?

A. We have mentioned Fox, we have mentioned McDaniel's, we have mentioned Yor Way. I do know that the Greater All American Markets had some rough sledding for a while, as a result of the death of their founder, Mr. Blaine Hutchinson, and they were compelled to sell off quite a few of their units before they were able to introduce some efficiencies, and I am happy to say that the markets are now returning nominal profits.

Q. Mr. Von der Ahe, have you personally checked the stores of various of the government industry witnesses?

A. I believe I have visited most of them, yes.

[fol. 1991] Q. When did you do this?

A. I have been making this a project, as a matter of fact, for the last two or three months, and I have from time to time gone on different missions and visited the various stores of the government witnesses.

Q. Can you state what stores of what government witnesses you observed?

A. I observed the store operated by Mr. Jack Swerdlick, I believe is his name, who I believe calls his operation the Value Ranch, on East Olympic Boulevard. I observed the market operated by a Mr. Kasper——

Q. Chitjean.

A. —just a block or two east of Swerdlick's store. I visited Jack's Market, I visited Jenkins Market, I visited Taylor's Market in El Monte, I visited the Gertmenian's, I visited Carpenter's, I visited Logue's Star Market, I visited Rod Irvine's—Logue is not Star Market—Rod Irvine's Star Market, I visited Allen's Market in Reseda, in Northridge; I visited Dick's Market on North Figueroa; Craun's Market in South Downey; I visited a market in Van Nuys, Mekjian, I believe his name was. And there

might be several others, but I at least visited that group of stores.

Q. Would you give us your impression as a grocer of this Swerdlick's Value Ranch Market?

[fol. 1992] A. Swerdlick's Market is in a small area on the east side of Los Angeles, which caters almost principally to the Spanish-Mexican trade. It has one entrance, which is a double door approximately five feet wide. The appearance is very dirty, the fixtures are extremely old, antiquated; he does a very poor job of merchandising, and practically no advertising, or no aggressive operating at all. I would say this is not a representative market of the food industry in Southern California.

The Court: Counsel, let me ask you this: What is the purpose of this particular type of testimony? In other words, somebody has made an affidavit, and I assume in his affidavit he has probably said that he thinks or at least in his opinion there will be a substantial lessening of competition—is that correct?

Mr. Alsup: That's correct.

The Court: What does it prove to prove he has, let's say, a one-horse shop, what does it accomplish? Does it go to the range of his opinion, is that what you had in mind?

Mr. Alsup: I had that in mind. In the Brown Shoe case the government in their brief on appeal referred no less than nine times to the crucial importance of industry witnesses. The Supreme Court opinion, as you know, attaches great importance to industry witness testimony, and [fol. 1993] it is my opinion—I have seen many of these stores, as well as Mr. Von der Ahe—that the great bulk of the government witnesses are not truly representative of what is the grocery business in this area.

The Court: The reason that I am asking is that a person who milks one cow may be an expert on that cow and milking, but running a dairy might be another thing. I don't know, just exactly. I suppose it is a question of evaluation of their testimony, and I suppose it is identifying their background. Is that what you are doing?

Mr. Alsup: Yes.

Mr. Coyle: These witnesses were all deposed. They

could have done that in the course of their depositions. This is no time to be doing that.

The Court: I suppose they could have, counsel, but I guess I will let them do it now, if counsel thinks it is of any value.

I assume that in the depositions, in the affidavits, it doesn't bring out the type of store he is operating?

Mr. Alsup: It brings out the type, the size of store, the total volume of sales, your Honor. I propose to show through Mr. Von der Ahe that most of these people, government witnesses who expressed these opinions, are not truly representative of the grocery business, do not run a [fol. 1994] first-class operation, and if anyone is hurting them, it is themselves.

The Court: All right. I will permit the testimony, but I hope——

Mr. Alsup: I won't go into all of them, your Honor. I will ask one or two more, if I may.

The Court: I think probably from their affidavits and from the depositions, where there are depositions, it would be discernible pretty quickly their size and operation, won't it?

Mr. Coyle: Even in the statements we have the size and dollar sales, so it will be discernible there.

Mr. Alsup: The statement doesn't indicate, your Honor—some people can have a very small store, your Honor, but can make it very clean and attractive and attract customers. Someone who runs a very poor operation obviously is not going to attract customers, and is more likely, in my opinion, to blame.

The Court: If they give credit, they can get customers. It is a question of how much credit they give and how long they can stay open. I know many stores that were very successful by giving credit. Of course they didn't last long, but they were very successful for a time.

I don't want to restrict you. Any relevant evidence [fol. 1995] that may help the court in deciding this.

Incidentally, before I forget it, I hope you gentlemen have cited all the District Court cases that have come down since the Brown case. Have you both done that?

Mr. Coyle: I think probably between our two briefs we have cited all of them.

The Court: That's what I want to be sure of.

Mr. Alsup: I believe we have, your Honor.

The Court: It isn't that I will necessarily follow them, but I do learn something in reading the other man's opinions.

Mr. Alsup: As your Honor knows, in our brief in referring to these District Court cases which have come down since Brown Shoe, the great bulk of them are not yet reported in the Federal Supplement.

The Court: I understand that.

Mr. Alsup: They are reported in the 1963 trade case CCH series, and if you would like us to——

The Court: I assume that the Federal Supplement should be along pretty quickly.

Mr. Alsup: It should be along soon, and we can give you a list at that time.

The Court: If I have any difficulty, I may call on either one of you to help me out in that regard. But I [fol. 1996] assume that they will be coming forward rather promptly.

Mr. Alsup: Yes. I checked, as a matter of fact, Saturday, your Honor, and again Monday, and they have not yet come through in the Federal Supplement. I expect they will be soon, and we will give you the citations.

The Court: All right. Go ahead, counsel.

By Mr. Alsup:

Q. How about this store of Mr. Kasper Chitjean, known as Kasper's Market, on East Olympic Boulevard, Mr. Von der Ahe?

A. This is in the same neighborhood as Mr. Swerdlick's store. It is a block or two farther to the east. Even though it is on Olympic Boulevard there is a large sign on the top of the building that reads East Ninth Street Market. It, again, is a very small store catering exclusively to the small grouping of Mexican-Spanish homes in the area——

Mr. Coyle: If your Honor please, there is no foundation to show how this witness knows who it is catering to.

The Court: I think I can walk into a store and I could tell you in 15 minutes what type of people they are catering to. Don't you think you could?

Mr. Coyle: I don't know.

The Court: I am sure I could, and I think you could. All you have to do is stand in there and watch the customers, and I think—it is an opinion, that is all it is, and [fol. 1997] I could reject it or accept it. I will allow it.

I think you could go to Long Island at a certain spot and tell within a few minutes that the class of trade was quite well to do. It wouldn't take you long, as you see the cars roll up and the people who are going in the store. I think these are matters that are under general observation.

Go ahead.

The Witness: Again, it is a very small operation. It looks like it is a one-man operation, actually, because there was only one man working the entire store when I was there, outside of the meat department, which a woman was acting as the butcher, and the cuts of meat were cut, designed for Mexican trade, Mr. Coyle. Beyond that, I have to say that it is strictly neighborhood. It cannot possibly serve any area beyond its immediate neighborhood, which could be measured just in blocks.

The Court: By just a quick look at the store, from your experience can you make an estimate of the inventory, the value of the inventory in the store?

The Witness: Your Honor, offhandedly I would say that his inventory was in the neighborhood of $5,000.

The Court: Well, is it unusual for a man who has been in the grocery business for 30 or 40 years to be able to walk into a plant, or a store, and make an equipment esti- [fol. 1998] mate and hit it pretty close on inventory?

The Witness: Yes, sir.

The Court: There is nothing unusual about that?

The Witness: No, sir, your Honor. Over years of experience I believe that we are qualified to walk into a store and not only evaluate inventory, but make a rather accurate estimate of the sales that the store does. And we do that by looking at the amount of perishables that the store has, because we know he has to sell them.

The Court: Either sell them or throw them away; is that right?

The Witness: That's right.

By Mr. Alsup:

Q. How about the Jenkins Market out in El Monte that you mentioned, Mr. Von der Ahe?

A. Frankly, Jenkins Market has to be seen to be believed. I could not conceive of this market at all, because it looked to me as though it were about 20 feet wide and about 40 feet deep; the smallest market that I have ever seen in my life, frankly. He is catering just—I might add that this little market is located right in a cluster of homes, and he does cater to that little grouping of homes right around him.

[fol. 1999] The Court: What is the location of that store?

Mr. Alsup: 9701 Cortada in El Monte.

The Court: Where is that?

Mr. Alsup: El Monte, your Honor.

The Witness: Your Honor, if I may explain, it is between the San Bernardino Freeway on the north, and I think it is Garvey Boulevard on the south, east of Rosemead Boulevard. There is just four natural barriers and a little cluster of homes there and this little market sits right in the middle of them.

Mr. Coyle: If your Honor please, at this point this witness has operated a number of other stores before moving into this one, so——

The Court: Well, does the affidavit show that, counsel?

Mr. Coyle: I think the deposition does, your Honor.

Mr. Alsup. The deposition does, your Honor.

The Court: That will certainly be considered. In other words, he is making it look—making it sound like he has got nothing but squatter's rights there now, but I assume that his affidavit and deposition will clarify the background.

Mr. Alsup: This is a witness, your Honor, who testified at deposition "Some people have it and some don't. [fol. 2000] I guess I don't."

The Court: Well, that is profound.

Mr. Alsup: Very. Just two more, if I may, your Honor.

Q. Have you observed the stores of Mr. Dick and Mr. Craun who testified yesterday?

A. I have.

Q. Will you describe those stores?

A. I will start with Mr. Dick's store, which is located on North Figueroa Boulevard in what we used to refer to as the Highland Park district. The store has both a front and a rear entrance. It has a service bakery department, a service meat department, and the store appeared to be rather well run. It is clean——

The Court: Does it have parking?

The Witness: It has parking in the rear, no parking on the front because it is built right up to Figueroa Boulevard.

The store appeared to be well run, it is neat, it is clean. The only thing that gave me the shivers when I was in there was a fear that I wouldn't want to be there in case a fire broke out, you couldn't get out of the place.

But beyond that the store appears to be doing a good job serving the neighborhood.

[fol. 2001] By Mr. Alsup:

Q. How close is——

A. It is not, I might add, a supermarket building as such. There is market shops underneath some apartment houses on the second floor.

The Court: That is the one, as I remember, that did a very substantial volume, is that right, counsel?

Mr. Alsup: I think——

The Court: Was it around three million he said, he testified?

Mr. Alsup: I believe he testified one million four hundred thousand.

The Court: Was that the one that said the one million four?

The Witness: Yes, sir.

The Court: Yes, I recall.

By Mr. Alsup:

Q. How far is that store from the nearest Von's or Shopping Bag store, Mr. Von der Ahe?

A. I believe the nearest Shopping Bag store would be in Eagle Rock, which is at least three and a half miles distant.

Q. Von's, is there a Von's store in that area?

A. There is no Von's store in that area.

Q. How about Mr. Craun's store?

[fol. 2002] A. Mr. Craun's store is in the south end of Downey, which again is a very small store. I estimated it to be in the neighborhood of five to six thousand square feet. It is neat, it is clean.

I observed that it had absolutely no prices on its shelf molding, which I thought was very unusual because all markets indicate prices for the products they are displaying.

It has a service meat department, it has old fixtures but it is well kept up.

The parking is also to the rear for the most part, with about ten spots in front. But the market itself, it is inviting.

Q. What other stores are in the area of Mr. Craun's store?

A. Almost directly across the street is a large Alpha Beta market.

Q. How close is the nearest Von's or Shopping Bag store?

A. Well, I would say the nearest Shopping Bag would be at the corner of Firestone and Lakewood. And my guess would be in the neighborhood of a mile and a half to two miles.

And then there would be a Von's market directly north on Paramount at Florence, which would be maybe two and [fol. 2003] half miles distant.

Q. That latter Von's store which you mentioned is directly across the street from the government witness Don Fairbank's store, is that correct?

A. That is correct.

Q. Mr. Von der Ahe, the government witnesses, industry witnesses, in their statements assert that in their opinion if this merger between Von's and Shopping Bag is permitted there will probably be other mergers between and among the large chains and this will probably substantially lessen competition and tend to create monopoly. What is your opinion with respect to that matter?

A. My opinion is that the contention is not supported by fact, because, first of all, the Von's and Shopping Bag merger was a consolidation of two firms which did not compete with each other.

I cannot think——

Q. You are referring to competition between the particular stores?

A. Between particular stores. And I cannot think of any other two firms in this area who could merge without resulting in some very serious overlaps.

Q. Have there been mergers in the past, Mr. Von der Ahe, which have not worked out very well for the merging companies?

[fol. 2004] A. Well, I can think of, naturally, Fox Markets again, which acquired quite a few markets. And I will not say that their results were satisfactory.

And you have McDaniel's also acquired stores with disastrous results.

Yor-Way did the same thing.

I can think of one back East which involved an acquisition by Colonial Stores of Albers Markets——

Mr. Coyle: I object, your Honor——

The Court: On what grounds?

Mr. Coyle: I object because this is an acquisition of a large market back East, he is talking about back East——

The Court: I suppose it is. Sustained.

By Mr. Alsup:

Q. In depositions of at least two, and perhaps more, of the government industry witnesses, they testified that—that is Mr. Fleishman and Mr. Palmer complained about a general price reduction which Von's and——

A. May I finish answering my last question, please?

Q. No, I am sorry——

The Court: No. I sustained an objection to that.

The Witness: Your Honor, I think——

The Court: You were talking about something outside of the area, so I sustained an objection.

Go ahead, counsel.

[fol. 2005] By Mr. Alsup:

Q. Did you have something to add, Mr. Von der Ahe, which would be confined to the Los Angeles metropolitan area?

A. Yes, if your Honor will permit me.

The Court: Yes. I will permit that, yes. Go ahead.

The Witness: I was thinking of Thriftimart, who have acquired several stores, and subsequently disposed of most of them.

I can think of Alpha Beta, who acquired Raisin Markets, they had considerable difficulty integrating them into their system.

I also wanted to mention those two, your Honor.

The Court: All right. Go ahead, counsel.

By Mr. Alsup:

Q. I mentioned that government witnesses Fleishman and Palmer, Mr. Von der Ahe, in their depositions complained that a general price reduction which Von's instituted in this area in July of 1961 had reduced, hurt them in some way. Would you state the reasons for that general price reduction which occurred in 1961?

A. Yes. In 1961, in July as a matter of fact, the management of our company realized that retail prices as such were too high. And the reason they were too high was [fol. 2006] in order to provide an umbrella for ridiculous price cuts on advertised items.

This was the time, if you will recall, that we were selling coffee as low as 19 cents a pound with a $5.00 purchase, sugar, five pounds for 19 cents and so forth, which was anywhere from 25 to 50 cents per unit below cost.

In order to sustain that type of ridiculous merchandising the shelf prices were gradually creeping up.

We also knew that in September there was going to be passed, or signed into law in the State of California under the Unfair Trade Practices Act, a provision which prohibited limiting of advertised specials because the——

Q. That is the quantity a customer could buy?

A. Limiting of quantity of items to a customer. This law made it a per se evidence of the intent to injure competition by limiting.

And with these factors in mind we reduced the prices on several hundred staple grocery items, at the same time we discontinued ridiculous ads of a cut-throat nature.

And it actually had the effect of stabilizing the market. And it might be interesting to note that for the year 1961,

July, the BLS index throughout the nation showed an increase in the cost of food stuff, with the exception of Los Angeles, which showed a decrease. We think the con-
[fol. 2007] suming public benefited by that maneuver.

Q. Now, Mr. Von der Ahe,——

A. It actually raised our gross margin, and I am sure it raised the gross margin of every other competitor in this town. It did not hurt them.

Q. Mr. Von der Ahe, would you have been able to make this price cut across the board in July 1961 had you not merged with Shopping Bag?

A. This was a perfectly legitimate business reason to make this merchandising maneuver. We would have done it whether we had been merging with Shopping Bag or not. The merger had nothing to do with it.

Q. Had there been prior experiences where you had reduced prices prior to the merger?

A. Yes, yes——

The Court: We are not getting into a price case, are we, counsel?

Mr. Alsup: No, your Honor. I was referring to the depositions of these two witnesses, and they seem to feel that somehow this merger gave Von's a power to reduce prices and hurt them, although I think both testified they did very well after the price reduction.

Q. Mr. Von der Ahe, your affidavit states that A & P, Safeway, Acme and Food Fair, national chains of retail groceries, are doing business in this area. Can you tell
[fol. 2008] us how they rank in size nationally?

A. Nationally, A & P ranks first with sales in excess of five billion dollars.

Safeway ranks second with sales in excess of two and a half billion dollars.

Acme ranks fourth with sales in excess of one billion dollars.

And Food Fair ranks sixth with sales just under one billion dollars.

In that connection I might also add, sir, that Kroger has now announced their intention of coming into this market. And they are the third nationally with sales in excess of two billion dollars.

Q. In your opinion, Mr. Von der Ahe, based on your years of experience in the grocery business, do you feel that Von's is at any competitive disadvantage in competing with stores of these national chains?

A. No, I do not.

Q. In your opinion, do you believe that the single store operators, or the smaller chains can compete successfully with these large national chains?

A. Yes, I believe that they will be able to successfully compete with them.

Q. In your opinion, do you believe that the single store operators or small chains can compete successfully with [fol. 2009] the stores of Von's?

A. Yes, sir.

Q. Mr. Von der Ahe, I will ask you to refer to Government's Exhibit 1.

(The exhibit was placed before the witness.)

The Witness: Thank you.

By Mr. Alsup:

Q. That exhibit, Mr. Von der Ahe, is a list of sources which the Federal Bureau of Investigation of the 20 largest grocery chains in the Los Angeles metropoltian area ranked according to sales in 1958.

Can you tell us which of those chains listed on Exhibit 1 were not doing business in the year 1948?

A. I will try to do so, yes. Going down the list, Food Giant was not in business in 1948.

Fox Markets, Hughes Markets, Shoppers Markets only had one store. McCoy's Markets and Yor-Way Markets.

Q. Tell us if there are any of the stores listed on the exhibit, if there are any, which are no longer in business?

A. Fox Markets are no longer in business. The McDaniel's are out of business.

The Greater All American has sold off quite a few of its stores and the Yor-Way stores are out of business.

[fol. 2010] Q. Do you know what happened to the stores of these concerns?

A. For the most part they have been sold off to individuals and other companies. Some have been closed.

The Court: Well, as a matter of fact, did the so-called chains, haven't they closed a great many stores in the past ten or fifteen years—Ralphs, for example, haven't they closed down stores?

The Witness: Not a great many, your Honor. They have closed stores that they find have been unprofitable.

The Court: Have you closed any stores?

The Witness: Not in the past few years.

The Court: How about Safeway, do they close stores, have they?

The Witness: Safeway has closed a few, yes.

The Court: And I guess Food Giant is relatively new out here, isn't it?

The Witness: Yes, sir.

The Court: Go ahead.

By Mr. Alsup:

Q. Mr. Von der Ahe, would you refer to Government's Exhibit 16?

A. Yes, sir.

Q. Paragraph 90 of that Government's Exhibit 16, which comprises a portion of the answers to plaintiff's request [fol. 2011] for admission of facts states that as of March 28, 1960, Von's planned to construct a new grocery store at Euclid and G Street in Ontario. Is Ontario outside of Los Angeles and Orange County?

A. Yes.

Q. It is in San Bernardino County?

A. San Bernardino County.

Q. Paragraph 91 states that as of March 28, 1960, Von's planned to construct a new grocery store at Imperial Boulevard and Norwalk Avenue in Norwalk. Can you tell us whether that store was constructed?

A. That store has never been constructed. As a matter of fact, that deal is completely dead.

Q. Why was that?

A. The developer had difficulty getting the zone variance or change that he needed to develop the shopping center. And as a result it never was constructed.

Q. Paragraph 96 referred to in that exhibit states that as of March 28, 1960, Shopping Bag planned to construct a new grocery store at the corner of San Fernando-Mission

Road and Balboa in Granada Hills. And the answer admitted the statement stated the lease had been signed with respect to the property at this location, but construction has not yet been commenced. Can you tell us what happened to that proposed store?

[fol. 2012] A. That store was never constructed, or built for Shopping Bag. This store is now leased to and operated by Food Giant Markets.

Q. Why was that turned over to Food Giant, Mr. Von der Ahe?

A. Because Von's prior to the merger, had committed themselves to a lease at the corner of San Fernando-Mission Road and Woodley in Granada Hills, which is exactly one mile east of this Shopping Bag location. Von's was committed beyond a point of stopping the deal. As a matter of fact, we didn't want to. We had a moral obligation to kindly, elderly people whom we had talked into building for us and we just did not want to nullify our lease.

And the Shopping Bag lease, being in a larger shopping center, we knew could be readily disposed of, and subsequently Food Giant Markets did take it.

But the reason was because both of these stores were serving the same community, and we would, in this particular instance, have been competing directly with ourselves.

[fol. 2013] By Mr. Alsup:

Q. I think one of the government witnesses, either Mr. Craun or Mr. Dick, testified yesterday in response to a question of Judge Carr's, that construction of new stores is somewhat like filling stations, they spring up on each corner of every block. Do you agree with that statement?

A. I certainly do not. The economics of each area must be thoroughly considered before putting in a new store. A population count must be taken. We also look at the average income, we look at the nature of the area, whether it is declining or growing, and when we finally compute how much potential grocery volume there is in an area, we divide that by the number of stores already serving it, and if we feel if the area is over-marketed, we do not take a store there. On the other hand, if we develop that a

store would do a good business and be profitable, we do put in a store. But do do not fight a battle of numbers, and we try to make sound decisions when we locate a new store.

The Court: In other words, you are not looking for a stand-off in competition; is that what you are saying?

The Witness: That's right.

The Court: Just as an example, I notice at the corner of Third and Vermont there is on one corner Ralph's Store and on the other corner Safeway; is that right?

The Witness: Yes.

[fol. 2014] The Court: What is the philosophy behind a situation of that kind? Is that just a happening, or is it a competitive situation?

The Witness: This, I might say, had I been operating Safeway, I would not have done that, because I would never want to antagonize Ralph's by putting a store right in their front office. However, they are both good stores. It is a very successful operation for Ralph's, and I know it is one of Safeway's better stores.

The Court: It is apparently a highly populated community and two stores can successfully operate?

The Witness: Yes, because of the density of population in the area they can both operate, yes.

The Court: What I was trying to find out, it is not just because the other store was there that the latter store went there; they just thought, I take it from your experience, that it was a good area.

The Witness: That is very true.

The Court: They don't just, from what you know of the business, you don't just go out and just land on a corner because another store is on the opposite corner?

The Witness: That's right. We don't try to match competition store for store in each area.

By Mr. Alsup:

Q. Do you have studies made, Mr. Von der Ahe, prior to [fol. 2015] determining whether or not you will take a particular location?

A. In some instances, yes, we do.

Q. Can you give us an idea of how many locations are offered to you in a week?

A. Well, this is a department over which Mr. Hayden has jurisdiction, but it is a two-position job in our company, we have a real estate head, and he has an assistant, and they both report to Mr. Hayden; but I can assure you that all three of those men are constantly busy checking out locations. We get them through real estate agents, we get submittals through property owners themselves, from developers, and we are constantly checking out locations.

The Court: It take it, Mr. Von der Ahe, that many builders now are agitating, trying to get more building sites and put up more market centers—that is quite a movement now, isn't it?

The Witness: Yes, sir.

The Court: And they do it on borrowed money, I take it, too, don't they?

The Witness: Yes.

The Court: You don't finance any of your buildings, do you?

The Witness: We do not finance any buildings on which we do not own the ground. If we own the ground, we [fol. 2016] also will build the building, your Honor. But we do not loan money, as such, to developers.

The Court: By the way—I guess this is peripheral—they have come to use an expression which to me seems ridiculous, "net-net-net"—to me "net" means net. What does "net-net-net" mean?

The Witness: I believe that is just one way to emphasize that the lessee is going to pay all of the cost, and recurring costs of the property, which means the taxes, insurance, assessments, everything.

The Court: So it is all net, isn't it?

The Witness: It is 100 per cent net, yes.

The Court: Is that term used throughout the country, or is that just Hollywood?

The Witness: I think it is spreading throughout the country.

The Court: By the way, what is the general return expected now on a leased market—8, 9 per cent?

The Witness: The insurance companies will lease a mar-

ket on 7 per cent net-net-net, if you will, please, on their investment. And when you are negotiating with an independent developer, he requires a little more, I might say. The range would be from 7½ to 9 per cent. And in some cases where the location is extremely desirable, we find ourselves paying 10 per cent, all net.

[fol. 2017] This is also, if I may continue, usually against a percentage of sales, your Honor.

The Court: They do usually have a contract after they put a ceiling on, is that right, or flooring?

The Witness: It is a floor. It is a minimum net, which is the floor, against a percentage, which is usually wide open.

By Mr. Alsup:

Q. Speaking of stores located——

The Court: The point that I was trying to bring out, counsel, and I don't know that you intended bringing it out, is that at the present time in Southern California, in this area, all you have to do is mention the word "market" and sombody will try to build one. That's my understanding. So the competitive situation goes beyond just grocery business now; it is easy money, too, isn't it? Isn't that right? A lot of markets are being built just because there is easy money?

The Witness: Yes. Because it is a lease which they funds in good leases.

The Court: I take it sometimes these locations are not necessarily good, but they build the markets and then they have to—they usually have the leases made before they build, don't they?

The Witness: Yes. Because it is a least which they [fol. 2018] finance.

The Court: They finance on the basis of the lease?

The Witness: Yes.

The Court: A lease is usually 25 years?

The Witness: Usually.

By Mr. Alsup:

Q. Speaking of markets located fairly close to one another, Mr. Von der Ahe, you have a supermarket at Third and Kenmore in Los Angeles?

A. Yes.

Q. Are you building another store in that general area?

A. We are building another store at Olympic and Crenshaw, which will open within the next few weeks.

The Court: That is at least how many miles away?

The Witness: This is what I was going to qualify, your Honor. This is probably two miles away. But we do have a market at Eighth and Irolo. Irolo is just a block or two west of Kenmore, and Eighth is only five blocks south of Third Street. But these two markets are serving two different and distinct neighborhoods.

The Court: There is a fairly heavy density of population in those areas, I take it?

The Witness: Yes.

[fol. 2019] The Court: And it is growing now. I assume there is the beginning of a new era there in apartment houses, is that correct?

The Witness: That is correct.

Mr. Alsup: I have a fondness for that store. When I first came to California in 1941 I lived in an apartment house right next to Third and Kenmore.

The Court: I thought you were going to tell me that you bought some of the bonds.

Mr. Alsup: I wish I had.

Q. Mr. Von der Ahe, will you return to Government's Exhibit 63, page 3——

The Court: I think, counsel, we had better take the recess. We will take a 10-minute recess.

(Recess taken.)

The Court: Proceed, counsel.

By Mr. Alsup:

Q. Mr. Von der Ahe, turning to Government's Exhibit 63, page 3 of that exhibit, it is entitled Minutes of Executive Committee Meeting, Von's Grocery Co., March 29,

1960, that meeting took place the day after the merger was consummated, Mr. Von der Ahe?

A. These minutes are dated March 29, 1960, which would have been the day after the merger was consummated.

[fol. 2020] Q. On page 3 under paragraph 11 of that exhibit, Mr. Von der Ahe, there is a statement:

> "Mr. W. R. Hayden was requested to contact several other competing grocery firms to effect a trade of the San Fernando Mission-Balboa site."

And I ask you if that is the site that you have referred to earlier in your testimony which Food Giant eventually took over.

A. It is.

Q. Immediately following that is a statement:

> "He also mentioned that he might be able to make some kind of a deal for the Shopping Bag Garden Grove store."

Would you state for the record what that had reference to?

A. This actually refers to the Shopping Bag store in Anaheim at the intersection of Brookhurst and Cotilla Avenue. What was discussed was that this store was developed in what was going to be a shopping center, but it never did develop as a shopping center, and the store never was a profitable store, and Mr. Hayden thought that he might be able to make some kind of a deal to dispose of the store.

Q. Was he able to make such a deal?

A. The deal has not yet been made, no.

Q. Mr. Von der Ahe, can you tell us how long in advance Von's Grocery Company contracts for turkeys, we will say, [fol. 2021] for sale in the Christmas season?

A. We have contracted for birds as early as July for both the Thanksgiving and the Christmas season.

Q. Will you tell us, describe briefly how you go about contracting for them?

A. These are arrangements entered into by our meat department, but historically they know about how many birds they are going to require for the holiday season, and when the market looks right they will step in and actually

buy, at a firm price, birds for the entire season. As I mentioned, sometimes they do this as early as July.

Q. Does this result in your getting a better price for the turkeys than someone buying at a later time?

A. In some cases it has assured us of a price which was competitive all year long. And I can recall a few instances where it swung the other way and we actually paid more for our birds.

Q. In other words, when you make the contract it is a firm price and you are stuck with it regardless of whether the price goes up or goes down?

A. That's right. There are many variables in this business, such as, a failure of the Eastern buyers to invade the market and not take off as many birds as they intend to might result in a lowering of the price. Whereas, on the other hand, if they come in in great numbers, and the Army [fol. 2022] or the Services, rather, take an awful lot of birds out of this area, the price does go up. It is for this reason that we seek to get a commitment and we make a commitment so that we know what our cost is going to be for the season.

Q. Did you do that before the merger with Shopping Bag?

A. We have always done it.

Q. One of the Government witnesses, Mr. Palmer, testified in his deposition, Mr. Von der Ahe, that because of your great number of stores you might decide to run a special, for example, on corn, and garner the market, and if he decided to run a special on corn the same week end it might not be available to him. What do you say to that?

A. Frankly, I do not believe that Mr. Palmer considered what he was saying when he made that remark, but I think it is ridiculous to assume that any firm in this area could corner the market on any item of produce. Let us assume that our market share is between seven and eight per cent of this area, it would be inconceivable to think that we could ever use a hundred per cent of any item of produce that would be brought into this area. It just doesn't make sense in my book. It has never happened, and I don't think it ever will.

[fol. 2023] By Mr. Alsup:

Q. Mr. Von der Ahe, would you state, based on your experience, what in your judgment are the factors which draw particular customers to a particular grocery store?

A. You mean why does one customer trade with one store to the exclusion of another?

A. Yes.

The Court: I don't think it necessarily follows that it is an exclusion, but in the main, does the main part of trading, isn't that about what it amounts to?

The Witness: I believe I understand it, your Honor.

I would list as the first consideration a customer has in her mind when she shops is convenience of location. And to that I would add then easy ingress and egress from the parking lot, so that it is relatively easy for a women to get to the store.

The next consideration I would list would be general over-all appearance of the market, cleanliness, neatness and well-displayed merchandise, friendliness of clerks, kinds of product sold, prices, advertising specials. And that would sort of be the order in which I would list them.

By Mr. Alsup:

Q. Where would you rate prices in that?

[fol. 2024] A. During times such as we are having now I would rate prices way down the list. Prices actually are not too much of a consideration during times—during good times. It is during depression times when price becomes very important. But such as we are having now, it is the other considerations of convenience, of service, merchandise, quality and so forth to which I give greater importance.

Q. Now, Mr. Von der Ahe, do you, can you describe for us what you consider to be normal draw area of a particular store?

A. If I were to attempt to say there is a normal draw area, I would mislead you, because I do not believe there is such a thing.

Each store must be considered by itself. And its position or location in the area which it attempts to serve.

Such as I have already illustrated, we have a store at Third and Kenmore, and five or six blocks away we have a store at Eighth and Irola, which are serving two different and distinct communities. Our draw area is limited to the population immediately around these two stores.

Other stores might have draw areas of a mile to a mile and a half or two miles, depending upon the degree or the intensity of their competition, and whether the store [fol. 2025] is able to draw customers past other stores.

So I would say there is no yardstick, or no formula. And I disagree vigorously with the government witnesses, when one man tells me he has a draw area of four miles, I don't believe him because we know we have a store in that area and our draw area is about one mile.

And another witness tells me—or tells the court that his draw area is three and a half miles and he competes with us in Eagle Rock. I disagree with him because I know he is not telling the truth. It is only what he thinks, and he cannot prove it.

But draw areas as such is only what is convenient to an area and is easy, as I say, governed by many other considerations.

Q. Mr. Von der Ahe, I ask you to look at Government's Exhibit 66, which is entitled Survey of Shopping Bag by Division Heads—a Von's survey.

A. Yes, sir.

Q. Is that exhibit in your handwriting?

A. Yes, sir.

Q. When did you prepare it?

A. This exhibit is dated December 19, 1959.

Q. Turning over the first page, Mr. Von der Ahe, there is a reference to J. Ball. Would you identify him?

A. Mr. James Ball is the treasurer of Von's Grocery [fol. 2026] Company.

Q. And had you assigned him to work at Shopping Bag to make a study of their operations?

A. Yes, I did.

Q. When?

A. At the time we were negotiating our merger we instructed Mr. Ball, with Mr. Hayden's approval, to go over to the Shopping Bag offices and begin to make an internal

audit of the company. And he did so. And I believe he went there about September of 1959.

Q. At page 1 states:

"Shopping Bag hidden jewel.
"Von's can improve Shopping Bag operation.
"1. Lack of management-direction.
"2. Too much cross purposes.
"3. Figures are not utilized.
"No daily sales.
'No good cash handling.
"Gross—they don't have."

And then you pointed out:

"Shopping Bag has finest equipment and facilities, good people, could do a good job if let alone and guided—"

That is a little confusing to me, I might say——

"Conclusion—continue to negotiate."

[fol. 2027] Is that what Mr. Ball reported to you at that time?

A. Yes, sir.

Q. And would you identify Mr. Bolstead, who is the next one referred to.

A. Mr. Norman H. Bolstead is the manager of our operations.

Q. And the notes which thereafter appear on that page and the next page are what Mr. Bolstead reported to you?

A. They are, yes, sir.

Q. And would you identify Mr. Ward?

A. Mr. Ward was our sales and promotion manager. And he is now the executive vice president of Food Giant Markets.

Q. On page 3 there is a notation, Mr. Von der Ahe, under the name Ward:

"No one wants to make a decision. Office dictates display and merchandising. No 'esprit de corps' at store level——"

Is that what Mr. Ward reported to you?

A. It is.

Q. Would you identify—and I won't ask you the details—but I will go through the rest of these—who Mr. Hardesty is, who is referred to there.

A. Mr. Jack Hardesty is the diivsion head of our [fol. 2028] grocery department.

Q. And the comment which appears on that exhibit under his name are what Mr. Hardesty reported to you?

A. They are.

Q. And on the next page, there is a man listed as K. Olsen. Would you identify him, please?

A. Mr. Kenneth Olsen is the division head of our meat department.

Q. Of Von's?

A. Of our present company, Von's Grocery Company.

Q. What was he at the time?

A. The same.

Q. And the next page, there appears the name J. Osberg, could you identify him?

A. He was the division head of Von's produce department.

Q. Of Von's?

A. Fruit and vegetable department of Von's Grocery Company.

Q. And what is he now?

A. Mr. Osberg is deceased.

Q. I am sorry. Then the next page refers to Ed H. Would you identify him?

A. This is Mr. Edward Hirschman, division head of the delicatessen department.

[fol. 2029] Q. And the next page refers to P. Marshall, would you identify him?

A. Paul Marshall was the advertising manager of Von's Grocery Company.

Q. And would you identify Mr. K. Doyle, who appears on the next page.

A. Mr. K. Doyle is the manager in charge of personnel of Von's Grocery Company.

Q. And who is Don Bushmayer, who is refered to on the next page?

A. Don Bushmayer is the manager of warehousing and distribution for Von's Grocery Company.

Q. Mr. Von der Ahe, did you form any opinion at that time as to Shopping Bag as an organization?

A. I did, sir.

Q. And would you state what it was?

A. Based on my own observations and from the reports of our division heads, we concluded that Shopping Bag was a very fine organization, in that it had completely modern facilities and offices and warehousing distribution, it had new and modern stores, that it was lacking in a full complement of top management. And we felt that it was not realizing the full profits out of its sales, and that we could move in and improve the picture.

Q. Can you tell us whether or not you have improved [fol. 2030] the picture with respect to Shopping Bag stores?

A. I believe we have. Results have shown that we have included the Shopping Bag volume with the Von's volume and arrived at a net profit as a percentage of sales which is comparable to what Von's was enjoying before the merger.

The Court: Let's see, the last year, in 1960—was it 1960 that was 9/10ths of a per cent net sales, wasn't it, on Shopping Bag?

The Witness: I believe that was 1959.

The Court: 1959, was it——

The Witness: Just before the merger.

The Court: All right. Let's take '59—I believe that is right, 9/10ths of a per cent.

The Witness: Yes.

The Court: What was it in '62, do you know?

The Witness: In '62 is was combined, all as one company now. And it was over 2 per cent, your Honor.

The Court: Well, what I was trying to—have you any way of knowing, of course that averages for both companies——

The Witness: We have not operated the companies separately. We just don't know what each group of stores would have developed.

The Court: How about the volume, you have the volume [fol. 2031] on the stores, of course, don't you?

The Witness: Yes, we have.

The Court: What has happened to the volume on the Shopping Bag stores as contrasted to 1959, the volume of sales?

The Witness: Would you accept 1962 figures as against 1960?

The Court: Yes, that is all right.

The Witness: The volume in the Shopping Bag stores on a store-by-store basis in 1962 was eight million dollars over—correct me—it was six million dollars more than the same stores did in 1960.

The Court: Percentagewise what does that amount to?

The Witness: It would have been in the neighborhood of 10 per cent.

By Mr. Alsup:

Q. In that same time, Mr. Von der Ahe, can you tell us what has happened to the sales of the Von's stores?

A. During the same period, in 1962 the Von's stores increased their sales only two million dollars over 1960 on a store-by-store basis.

The Court: And percentagewise?

The Witness: Percentagewise it would have been about 2½ per cent, or so.

[fol. 2032] By Mr. Alsup:

Q. To what do you attribute the better performance of Shopping Bag stores after the merger, as compared to the lesser improvement in the Von's stores?

A. Well, I believe it bears out the prediction of our division heads when they analyzed the Shopping Bag organization, that they were not getting the full potential out of their operation, either in sales nor in gross profits. And this is what I think accounts for the fact that the Shopping Bag stores showed a better increase than the Von's stores during that same comparable period.

The Court: In brief you are saying management, is that right?

The Witness: Yes, your Honor.

By Mr. Alsup:

Q. Now, Mr. Von der Ahe, in your affidavit you comment upon the affidavit of Dr. Mueller of the Federal Trade Commission, the economist for the Federal Trade Commission, who lists a number of acquisitions made by others in the period of 1949 to 1958; and you point out that these same companies have sold stores. Dr. Mueller's affidavit—may I borrow the court's copy?

The Court: Yes, certainly.

Mr. Alsup: I seem to have misplaced mine.

The Court: Is it in one affidavit or is it mixed in with [fol. 2033] others, counsel?

Mr. Vaughn: In your book, your Honor, it is bound——

Mr. Coyle: It is bound, your Honor, in the book.

The Court: Oh, I see. It is a Government's exhibit, you mean?

Mr. Coyle: Yes, we put the affidavit in front of each——

The Court: Pass it to me, Mr. Clerk.

The Clerk: Which one is it in?

Mr. Coyle: I will give you my copy.

Mr. Alsup: If I could just borrow counsel's copy——

The Court: You can borrow mine, if you like.

Mr. Alsup: There is one right here, your Honor. Thank you.

The Court: All right.

By Mr. Alsup:

Q. Dr. Mueller's affidavit, Mr. Von der Ahe, he states on page 3, commencing at line 27:

> "* * * Plaintiff's Exhibit No. 6 shows that the market share of the top 20 chains in the Los Angeles metropolitan area increased from 43.8 per cent in 1948 to 56.9 per cent in 1958.
>
> "The market share of the top 20 in 1958 would drop to 47.3 per cent if the sales of the top 20 were re-[fol. 2034] duced by $192,916.00 i.e., by the 1958 sales of stores acquired by the 15 chains covered by our survey * * *"

Mr. Von der Ahe, have you made any study of the increase in market shares between 1948 and 1958 of the concerns now listed in the top 20 in Government's Exhibit 1 which made no acquisitions?

A. I have made some computations on those stores which made no acquisitions, which were such as Alexander's Markets, and Fox Markets, Market Basket, Von's Shopping Bag, Greater All American.

And in 1948 their market shares totaled approximately 7 per cent.

And in 1958 that same group of companies accounted for approximately 18 per cent.

The Court: You mean by shares their share of the market?

The Witness: Their share of the market, your Honor, yes.

The Court: Yes. I suppose another way of putting it would be percentage of sales.

The Witness: To the total.

The Court: As to the total.

The Witness: Yes, sir.

[fol. 2035] By Mr. Alsup:

Q. You referred to All American, did you refer to Hughes Market?

A. Hughes was not in business in 1948. But it—it was included in that 18 per cent approximate figure I gave you.

[fol. 2036] Q. And how about Shoppers Market?

A. The same thing is true of Shoppers. They had no market share in 1948 whereas they had almost 1 per cent of the market share in 1958.

Q. How about McCoy's?

A. McCoy's, likewise, was not in business in 1948. Its market share was slightly less than 1 per cent in 1958.

Q. In that same period 1948 to 1958, or to the present time, Mr. Von der Ahe, do you know what has happened to the market share of the leader, Safeway?

A. I believe that the market share of Safeway has declined.

Q. In your affidavit, Mr. Von der Ahe, and I believe also in the affidavit of Roger Laverty of Thriftimart, the state-

ment is made that you believe that you could start out all over as a single store operator today and do better for yourself financially than you do as president of Von's Grocery Company. Would you state what you meant by that?

A. I believe that every operator of a chain store will admit—I know Mr. Laverty admits it, I admit it—that my compensation or his compensation, or the compensation to any president of any chain store in this area right now would not be equal to what he himself could earn for himself by operating a single market. In other words, it would be more profitable for that individual to operate a [fol. 2037] single independent store than it would be as compared to his compensation as president of the company.

The Court: You are not including any stock holdings; you mean just compensation in salary?

The Witness: That's what I mean, your Honor, yes. In other words, if I can't earn more operating a store than I do as president of the company, I don't know very much about the business.

Mr. Alsup: Speaking of salary——

The Court: I guess the time will come when your salary will be specifically limited, we are on the road to that now, Mr. Witness, so maybe you had better get your independent store started. The revenue provisions will soon be that we have to report every morning what we earned the previous day.

If that's what the people want, I guess that's what they will get.

Mr. Alsup: I hope they don't want it, your Honor.

Q. Speaking of salaries, Mr. Von der Ahe, can you give us some idea of the range of salary—for example, what does a store manager working for Von's make?

A. A store manager makes from $10,500 to $12,000 a year.

Q. And how about your supervisors?

[fol. 2038] A. Our range of supervisors I believe is from about $14,000 to $18,000 a year.

Q. How about division heads?

A. Division heads, they are in the range of from $20,000 to $30,000 a year.

Q. Mr. Von der Ahe, this merger took place a little

more than three years ago; have you seen any lessening of competition in the retail grocery business in this area since that time?

A. Absolutely not. I see an increase in competition in this area, it is continuing to increase.

Q. What is the basis for that statement?

A. Competition is becoming more vigrorous, there are more firms engaged in the business, there are stronger smaller firms continually taking a larger part of the market share, at the same time the larger firms are continuing to expand. We have these very aggressive independents who are opening one store, they become a chain when they get two stores. But there are just more people participating and actively engaging in the retail food business in this area, and that is what is causing the increase in competition.

The Court: May I ask a question before you go on?

Mr. Alsup: Yes, your Honor.

[fol. 2039] The Court: What would be the effect of a 10 per cent drop in volume on your profits, could you tell me? Do you have any way of estimating?

The Witness: Your Honor, I could not give you a fast answer, because a lot of pencil work would be required, because I don't know how fast we could readjust our expenses and things of that nature, but a 10 per cent drop in sales, which would result in a 10 per cent or more drop in grosses, might not be measured with commensurate decrease in expenses, so I think it would be quite serious.

The Court: It would put you in the red, wouldn't it?

The Witness: I guess right now it would at least get us borderline.

The Court: You have certain expenses that can't be changed, your rent, and you can't just take employees and put them on one day and off the next?

The Witness: That's right.

The Court: And I take it with a sudden drop in the market—by the "market" I mean the consumer market—of 10 per cent, that you would have to wait and analyze, and you don't just precipitously start firing people and letting people go, and you might cut down on your purchases, I take it—is that right?

The Witness: Yes, but that would not result in a

[fol. 2040] lower cost of doing business. We have fixed expenses.

The Court: You have fixed expenses?

The Witness: Yes. Which we might be able to decrease some of them, but others we could not decrease.

The Court: Do you have any idea, for example, what margin Ralph's works on, net to sales?

The Witness: Ralph's is one company, and a very good company, I might say, good, honest, fair competition, that do not publish any reports of any kind. I know nothing about their business.

The Court: How about Safeway?

The Witness: Safeway's net to sales, from their published reports, is in the neighborhood of 1½ per cent.

The Court: Well, that's about in keeping with the trade, isn't it?

The Witness: That's a good record, yes.

Mr. Alsup: I have just one or two more questions, if I may.

Q. You have mentioned new concerns entering the market in the last three years, Mr. Von der Ahe. Have you seen any changes in the forms of retailing groceries and related products?

A. Foodstuffs are now being sold in quite a few discount houses on a loss-leader basis to attract trade to the discount house. Recently over the past few years we have [fol. 2041] seen the introduction of milk depots, as they are called, which are permitted by the State to sell milk at lower retail prices than grocery stores. We have seen some convenience stores, such as Speedy Marts that were mentioned here yesterday. We see some foodstuffs even being sold in drug stores. So there is just almost no re-restriction on who may engage in the sale of foodstuffs.

Q. I understand the drug stores complain about the grocery stores selling health and beauty items, too?

A. It probably cuts both ways.

Q. Based on your experience——

The Court: We probably are going back to the old-time general store, aren't we, everything from patent medicine to dry goods?

The Witness: Your Honor, I agree with you, I think we are.

The Court: Just on a larger scale?

The Witness: That's right.

The Court: Isn't that about what is happening?

The Witness: Yes. Instead of buggy whips, we have spark plugs now.

By Mr. Alsup:

Q. Mr Von der Ahe, based on your knowledge of the industry, your own experience, and what you expect for the future, can you tell us whether in your opinion there [fol. 2042] is any danger whatsoever of a monopoly, or oligopoly, whatever that means, of grocery business in this area occurring in the future?

Mr. Coyle: If your Honor please, this is the ultimate issue.

The Court: And I will decide it, too. What he says isn't going to make the decision. I will let him answer.

Mr. Alsup: Every single government witness made a decision.

The Court: I will still decide it. The Supreme Court might change it, but I will decide it.

The Witness: My answer is that there is absolutely no possibility of concentration of retail food business in a few hands in this area. I would say it is more to the contrary. All the trends and indications are an increase in competition.

I can remember back to 1930 when the food industry in this area was in comparatively few hands. I can trace the steps right down to today that indicates and shows that there are more people getting into the business, more companies engaged in the business, and all signs point to the fact that this is an increasing competitive area.

The Court: What happened to Piggly-Wiggly, are they still here?

[fol. 2043] The Witness: Your Honor, the first Piggly-Wiggly, which was operated by Mr. A. C. Jones, Sr., sold out to Safeway.

The Court: There is a new Piggly-Wiggly now?

The Witness: This new Piggly-Wiggly was started a

few years ago by the same Mr. A. C. Jones, Sr., who has since died, and it is being operated by his son, A. C. Jones, Jr., and they have half a dozen or so stores, principally in the San Fernando Valley.

The Court: Incidentally, in England, in London, they have a grocery store which is about 250 years old where they wear tails, the clerks wear tails. Maybe you ought to try that out.

We will take our recess.

Mr. Alsup: Your Honor, I was just about to say that I have one more question for Mr. Von der Ahe.

The Court: If I give you until 2:00 o'clock, it will probably be three, so we will take a recess until 2:00 o'clock, counsel.

Mr. Alsup: Yes, your Honor. Thank you.

(Whereupon, an adjournment was taken to 2:00 o'clock, p. m.)

[fol. 2044] Los Angeles, California, Thursday, June 13, 1963. 2:00 P.M.

The Court: Proceed, counsel.

Theodore A. Von der Ahe, called as a witness on behalf of the defendant, having been previously duly sworn, resumed the stand and testified further as follows:

Direct examination. (Continued)

By Mr. Alsup:

Q. Mr. Von der Ahe, do you have any opinion as to whether Von's share of the grocery sales market in this area has increased or decreased in the years since 1960?

A. Yes, I have.

Q. What is that opinion, sir?

A. My opinion is that the Von's grocery share of the market in this area has declined since 1960.

Q. What is the basis for that opinion?

A. My opinion is based on the fact that this market

is expanding very rapidly. It is growing at a much faster rate than we are able to keep up with, because of new firms, companies, and individuals who are participating in this market, and which is taking a greater percentage of it, and the result is that the share of Von's Grocery Company has actually decreased.

[fol. 2045] Q. In the years since 1960 have you constructed any new stores outside of the Los Angeles-Orange County areas?

A. Yes, we have.

Q. What stores are they?

A. We have——

Mr. Coyle: Object, your Honor, this is outside of the relevant market.

The Court: There are a lot of things outside.

What is the purpose, counsel? Just because it is outside, does it make it relevant? What is the purpose?

Mr. Alsup: The purpose is simply to show, your Honor, that this area is decreasing so far as Von's is concerned, and they are moving in to other counties.

The Court: Well, I will permit it for that purpose. I will permit it.

The Witness: We have opened stores in Ventura County, San Diego County, and we are presently constructing a store in Riverside County.

[fol. 2046] The Court: Is that for the purpose of ultimately leaving Los Angeles County and environs?

The Witness: No, your Honor. It is trying to keep up with the population that comes into Southern California.

The Court: In other words, the population is spreading towards Ventura, it is spreading towards San Diego, and I suspect towards Riverside, so you are moving in those directions; is that right?

The Witness: That's correct, sir.

Mr. Alsup: No further questions.

The Court: All right. Cross examine.

Mr. Coyle: Yes, your Honor.

Cross-examination.

By Mr. Coyle:

Q. Mr. Von der Ahe, you testified that you had inspected most of the government witnesses' stores. Did you inspect the store in which Kenneth Richey works?

A. Kenneth Richey?

Q. Yes.

A. I do not recall the name. Would you mind giving me the name of the market in which he works?

Mr. Alsup: Covina Farms Market, Mr. Coyle.

Mr. Coyle: Covina Farms Market.

[fol. 2047] The Witness: No, I did not go in that store.

By Mr. Coyle:

Q. Did you inspect the stores of Paul Palmer?

A. I inspected one of his stores in Montrose.

Q. What was your opinion of that store?

A. I thought he had a very good operation.

Q. How large was it?

A. The store was of medium size, I would guess in the neighborhood of ten to twelve thousand feet. It was well merchandised, he had a good ad, and it impressed me as being a very sound operation.

Q. Did you inspect the store of Don Henry Fairbank, I think it is called Don's Market?

A. Yes, I did.

Q. What was your evaluation of that store?

A. Mr. Fairbank runs a rather small, what we would call a drive-in type of market. The store was neat and clean. He has a service meat department, which seems to be his main drawing card. I found nothing to complain about with the store. It was a good, well-run, independent operation.

Q. Did you inspect the stores of Manuel Gertmenian?

A. Yes, I did.

Q. What was your opinion of those stores?

A. The Gertmenian store on Atlantic Boulevard was, if [fol. 2048] I may use the expression, sort of hodge-podgey; it did not have a very inviting appearance, the fixtures

were antiquated, old, obsolete; the store was not very well merchandised, and it didn't have the appearance of being a good operation.

Q. What about his other stores?

A. I did not see any of his other stores.

Q. Did you inspect the store of Jack Levitan?

A. Yes, I did.

Q. What was your opinion of that store?

A. This store was on Valley Boulevard, east of Rosemead, and one day I entered the store—I was there on two different occasions—on this one particular day the entrance to the store was restricted to four feet of clearance, another very definite fire hazard. You go through—you enter into the store, you are exposed to a liquor department on one side, which was junky, and two cash registers on the other side, which had not been cleaned up, inasmuch as the empty bottles, cartons, and so forth, had not been removed, and it gave a disorderly, uninviting appearance. The market was very poorly lit, and the produce operation was very bad.

Q. How large a store was it?

A. It is a very small store, I would guess that it is about 40 feet wide by about 100 or so feet deep. And then [fol. 2049] adjacent to it in a small building of about 15 by 20 or so, he had his produce department.

Q. Did you inspect the store of Roderick Irvine?

A. Rod Irvine, those were the Star Markets you are talking about?

Q. Yes.

A. Yes, sir.

Q. Are they good stores?

A. In my opinion, they are not.

Q. Are they well kept?

A. I did not think so.

Q. How large are they?

A. They are both quite small, the number of square feet I cannot give you, but they were not comparable to some of the other stores I saw. The stores gave a neat appearance, but there was just something about them that gave the impression that they were not well merchandised. His fixtures were not well aligned. He caused a congestion in his store traffic. His meats were of the service type and

looked to be good, and it looked as though he had a good display of produce. But the store itself did not have what you would call a sharp or fresh appearance.

[fol. 2050] Q. Mr. Von der Ahe, I believe you testified you had been in the grocery business on a full-time basis for 37 years. Were you associated with Von's grocery chain of 87 stores?

A. Yes, I was.

Q. And what was your capacity with that chain?

A. I was manager of the warehouse.

Q. And that chain was sold to MacMarrs in 1928, was it?

A. In '28, effective as of January 1, 1929.

Q. And MacMarrs was born through the consolidation of several chains including Von's?

A. That is correct.

Q. And you and your father both stayed on with MacMarrs?

A. I stayed on for a while, until I think around 1930. My father stayed on a little longer.

Q. And then you opened your own store in 1932, is that correct?

A. That is correct.

Q. Was this a corporation, or did you open it yourself?

A. This was a partnership.

Q. Who were the partners?

A. My father and my brother and myself.

[fol. 2051] Q. What was this store called?

A. This was called Von's Store.

Q. And when you opened this this store, you opened it as part of an existing store, did you?

A. I might want to correct what I just said, that it was called Von's Store. Actually I believe it was called Messick's Market. And we opened up the grocery concession in Messick's Market.

And then after the earthquake we called it Von's Lynwood Market.

The Court: I will see how good your memory is. What was the date of the earthquake?

The Witness: It was in March of 1933.

The Court: Well, it was March 10th at a quarter to 6:00, March 10, 1933. That is the date.

The Witness: Your Honor, the only thing I remember is it was on a Friday afternoon.

By Mr. Coyle:

Q. And in 1949, I think you testified that you opened your warehouse, is that correct?

A. That's right. At the time we left Certified Grocers we opened a warehouse, yes. Prior to that time we had had a storage area which we did not operate as a warehouse. But it was for storage, excess storage.

Q. And was one of your reasons in opening your ware- [fol. 2052] house and leaving Certified, because you found that in cases where there was a forthcoming price advance, Certified was not able to give you enough merchandise to afford you the same protection that the direct buying would afford?

A. Yes.

Q. And was another reason you found that the same thing happened in cases where prices declined, you had no floor-stock protection, whereas firms doing direct buying had such protection.

A. That's right.

Q. And did you also leave Certified and start doing your own warehousing because you found that when you required larger quantities of merchandise to cover an ad, you found that in many cases Certified did not have ample supplies to service you?

A. That is right.

Q. Now, do you have a meat buyer who buys your meat for you?

A. Yes, sir.

Q. Does he inspect the meat before he buys it?

A. He does as good a job as he can in selecting meat——

The Court: Just answer the question first "Yes" or "No," and then explain. Can you explain it "Yes" or "No"?

The Witness: Your Honor, it is a difficult question to answer "Yes" because he does look at the carcasses, [fol. 2053] but he does not have the time to inspect them.

The Court: All right. You have answered. Now, if you wish to explain, go ahead.

The Witness: The meat buyer is confronted with the job of buying hundreds of carcasses every week. And it is impossible for him to personally inspect every carcass that he buys.

So he looks at a row of sides hanging and stamps them all, unless there is something that, of course, appears too bad to be accepted. But he does not personally inspect every carcass he buys.

By Mr. Coyle:

Q. But he stamps every carcass.

A. He stamps every carcass.

Q. He must look at it before he stamps it.

A. That's right.

Q. How would an independent inspect, other than looking at the carcass?

A. Well, Mr. Coyle, there is a great difference between stamping a carcass and inspecting it. When he stamps a carcass he merely looks at the outside and goes on. And if he sees a whole row that looks pretty good he stamps them all and keeps going.

Whereas, an independent is able to look inside and outside, inspect it scrupulously to see, to determine the [fol. 2054] amount of fat, waste, and everything else in the carcass before he stamps it.

Q. That is, if he has time.

A. That is if he has time.

The Court: By the way, do you know whether or not you can tell whether they are corn-fed or not corn-fed by looking at them?

The Witness: Your Honor, I am not enough of a meat man to answer that question. But I think these meat men can.

By Mr. Coyle:

Q. You think your buyer can?

A. I think he can.

Q. Well, you have produce buyers, don't you?

A. Yes, we do.

Q. Do they inspect the merchandise before they buy it?

A. They inspect some of it, because it is impossible,

obviously, to inspect 500 crates of strawberries, let's say, or any large lot of anything. They look at what is presented by topping, noticing the lot, they see what it looks like, the shipper, the case. But it is subject to inspection when it arrives at our dock.

Q. And then you can return if it doesn't meet certain standards.

A. If it isn't as it looked like, we do return it.

The produce business, you must remember, is famous [fol. 2055] for having the big strawberries on top. And these commission merchants also sell their produce the same way. The nice produce is on top.

It is when we inspect through the entire lot that we discover things.

Q. If you are a big buyer it is easier to get produce returned than if you are a small buyer?

A. Not necessarily. The small buyer sees what he is buying at the time he buys it.

Q. He sees the strawberries on top, does he?

A. But he also takes delivery at the same time. That is the difference in our case.

Q. He discovers when he gets the merchandise back to his warehouse——

A. The small buyer doesn't take his merchandise to his warehouse. He takes it directly to his store.

Q. When he takes it to the store and opens the crate, can he return it?

A. Certainly he can.

Q. Now, in 1957 did you negotiate with Kroger with respect to the possible acquisition of your firm by Kroger's?

A. Yes, sir.

Q. And was Kroger also interested in Alexander and Shopping Bag?

A. Yes, sir.

[fol. 2056] Q. And subsequent to the negotiations with Kroger, when they broke off, did you approach Alexander and try to interest Alexander in entering into a merger agreement with you?

A. We had one feeler discussion, but that was the end of the discussion.

The Court: What is the relevancy? Suppose they did,

suppose they talked to the greatest chain in all the world about doing something, and didn't do it, what is the relevancy, counsel?

Mr. Coyle: I want to show that Von's Grocery Company initiated the merger talks with Shopping Bag and was interested at that time in making an acquisition——

The Court: Well, suppose they were. I don't think there is any question—is there any denial in the evidence about that?

Mr. Alsup: No such——

The Court: Well, is there any question about it, that Von's were the ones who instigated it, or didn't they, what is the——

Mr. Alsup: No question about it, your Honor, and their own exhibit shows it.

The Court: I thought the pretrial conference order indicased that they went out and bought Von's.

Mr. Coyle: Went out and bought Shopping Bag.

[fol. 2057] The Court: Voluntarily, nobody forced them into it, did they?

Mr. Coyle: No, Shopping Bag was——

[fol. 2058] The Court: What is the relevancy of that?

Mr. Coyle: To show Shopping Bag was not in such bad condition that they were out looking for somebody to take them over.

The Court: I see. All right. Go ahead. I will allow it.

Of course when you get into these economic cases, I suppose you get into all the facets of the whole civilization. We will be counting strawberries next, I suppose. I hope the Supreme Court has to do it and I don't.

By Mr. Coyle:

Q. Did you make the original contact with Shopping Bag with respect to the negotiation to merge?

A. Are you referring now to the Von's and Shopping Bag merger?

Q. Yes.

A. Or the Kroger?

Q. Von's and Shopping Bag.

A. I cannot recall circumstances or events, but to the best of my memory after we had seen this Kroger survey,

which you have a copy of, it was pointed out that there was no conflict or overlapping competition between Von's and Shopping Bag, and Mr. Hayden and I continued the discussion in view of the fact that this merger just made good economical sense.

[fol. 2059] Q. Mr. Hayden was not in on any discussions with Safeway, was he—Kroger, I mean?

A. Not that I know of.

Q. So after the Kroger negotiations broke down, then you approached Mr. Hayden and instituted the negotiations?

The Court: Counsel, you drop your voice at the end. We all have to lean forward on every sentence. Would you please keep your voice up?

Mr. Coyle: Yes, your Honor.

Q. Did you institute the negotiations with Shopping Bag?

A. I would say that I, at least, carried them on. Now, I don't remember if I said the first word or if Mr. Hayden said the first word, but we continued our discussions after the Kroger incident was ended.

Q. Was Mr. Hayden in on the discussions with Kroger?

A. I just answered by saying I don't think he was.

Q. I don't understand the statement that you continued the negotiations.

A. With Mr. Hayden and myself.

The Court: He said, in effect, counsel, that he wasn't sure, he didn't remember who started the first conversation, but he carried on the negotiations.

Mr. Coyle: I understand.

Q. During the years as this area has grown in popula-
[fol. 2060] tion, has there been a movement on the part of the chains to follow the population?

The Court: To do what?

Mr. Coyle: To follow the population, and locate stores in the new areas as the population moves out.

Mr. Alsup: Your Honor, it is confusing and ambiguous.

The Court: I understand it, and I think the witness is able to understand it. He is capable of taking care of himself. I will let him answer it.

As a matter of fact, he might do a good job if he moved over in the Antitrust Department.

The Witness: Thank you, your Honor.

The Court: Go ahead and answer it.

The Witness: I believe it can be stated as a general rule that the chain stores, and other markets, the food industry, follow the population.

The Court: Well, let me ask a question.

Do you know of any business in the world that is engaged in selling either food or clothes that doesn't follow population?

The Witness: Not at all, your Honor.

The Court: It depends on population, doesn't it?

The Witness: Certainly.

The Court: It depends on mouths, food depends on [fol. 2061] mouths, the number of mouths, is that right?

The Witness: Yes.

By Mr. Coyle:

Q. Generally, when the population moves out into an area, do several chains move out into that area to serve the population?

A. I can't answer that yes or no. It depends on how much population moves out, how many mouths there are to feed, and whether the economics would justify one, two, or half a dozen stores, regardless of by whom they are operated.

Q. As the Downey area has grown, have a number of chains moved out into Downey?

A. I believe they have.

Q. As the Whittier area has grown, have a number of chains moved out into that area?

A. Yes.

Q. As the Garden Grove area has grown, have a number of chains moved out into Garden Grove?

A. Yes.

The Court: How about Beverly Hills, have they moved into Beverly Hills?

The Witness: Your Honor, that is a difficult area to open a store in because of the cost of land. It is almost impossible to open a store in Beverly Hills.

The Court: But Safeway has opened two in the last [fol. 2062] 10 years.

The Witness: Safeway has moved out there, yes.

The Court: Have you, Von's?

The Witness: Not yet, your Honor. I might add that we would very dearly like to have a store out there.

Mr. Coyle: I have some exhibits I would like to have marked, your Honor.

The Court: Mark them, Mr. Clerk, please.

While he is doing that, may I ask you one question?

What do you figure, insofar as your operation is concerned, the maximum amount that can be paid for land—for square foot, I guess you would figure it, wouldn't you?

The Witness: Yes. We have upgraded our ideas on how much we can pay for a store site, and it depends now whether we are going to be the landlord ourselves——

The Court: I understand that. Assuming you are not the landlord, assuming you are leasing, you are going to pay on the lease on a 25-year basis—don't they figure it on the square foot basis?

The Witness: They figure it on a square foot basis. I assume you are speaking about land cost now, not building cost?

The Court: Land cost first. We will come to building next.

[fol. 2063] The Witness: We do not like to pay in excess of two dollars and a half a square foot.

The Court: Two and a half a square foot means $42,000—what is in an acre, 42,000?

The Witness: 43,000. About $100,000.

The Court: About $100,000?

The Witness: Yes.

The Court: Generally, what would be the square footage in one of your stores that you would anticipate?

The Witness: Well, on the basis we are talking about now, we are talking about two and a half acres to three acres.

The Court: So you would have a land cost of about $250,000, is that right?

The Witness: That's correct, your Honor.

The Court: How many square feet do you usually figure in the building?

The Witness: We like to talk in figures of 24,000 square feet on the ground floor.

The Court: What is a rough estimate—you had better listen to this, gentlemen. You may wake up and find something in the record you don't like.

Mr. Alsup: I like it, your Honor. I was listening. I just wanted to get a copy of the exhibit.

The Court: On the basis of square footage, what is [fol. 2064] a rough estimate on building cost? Ten, twelve, fifteen?

The Witness: Our buildings are costing in the neighborhood of $300,000 to $350,000.

The Court: Well, that would be how much a square foot?

The Witness: Your Honor, I might explain. This 24,000 square feet on the ground floor also has in the neighborhood of 6,000 feet for a mezzanine, so by standards today we are talking about a 30,000 square foot market, which costs in the neighborhood of ten to eleven dollars per square foot.

The Court: All right. So there is an investment involved of about around $600,000?

The Witness: That's correct.

The Court: Go ahead, counsel.

The Clerk: I have marked four maps as Plaintiffs' Exhibits 79, 80, 81, and 82.

(The exhibits referred to were marked Plaintiff's Exhibits 79, 80, 81, and 82.)

Mr. Coyle: If your Honor please, I would like to show these exhibits to the witness.

The Court: Certainly. Counsel, in this court you may approach the witness at any time. The only request I make is when you have finished showing him something, don't stand there unless you have to. If you want to approach the witness stand and point out something, I will [fol. 2065] be glad to have you do it.

May I ask one other question before you take up and it will save interrupting you again?

Mr. Von der Ahe, in the matter of financing, from your knowledge of the trade—I would like to have you hear this, counsel, because later on you are going to come back

and I am going to hear you say you didn't hear something, and it will be too late, so you had better listen.

Mr. Coyle: I am sorry.

The Court: These things may not seem relevant to you, but they are to me.

From your experience in the trade in acquiring sites for stores, is there any difficulty about an independent going out and acquiring a site, building a store?

The Witness: The answer is so far as I can recall there is no difficulty, an independent can go right ahead and acquire his site and build a store.

The Court: If he has the money you mean?

The Witness: If he is able to provide the funds.

The Court: How about the financing, does he have any more difficulty in getting the financing than a chain store, for example, a small or large chain?

The Witness: Well, your Honor, if the independent goes [fol. 2066] out and buys the land, builds his building, I am sure he is able to put a mortgage on it which will finance his investment.

This is contrary to what the chains do. They do not, as a general rule, buy land and put on buildings and borrow against it.

The Court: What I am getting at is, the financial community, mainly now I am talking about insurance companies, who do most of the lending—is that right?

The Witness: That's right.

The Court (Continuing): —do they prefer the larger concerns, or do they prefer the smaller concerns, as far as you know?

The Witness: Well, your Honor, I am afraid I misunderstood you. The insurance companies will finance the leases of the larger firms. Up until now——

The Court: They look at a balance sheet, don't they, before they do it?

The Witness: They look at the balance sheet and the credit rating of the lessee before they make their commitments.

The Court: Well, suppose I, tomorrow, wish to go into—I have one small store, and assuming I decided to go out and engage in the grocery business and become a chain and have two stores, and I wanted to have a store

that, say, cost four or five hundred thousand, is it difficult, [fol. 2067] the financing?

The Witness: I would say in the absence of any credit rating, it would be difficult for you, sir, to get a store which cost four or five hundred thousand dollars, because the financing institutions would not finance it for you.

The Court: Well, when you get ready to enter into a lease, make a firm deal, do you have to supply balance sheets?

The Witness: No, we do not.

The Court: Your credit rating is already——

The Witness: It has already been established.

The Court: All right, go ahead.

Mr. Coyle: I have a question along those lines.

Q. You mentioned this 7 per cent net-net-net rate that insurance companies give to certain firms. Now, do you have to have annual sales of 50 million dollars in order to qualify for that 7 per cent net-net-net?

A. I have never heard of that as a restriction. I wouldn't know.

Q. You don't know whether there is any restriction as to who qualifies for those terms?

A. No, I do not.

Q. Now, Mr. Von der Ahe, will you look at——

The Court: One other question before you leave [fol. 2068] it. These are all economic questions. When these builders usually build these markets, they get out of them usually as fast as they can, don't they?

The Witness: Do you mean developers, sir?

The Court: Yes.

The Witness: I do not think they do.

The Court: They get financed, don't they?

The Witness: I think they get financed and maintain an equity in the development.

The Court: All right. Go ahead.

By Mr. Coyle:

Q. Mr. Von der Ahe, will you look at the exhibit which shows the Von's and Shopping Bag locations in 1946?

A. Yes, sir.

Q. Does that indicate——

The Court: What is the exhibit number?
The Witness: No. 79.
Mr. Coyle: 79, your Honor.
The Court: All right.

By Mr. Coyle:

Q. Does Exhibit 79 show that the Von's Stores were primarily in the southwest part of the Los Angeles metropolitan area—I am sorry—the northeast section, and that the Shopping Bag Stores were in the southwest portion of the area?

[fol. 2069] A. No. it does not.

Q. What does it show?

A. Just the opposite of what you said, sir.

Q. I am sorry. It shows that the Shopping Bag Stores are in the northeast part of the area and the Von's Stores in the southwest?

A. That's correct.

Q. Then turning to Government's Exhibit 80 for identification, does this show the locations of the Von's and Shopping Bag Stores in the year 1950?

A. Without verifying the accuracy of this, I would say it shows them generally, yes, it does.

Q. Does it show that the Von's Stores are moving out of the southwest area and the Shopping Bag Stores are moving out of the northeast area?

A. I don't believe it does, sir.

Q. Turn to the next exhibit, then, Exhibit 81. Does Exhibit 81 show the location of the Von's and Shopping Bag Stores for the year 1955?

A. That is what this is purported to do. In the interest of time, I will accept it as being accurate, but I have not checked this or seen this exhibit before.

Q. The listing in the margin shows the addresses of the stores, doesn't it?

A. Yes, it does.

[fol. 2070] Q. Does it show that the Von's Stores are expanding to the north and to the east, or moving to the north and to the east, and the Shopping Bag Stores are moving to the South and to the west?

A. I believe this continues to show that the Von's Stores are still on the west and south portion of this metropolitan

shopping area and the Shopping Bag Stores are still on the north and east portion of the metropolitan shopping area.

[fol. 2071] By Mr. Coyle:

Q. All right. Then turn to Exhibit 82.

(The exhibit was placed before the witness.)

Q. Does Exhibit 82 show the location of the existing and planned stores of the Von's and Shopping Bag chains in the year 1960?

A. I would say within the same qualifications, that I have not checked the accuracy of this exhibit, nor the placement of the stars. But in general I assume that it does.

Q. Does this exhibit show that Shopping Bag has moved up into the Reseda area?

A. I see a red dot there which I assume is supposed to be for Shopping Bag stores——

Mr. Alsup: Will you give the address of that store, counsel? Is that the one at San Fernando-Mission Road?

Mr. Coyle: That may not be, it is the Reseda area.

The Court: I can't hear you, counsel.

Mr. Coyle: I am sorry.

Q. Does this exhibit show that Shopping Bag had moved up to 13730 Foothill in Sylmar, which is in the upper northwest part of the area?

A. Counsel, I will agree that Shopping Bag moved to [fol. 2072] that area. But I will point out to you that the placement of the dots on this map is inaccurate.

Q. Yes.

A. Yes, sir.

Q. Which dot are you referring to?

A. The same store you just mentioned.

Q. No. 34. And No. 42 is the—what store is that? Is that the one on the corner of San Fernando-Mission Road——

The Court: Now, wait. Is this 34—go ahead.

Mr. Coyle: 43.

Mr. Alsup: 42.

The Court: I am sorry, but I didn't get the number. 34?

Mr. Coyle: 43.

Mr. Alsup: 42.

Mr. Coyle: 42, I am sorry. I have a very small copy here, your Honor.

The Court: I want to remember it so when I see the exhibit I can identify it. 42, is it?

The Witness: What about 42?

By Mr. Coyle:

Q. Is 42 up in Reseda?

A. 42, according to your map here, sir, is at the corner of San Fernando-Mission Road and Balboa, which earlier [fol. 2073] this morning I testified was never opened as a Shopping Bag store.

Q. And that was planned to be opened in 1960, prior to the acquisition?

A. I so stated, yes, sir.

Q. And then this other Shopping Bag—let's leave the northwest area.

By 1960 did Shopping Bag and Von's have stores in Whittier?

A. Von's had a store in Whittier, East Whittier. Von's had one store in Whittier. Shopping Bag I believe had one store in Whittier.

Q. Did Shopping Bag have a store in Downey?

A. Yes, they did.

Q. Did Von's have a store in Downey?

A. Yes, they did.

Q. Did Shopping Bag have a store in West Covina?

A. Yes.

Q. Did Shopping Bag have a store in West Covina?

A. I just answered that.

Q. Did Von's have a store in West Covina?

A. Yes.

May I suggest that the dots on the map be made accurate, so it won't be so confusing.

The Court: We won't bother about it.

[fol. 2074] Mr. Coyle: I thought they were accurate, I am sorry.

The Court: The trend is what we are looking for. Counsel is trying to show the trend.

By Mr. Coyle:

Q. Now, did Shopping Bag have a store located at 1611 West Whittier, La Habra?

A. If that is at the corner of Hacienda Boulevard, yes.

Q. And did Von's have a store at 15704 Whitwood Lane in Whittier?

A. Yes, that is in East Whittier.

Q. And did the store manager of the Shopping Bag store in La Habra list Von's as his strongest competitor?

A. I don't know if he did or not. I don't remember.

The Court: What do you mean, list him as his strongest competitor?

By Mr. Coyle:

Q. In the report that was submitted to you to use in preparing the answer to Government's Interrogatory 6.

A. Mr. Coyle: I don't remember if he did or not.

Q. If he were shown on the interrogatory's answer, would he have listed——

Mr. Alsup: Your Honor, I object. The document speaks for itself.

[fol. 2075] The Court: Do you have it, counsel?

Mr. Coyle: This is the document which was introduced into evidence.

The Court: Well, read it, if you want to. It is in evidence. You can read anything you want from it.

Mr. Alsup: Your Honor, I don't believe that is in evidence. It was objected to yesterday.

Mr. Coyle: That is correct. That is why I am examining this witness.

The Court: What is the exhibit number?

Mr. Coyle: Just a moment, your Honor.

The Court: Well, when you refer to something I wish you would refer to exhibit numbers because we certainly want to aid the higher court in being able to know what we are talking about.

Mr. Coyle: Referring to Defendant's Exhibit AV, which was admitted in evidence yesterday, AV.

The Court: You can read it then, it is in evidence.

By Mr. Coyle:

Q. This Exhibit AV is an answer to Government's Interrogatory No. 6, which you, Mr. Von der Ahe, certified—or as to which you filed an affidavit in which you stated that:

> "* * * much of the information set forth in [fol. 2076] said answer was gathered and collated by persons regularly in the employ of said defendant or employed by attorneys of said defendant, and from records and files kept by said defendant in the regular and ordinary course of business, or from contact with officers and employees of said defendant, said persons acting throughout pursuant to the instructions of the affiant or defendant's attorneys with reference to the gathering or collation of such material * * *"

Do you recall signing that certificate, Mr. Von der Ahe?

A. Are you referring to the study made by—I forget the man's name, who is a professor at Occidental University?

Q. I am referring to the answer to the interrogatory that was submitted.

A. I am sorry. My memory is blank on what I signed. But if you will show me whether it is this one particular instrument, I will be able to say "Yes" or "No," whether I signed that or not.

Q. I wonder if the witness could be shown Exhibit AV.

The Court: Of course you can always show it to him.

(The exhibit was placed before the witness.)

[fol. 2077] The Witness: What page, please?

Mr. Coyle: I don't think the pages are numbered. No. 68.

The Witness: (Looks at exhibit.) Mr. Coyle, I am sorry but I don't find page 68 in here.

The Court: Go find it for him, counsel.

Mr. Coyle: It may be that certification is not attached to this exhibit, your Honor.

The Clerk: It isn't.

The Witness: This is what you just read to me.

Now, preceding this——

The Court: He asked you, though, did you yourself personally make those answers or who made them?

The Witness: Your Honor, that is what I am trying to determine.

The Court: I see. All right.

The Witness: I don't know what answer he is referring to now. And I asked the question if this was the work compiled by the professor from Occidental.

By Mr. Coyle:

Q. My question to you, Mr. Von der Ahe, is: Is that the material that you certified with this certification?

A. I don't know if it is or not. Let's get into this and see.

Mr. Alsup: Your Honor, I don't think there is any [fol. 2078] quarrel but what Mr. Von der Ahe signed the affidavit attached to the answer to the interrogatory, included among which Mr. Coyle is asking about.

The Court: All right. That settles that issue then, counsel.

The Witness: Okay.

The Court: I can understand how one might give a deposition or sign something in a case of this kind and might forget about it. In fact, some of you lawyers, as well as the judges, forget sometimes what paper is what. In fact, I am getting so many papers here I don't remember where I leave some of them.

By Mr. Coyle:

Q. All right. Referring to the page marked Exhibit E of Defendant's Exhibit AV——

A. Yes, sir.

Q. —does this page indicate that the Shopping Bag store manager at 1611 West Whittier, La Habra, listed Von's as his most important competitor? That is Von's No.——

The Court: Does it indicate that, counsel?

Mr. Coyle: It does to me, your Honor.

The Court: Well, if it does, read it to me.

Mr. Coyle: It says——

The Court: I am the one that is going to pass on the language.

[fol. 2079] Mr. Coyle: I am sorry, your Honor, it can't be read, it shows on the document——

Mr. Alsup: It shows on the face of the document, your Honor.

The Court: Well, show it to me and let me see it. I can determine that. Pass it to the clerk.

I am the one to pass on that.

Now, the question is whether or not this indicates——

Mr. Coyle: Whether or not this indicates——

The Court: It says names and addresses of competitors in order of importance, is that what you are talking about?

Mr. Coyle: That is correct, your Honor.

The Court: Now, it gives—who do you want to know?

Mr. Coyle: I want to know whether, as to that Shopping Bag No. 1, Von's No. 27 is listed as the most important competitor.

The Court: Is listed as No. 27?

Mr. Coyle: No, Store No. 27.

Mr. Alsup: Your Honor, it seems to me——

The Court: Now you have lost me completely.

Mr. Coyle: I am sorry, your Honor.

Mr. Alsup: I think we can stipulate, your Honor. The document speaks for itself.

[fol. 2080] The Court: Of course it does, but I am trying to find out what he is referring to.

Mr. Coyle: I am referring to the first Von's store listed there.

The Court: At 15704 Whitwood Lane.

Mr. Coyle: That is correct.

The Court: It lists it No. 1.

Mr. Coyle: As Shopping Bag's most important competitor.

The Court: It says names and addresses of competitors in order of importance.

Mr. Coyle: Yes, sir.

Now, turning to Shopping Bag No.——

The Witness: May I also suggest that you read the note at the bottom of this same page, which is purported to be the remarks of our manager.

The Court: All right. I will read it into the record.

"Note. A large Food Giant market located in a large shopping center approximately one mile south of Shopping Bag Store 1, No. 1, is scheduled to be opened at the end of July, 1960, and when it is opened the Food Giant market will replace Von's No. 27 as the major competition to Shopping Bag Store 1."

[fol. 2081] All right. Go ahead, counsel.

By Mr. Coyle:

Q. Now, turning to Shopping Bag No. 21, does this part of the exhibit show that the Shopping Bag 21 at 1183 Quadway, Whittier, listed as one of its competitors Von's No. 27, the same one we referred to about the 15740 Whittier Lane, as a competitor——

The Court: What are you reading from now?

Mr. Coyle: Shopping Bag No. 21, your Honor.

The Court: Where is Shopping Bag No. 21?

Mr. Coyle: We were on Shopping Bag No. 1, and then we turned the page——

The Court: I turned the page and it starts out 1, Piggly-Wiggly.

Mr. Coyle: I mean, up in the upper left-hand corner, your Honor.

Mr. Alsup: You have to turn 21 pages, I think, your Honor.

The Court: That is quite a difference, I would say. The next page is 21 pages, I see.

Von's No. 27, is that right?

Mr. Coyle: That is correct, your Honor.

The Court: Go ahead.

By Mr. Coyle:

Q. Then turning to Shopping Bag No. 27——

[fol. 2082] Mr. Alsup: I don't think there was an answer to the last question.

The Court: The answer is right here in the document. Names and addresses of competitors in order of importance. As I understand it, these are admissions, or these are answers given by the defense, is that correct?

Mr. Coyle: That is correct.

The Court: So there is nothing to prove, it is already proved for whatever it means.

Mr. Coyle: All right. I will ask the witness then——

The Court: You can call it to my attention, however. Why don't you just read it to me?

Mr. Coyle: All right. Then turning to Shopping Bag No. 27—Shopping Bag 27 shows that Von's No. 29 at 1000 East Valley, Alhambra, was the second most important competitor of Shopping Bag No. 27, and that Von's No. 4 at 2280 Atlantic Avenue was also a competitor——

The Court: Where do I find that, counsel?

Mr. Coyle: That is Shopping Bag 27.

The Court: Well——

Mr. Coyle: That is 6 pages over from page, from Shopping Bag 21.

The Court: All right. Go ahead.

Mr. Coyle: And then going on to Shopping Bag No. 28, that shows that Von's No. 31 at 973 South Glendora, [fol. 2083] West Covina, was a competitor of Shopping Bag No. 28 at 15427 Amar Road, La Puente. And the exhibit also shows——

The Court: Exhibit what?

Mr. Coyle: Exhibit AV, Defendant's Exhibit AV also shows——

The Court: Well, the trougle is, with the higher court trying to determine where to find this, counsel, I don't think they will ever in the world find these references, the way you are putting it in the record. I assume you would like to have the higher court know where to find it, wouldn't you?

Mr. Coyle: Yes, your Honor.

The Court: Well, I can't find it half the time, how are they going to? You are talking about AV and here is an exhibit E on page 2, and up on the left corner it says No. 27.

Mr. Coyle: Your Honor, this is Defendant's Exhibit AV and I think I am using the same terminology——

The Court: Well, you could state AV and what part of AV, couldn't you, counsel?

Mr. Coyle: All right, your Honor.

The Court: To help the record out.

Mr. Coyle: All right, your Honor.

In AV, Exhibit E——

The Court: Exhibit E in——

Mr. Coyle: In Defendant's AV, the page referring [fol. 2084] to Shopping Bag 28.

The Court: Can you find it, Mr. Witness?

The Witness: I have it, your Honor.

Mr. Coyle: That indicates that Shopping Bag No. 28 at 15427 Amar Road, La Puente, listed Von's 31 at 973 South Glendora, West Covina, as a competitor.

[fol. 2085] Then referring to Defendant's Exhibit AV, the part marked Exhibit E, the page referring to Shopping Bag 32, this page of the exhibit indicates that Shopping Bag No. 32 at 1170 West Garvey Boulevard, West Covina, listed Von's 31 at 973 South Glendora, West Covina, as its third strongest competitor.

The Court: Does it say the third strongest?

Mr. Coyle: It says "in order of importance."

The Court: Do you consider there is any difference in that from what you are saying?

Mr. Coyle: The third most important competitor.

The Court: It says, "Names and addresses of competitors in order of importance," then it is 3 or it is 4 or it is 5. Numerically they give them, is that right? Don't you think you ought to put it in that form?

Mr. Coyle: All right.

Does it list them numerically No. 3 in the list which lists "Addresses of competitors in order of importance"?

The Court: Well, it does, doesn't it?

Mr. Coyle: Sure.

The Court: Read it. He is not at the point now, unless he wants to say he made a mistake—these are whatever you want to call them, they are at least admissions, aren't they?

Mr. Coyle: Yes.

[fol. 2086] The Court: And they are binding on the defendants. You don't want him to change it, do you?

Mr. Coyle: No, your Honor.

Shopping Bag No. 33 in Defendant's Exhibit AV, the part marked E, shows that Shopping Bag 33 at 9922 Cotilla, Anaheim, listed Von's No. 26 at 12156 Brookhurst Avenue, Garden Grove, as a competitor, and showed that in order of importance it was marked No. 3.

And referring to the page showing Shopping Bag No. 35 in the portion of Defendant's Exhibit AV, which is marked Exhibit E, it shows that Shopping Bag No. 35 at 9058 East Firestone Boulevard, Downey, listed Von's No. 5 at 10001 Paramount Boulevard, as a competitor, and ranked it fourth in order of importance.

And all told——

Mr. Alsup: Counsel, don't you think it would be more accurate to say last in importance?

The Court: As I understand, this was an inquiry to determine from the defendant——

Mr. Coyle: That's correct, your Honor.

The Court: What the order of importance of competitors was, is that right?

Mr. Coyle: That's correct.

The Court: And he has listed them in that order, what he considers 1, 2, 3, and so on. And that is what you [fol. 2087] are now reading into the record?

Mr. Coyle: That's correct, your Honor.

The Court: It is his admission as to what he considers to be the order of importance of the competition. Is that right?

Mr. Coyle: That's correct, your Honor.

Mr. Alsup: I might say, your Honor, the exhibit is in evidence; all he is doing is reading portions of it in. It seems more appropriate for argument to me.

The Court: Well, counsel, this is an age-old problem in the trial of lawsuits, and I suppose there is nothing one can do about it, unless you want to do the same. What he thinks helps his case he reads into the record, so when he gets up on appeal and if the court reads it in the record and accepts it, then it is in his favor. But you can do the same thing, I guess.

Mr. Coyle: This witness also testified, though, there was very little competition between the two chains, and this exhibit shows that seven Shopping Bags were competing with six Von's stores in 1960, which was approximately 20 per cent of all the stores operated by both companies.

The Court: I think that is correct. The question is how much competition was there?

By this rating I am a little bit concerned as to how I arrive at how much competition there was. In other words,

[fol. 2088] seventh in importance may be of no consequence or it may be of great consequence. I was going to ask, perhaps, that would be of greater help to the court, and it concerns me. May I interrupt you at this point?

Mr. Coyle: Yes.

The Court: Taking Exhibit 82, Government's 82, with the stars and the red dots, I can't tell from this chart how far these stores are apart in miles, distance.

Mr. Coyle: The exhibit shows how far apart they are, Exhibit AV.

The Court: It does?

Mr. Coyle: Yes.

The Court: I understand that, but the eye can be misled. You have, for example—do you have a copy of 82 in front of you?

Mr. Coyle: No, I don't, your Honor, but I will get a copy.

The Court: Get it, will you, and let me ask you a question. For example, let's take an easy one. How far is it down between 33 and 26, what is the mileage between the red dot and the green star?

Mr. Coyle: I couldn't tell that from this exhibit, your Honor. But these exhibits were presented to show this movement that they were moving toward each other, and I certainly think they show that. They also——

[fol. 2089] The Court: I don't think there is any question that they show a movement, but the question, counsel, that comes up, and the one that seems to me to be rather relevant, is how far apart are these particular stores.

For example, I see a store here in the San Fernando Valley, 42 and 37, I guess it would be, I wonder how far apart they are. They could be five miles apart there.

Mr. Coyle: I think you would have to refer to Exhibit AV to determine that, if they are listed as competitors.

The Court: You know, the distance between 42nd Street and 48th Street is a pretty short jump; but when you go from Montana to Idaho you run into a little distance.

Mr. Coyle: We would have to have a large map to plot these things and show anything.

The Court: What I am getting at is how am I going to correlate the information on Exhibit 82, insofar as distances are concerned, between these Von's stores and the Shopping Bag stores?

Mr. Coyle: I didn't submit the exhibits to be correlated in that respect. I submitted the exhibits to show this movement, that one was moving from the southwest and the other from the northeast, and they got to a point where they both had stores in virtually every part of the Los Angeles metropolitan area, every sector of it, anyhow, they [fol. 2090] had stores, they both had stores in the northwest, they both had stores down in the southeast.

The Court: Well, this map, counsel, would create that impression, but one who has been all over this county must realize—what is the distance across this county, about 100 miles, Los Angeles County?

Mr. Coyle: I don't know.

The Court: Does anybody know? It would be 100 miles, wouldn't it, close to it?

Mr. Alsup: I am sure it would be at least that.

The Court: For example, from down at the Long Beach area up to, say, Hollywood, would be what—about 20, 25 miles?

Mr. Coyle: That's close to it, your Honor.

The Court: I notice there is one store, one Von's grocery store in 1960, down at Palos Verdes, and the next closest Von's store is—well, with the lighting in this courtroom I can't tell, it is impossible. It looks to me to be a distance of at least six miles, and that is up toward——

The Witness: Your Honor, if I might interject. It would be in Gardena.

The Court: It would be at least eight or ten miles, wouldn't it, eight miles, wouldn't it?

The Witness: Yes, it would be very close to that.

The Court: Then the thing I am coming to, counsel, [fol. 2091] is this: For example, you have here a store in—let me find the closest one that I can find and see what happens.

I suppose the closest I could find, at least by the way it is put on Exhibit 82, would be—well, I can't read the streets, I give up. This splendid lighting in this courtroom is such that I give up.

Go ahead.

What I am concerned about is the correlation in miles. I think it is of considerable importance.

Mr. Coyle: I think it is a practical problem. If you are going to submit a map that is going to have the store

location correlated in miles you would have to submit an awfully big map.

The Court: I don't think you can do it. That is the reason I say, other than what you are indicating just as a trend, general trend, these exhibits are of no value otherwise; is that right?

Mr. Coyle: That's right. Other than to show that they are moving towards each other.

The Court: Very well.

Mr. Alsup: Have those exhibits been offered, your Honor?

The Court: I don't think so.

Mr. Coyle: I offer them in evidence right now.

The Court: Any objection?

[fol. 2092] Mr. Alsup: No objection.

The Court: Admitted.

The Clerk: Plaintiff's Exhibits 79, 80, 81 and 82 in evidence.

(The exhibits referred to were received in evidence as Plaintiff's Exhibits 79, 80, 81 and 82.)

The Court: Go ahead.

By Mr. Coyle:

Q. Now, Mr. Von der Ahe, at the time of the acquisition had Shopping Bag made plans to put in a store at San Fernando on Mission Road and Balboa Avenue in Granada Hills?

A. Yes, sir.

Q. Was it determined not to put a store in at that location because that store would also have competed with a Von's store?

A. Yes, sir. I so testified this morning.

Q. Before the merger were you seeking new store locations for Shopping Bag—were you the corporate officer responsible for passing on new store locations?

A. Not for Shopping Bag.

Q. For Von's, I mean.

A. Yes, I was.

Q. Was Mr. Hayden doing the same thing for Shopping Bag?

A. Yes.

[fol. 2093] Q. And subsequent to the acquisition Mr. Hayden took over those duties for both firms?

A. That's right. That is one of his functions with the company.

Mr. Alsup: Not for both firms. Shopping Bag went out of existence.

The Court: I understand that, counsel. Those inadvertencies I usually catch.

He couldn't be obtaining them for Shopping Bag before he acquired Shopping Bag; I think that is pretty well settled, isn't it?

Mr. Alsup: That is for sure, your Honor.

[fol. 2094] By Mr. Coyle:

Q. Now, referring to opening of new stores, in opening a 27,000-square foot store, will it cost about $225,000.00 to secure the fixtures?

A. That would be a fair estimate of cost for fixtures, yes, sir.

The Court: How much? $225,000.00 for fixtures?

The Witness: $225,000.00, yes.

By Mr. Coyle:

Q. And the inventory would be from $125,000.00 to $175,000.00?

A. That is approximately correct.

The Court: By the way, I take it these fixtures, they don't put those in on time, do they?

The Witness: They can be purchased on time, your Honor, yes.

By Mr. Coyle:

Q. Mr. Von der Ahe, your corporation doesn't put fixtures in on time because the financing costs are too high, isn't that correct?

A. We just prefer to pay for our fixtures as we buy them. We do not prefer to finance them.

Q. Yes. As you stated in your deposition on May 4, 1961, the terms on fixtures are too high?

A. That is correct.

[fol. 2095] Q. That is, the interest is too high?

A. That is right.

Q. And then the inventory is between one hundred twenty-five thousand and one hundred seventy-five thousand, and if you have to buy the land, would it be in the neighborhod of three-quarters of a million dollars to open a new store?

A. Mr. Coyle, may I take them one by one——

The Court: You are compounding it, counsel; what you are doing, you are confusing me, too, you have got land, fixtures, then you have the building. So you mean all of them, or part of them? I don't know what you mean.

Mr. Coyle: I have this question that was put to the witness on the deposition.

"Would it cost in the neighborhood of three-quarters of a million dollars to open a new store?

"A. That would be a pretty good figure.

"Q. That would be a minimum figure?"

The Court: But the point, counsel, is this: To open a new store, that answer really gave you no information—it doesn't give me any.

Mr. Coyle: All right.

The Court: Because I don't know whether it means they bought it, whether they bought the ground, or whether [fol. 2096] they bought the ground and the building—they could have a 99-year lease on the building, they could have bought just the land or they could have bought the fixtures or they could have rented the fixtures—the equations are too many. You will have to clear it up for me. I don't understand.

By Mr. Coyle:

Q. Mr. Von der Ahe, will you——

The Court: Let me ask a question. How much would it cost to open what you would consider to be a store in keeping with your idea of a top Von's store? Now, assuming, 1, that you did not buy the land and you did not

buy the store building, but only the equipment. How much would it cost?

The Witness: In answer to that, your Honor, we would put in fixtures of approximately $225,000.00 and our inventory would be between one hundred twenty-five and one hundred seventy-five thousand. So the rough figure is $400,000.00 investment in fixtures, in equipment and in inventory.

The Court: Without owning the land or the building?

The Witness: That's right.

The Court: But if you bought the land and the building, that would add on how much?

The Witness: We would add on a building of [fol. 2097] approximately three hundred to three hundred fifty thousand dollars, plus the cost of the land.

The Court: And the land would probably run about $250,000.00?

The Witness: That would depend——

The Court: As a general item.

The Witness: We have bought acreage recently for $30,000.00 an acre. And we have also paid much higher prices for it. That is a variable——

The Court: Well, one is a pioneering situation and the other is in a locality that is established, is that right?

The Witness: That's right, yes, sir.

By Mr. Coyle:

Q. Now, when you open a new store, Mr. Von der Ahe, how long is it before you show a profit?

A. We generally figure from thre to six months.

Q. You lose money from three to six months, is that correct?

A. I don't mean to infer that we lose money, sir. I mean we have opening costs that are not recaptured until three to six months. We are out-of-pocket cash, yes.

Q. You are out-of-pocket cash for the first three to six months?

A. That's right. It is like a farmer who sows seed. [fol. 2098] He has to wait until his crop matures before he reaps it.

Q. And during this period it is necessary to defray

payroll costs and other costs out of your cash fund, is that correct?

A. Certainly.

Q. And was Shopping Bag Stores comparable to your stores in the investment required?

A. I believe they were.

Q. And in 1958 did Shopping Bag open eight stores?

A. I do not know.

Q. If Shopping Bag opened eight stores in 1958, would they be showing an out-of-pocket cash loss for a period of three to six months on those stores?

A. Mr. Coyle, I was not too familiar with their operations and I don't know.

But based on our experience they should have shown some opening costs.

I believe that is true of any person, firm or company that opens a store, they have an initial outlay before the store becomes a profitable operation.

Q. Based on your experience, a firm opening eight stores would show a three to six months loss on eight stores during the year in which they were opened?

The Court: Counsel, I don't mean to interfere with your case, but these figures are all right for a mind who [fol. 2099] has no perception of accounting, or tax structure or those things. But the difference between capitalization and expense—you have got those problems, and you leave me in the dark. I don't know what is capitalized and what is not capitalized.

Mr. Coyle: Let me ask the witness that question, your Honor.

The Court: I don't know what is depreciation and what is not depreciation. There are so many items in there—you know, just opening up a store and saying, I am ready to sell—that doesn't answer the problem.

By Mr. Coyle:

Q. Are these costs for payroll and other items when the store is not showing a profit, do they come out of your cash fund?

The Court: May I ask a question this way: What do you

capitalize when you open a store? What is capitalized and what is expenses, in the general practice?

The Witness: We capitalize, let's say, our fixtures, and we expense a normal opening cost, which would be payroll, advertising, small equipment which is too small to capitalize, we write that off immediately.

The Court: Rent?

The Witness: Rent is written off immediately.

The Court: Are you on a cash basis or accrual [fol. 2100] basis?

The Witness: We are on a cash basis.

By Mr. Coyle:

Q. Would the openings of new stores by a chain lower the net income on gross sales, percentage net income on gross sales in the year during which the new stores were opened?

A. I don't think it should.

Q. Wouldn't those losses, and the burden of carrying this labor cost and these other costs for three to six months, wouldn't they be reflected in the percentage income?

A. I can only state so far as the Von's grocery chain is concerned. And they have never resulted in figures that were depressed on account of opening costs.

The Court: May I ask you this—you are on a calendar year basis, so your profit and losses are on that basis—have you ever had a store that had a loss for a full calendar year?

The Witness: Yes, we have some right now, your Honor. But they are not——

The Court: That in effect dilutes it to the extent that, for example, you have now or you did have when you merged?

The Witness: We had 28 stores at the time of the merger.

[fol. 2101] The Court: 28 stores, so one store went in the red and it diluted the other 27 to a ratio of 1 to 27, is that right?

The Witness: Not exactly.

The Court: I mean in theory.

The Witness: It would if they were all comparable.

Mr. Alsup: If your Honor please, I think he had started to say something else in response to this earlier question about what stores are now showing a loss. May I ask him——

The Court: Well, I didn't ask him that. I didn't ask him what stores, I asked him if any. You can get that later if you want to, counsel.

How many stores have shown a loss, to your recollection, in one calendar year, in any one calendar year?

The Witness: In our chain, your Honor?

The Court: Yes.

The Witness: We have, I would say, two or three that are marginal, and that is all.

By Mr. Coyle:

Q. You don't know whether or not the cost of opening new stores by Shopping Bag in the year 1958 contributed to the drop in the percentage of income earned, as a percentage of gross sales, do you?

A. No, I don't believe I have any knowledge of that.

[fol. 2102] Q. But they may have?

A. I have no knowledge at all. I will not speculate.

The Court: Well, I would like to ask one question and then we will take a recess.

Mr. Witness, have you had occasion to have a store start out within the first three months and make a profit?

The Witness: Yes, I have, your Honor.

The Court: And that was because of a heavy volume, was it?

The Witness. Because it started off as a good store immediately.

The Court: Because of volume?

The Witness: Because of volume, yes, sir.

The Court: I think, counsel, it is 3:20, perhaps we had better take—is ten minutes enough?

Mr. Alsup: Yes, your Honor.

The Court: Ten-minute recess.

(Short recess.)

[fol. 2103] The Court: Proceed.

By Mr. Coyle:

Q. Mr. Von der Ahe, was there a strike in 1959?

A. There was a strike for the first four weeks.

The Court: Against who? Was there a general strike all over the nation? Where?

By Mr. Coyle:

Q. Was there a strike in the retail grocery industry in the Los Angeles area in 1959?

A. For the first four weeks in January 1959 there was, yes.

Q. Were the stores of some of the major chains closed during this strike?

A. Yes.

Q. Were 21 out of——

A. I might say some of the stores of some of the major chains were closed; not all of them. I don't mean to imply that.

Q. Were 21 out of 27 of Von's stores closed, and 29 out of 36 Shopping Bag stores closed from January 2, 1959, through January 28, 1959?

A. The answer for the Von's stores is accurate. I don't recall exactly how many of the Shopping Bag stores were closed, but I think that's a close figure.

Q. I was reading from the proxy statement.

[fol. 2104] A. All right. I will accept it.

Q. The proxy statement goes on to say this event had an adverse effect on the sales and earnings of both companies for the current year.

Is that so? Did the strike have an adverse effect?

A. That would naturally follow.

Q. And would that lower the income of the firms expressed as a percentage against the sales?

A. I don't think that would follow. It should to a degree, but I think that the Von's chain, as such, showed a very comparable figure to preceding history.

Q. If you had eight newly-opened stores, would it affect them more than stores with an established clientele that had been operating for a number of years?

A. I don't see how it would.

Q. Prior to entering into the agreement to acquire Shop-

ping Bag, did you inspect the history of the company or study the history of the company?

A. I was familiar with their history, yes.

Q. From the beginning of 1955 to the beginning of 1960 did Shopping Bag increase the total number of stores in operation from 24 to 38?

A. I believe that's correct.

Q. And its total sales from $55,000,000 to $84,000,000?

[fol. 2105] A. I believe so.

Q. In the period between 1957 to 1960, did Shopping Bag increase its retained earnings from 5.6 million to 6.2 million?

A. I don't remember, but I assume they did. It would follow.

Q. Do you know whether Shopping Bag's net dollar profits were at an all-time high in 1957 when you began your merger negotiations with them?

Mr. Alsup: I object, your Honor. There is no foundation laid as to that.

The Court: If he knows, he can answer it; if he doesn't know, he can't answer it.

Mr. Alsup: Counsel says "When you began your merger negotiations."

The Court: That is a point of time. He knows when he began. If he knows, he may answer.

Mr. Coyle: He testified about it.

The Witness: I think they were.

By Mr. Coyle:

Q. You think they were?

A. Yes.

The Court: The thing that worries me in these cases is the penalty of success. Every time you get successful, you [fol. 2106] have got to be penalized. This is what worries me in these cases, how you determine what is good success and what is bad success. That is what bothers me.

By Mr. Coyle:

Q. Mr. Von der Ahe, you mentioned Smart & Final and Spartan in the course of your testimony. Who is Smart & Final?

A. Smart & Final is a wholesale grocery house in this area that operate quite a few cash and carry wholesale outlets, plus operating a major warehouse.

Q. Is this an independent corporation?

A. I believe it is affiliated with Thriftimart.

Q. Was it acquired by Thriftimart over the past few years?

A. I can't give you the exact details of the transaction, because I do not know them, but I know that there is a connection between Smart & Final and Thriftimart.

The Court: Smart & Final was a wholesale house, weren't they?

The Witness: They still are, your Honor.

The Court: It doesn't distribute at the retail level, does it?

The Witness: No, it does not. At one time I know it had as many as 80 cash and carry wholesale outlets throughout this area.

By Mr. Coyle:

Q. Do you know whether it is a subsidiary of Thrifti- [fol. 2107] mart?

A. I do not know the corporate structure that exists between the two companies.

Q. At one time was Smart & Final independent?

A. I believe they were.

Q. Over the years you do know that Thriftimart has some sort of control over Smart & Final today, don't you?

A. I believe they do.

Q. And Smart & Final is really a subsidiary of Thriftimart, isn't it?

A. This I don't know, because, as I say, I do not know the corporate structure or the relationship that exists.

Q. If an independent is purchasing wholesale groceries from Smart & Final, and competing with Thriftimart, he is really purchasing his groceries from a firm that is at least affiliated with one of his competitors, is he not?

A. I think that would follow.

Q. Now, you mentioned Spartan. What is Spartan?

A. Spartan is also a voluntary cooperative buying association, which was formed back in the early 1920's. I am proud to say that my father was one of the original or-

ganizers of Spartan Grocers, along with several other men in this area, and Spartan has been subsequently acquired by Certified Grocers of California. So it is now a wholly-
[fol. 2108] owned subsidiary of Certified Grocers of California.

Q. Other than Orange Empire and Certified with its subsidiary Spartan, are there any other cooperative buying groups in the metropolitan area in the grocery business?

A. Other than Orange Empire or the Certified combination? I do not recall of any at this time.

Q. You talked about drop shipments. How many items can you get on drop shipments?

A. It would be impossible for me to tell you, because I don't believe anyone knows the answer to that question. I can say that there are literally hundreds of items that are available to members of the voluntary cooperative groups on a drop shipment basis.

Q. When a grocer buys through the voluntary cooperative on a drop shipment basis, does he get the 2 per cent discount for paying cash?

A. The voluntary cooperative marks up the merchandise that is drop shipped to the extent of 2 per cent, and they do this either by retaining the cash discount, if it should happen to be 2 per cent, or by adding it to the price of the merchandise in the event there is no cash discount, and it is a net cost. The member receives the same 2 per cent back in the form of a patronage dividend every six months. So the net result is the member owns his goods at chain price, less the discount, delivered to his store.

[fol. 2109] Q. The chains, such as yourself, can buy these drop shipments through Certified just like the independent?

A. We can, yes.

Q. And your stores are buying enough to handle drop shipments, aren't they?

A. Yes.

Q. You mentioned buying produce on the late market. Is it a gamble to wait for produce on the late market? Sometimes does the market run out of produce before they reduce prices?

A. Mr. Coyle, the whole produce market is a gamble. Many things influence produce. I could start with weather, I can start with supply and demand, I can start with many factors which are taken into consideration; but I can

mention the instance of one very successful independent operator, the Japanese boys in Bellflower, Hadi and Mori, who make it a practice of playing the late market, and they have been very, very successful.

Q. Do you buy any soft produce directly from the producer?

A. What do you mean, "soft"?

The Court: Do you mean the grower, counsel?

Mr. Coyle: Yes.

The Witness: May I also ask him, your Honor, to explain soft produce?

[fol. 2110] Mr. Coyle: I should have asked this question: What is hard produce, Mr. Von der Ahe?

The Witness: Hard produce is items such as are not readily perishable. That includes potatoes, onions.

By Mr. Coyle:

Q. Oranges?

A. Oranges are not considered hard produce.

Q. Just apples and potatoes?

A. Those items which do not perish too quickly.

Q. Are the produce items that are not hard produce considered soft produce?

A. I have never heard of that expression, sir.

Q. Do you buy any produce items, other than hard produce, directly from the growers?

A. I believe we buy corn, we buy melons, we buy oranges on occasion, citrus fruits I might say, things of that nature, semi-perishable but not completely perishable.

Q. Do you buy them because you can save money buying directly from the producer?

A. It swings both ways, Mr. Coyle. Sometimes we save money, and sometimes we don't.

Q. But you can save money by doing that?

A. Sometimes. That is the cost of the product. But then we have the warehousing and distributing function to go through, as I mentioned earlier.

[fol. 2111] Q. You discussed the marketing situation in this metropolitan area in the grocery field in 1930. What were the large chains in 1930?

A. In 1930 I remember we had Ralph's Grocery Company, we had Safeway——

The Court: Let me interrupt you a moment. How many stores did Ralph's have in 1930?

The Witness: Your Honor, I do not know the answer to that exactly, but——

The Court: Would it have been more than five?

The Witness: I think it would have been in the neighborhood of 10 or so.

By Mr. Coyle:

Q. What dollar volume had those stores been doing?

A. I have no idea.

The Court: Counsel, the trouble with dollar volume is—do you know what the annual gross income was in 1930?

Mr. Coyle: Pretty low.

The Court: It got down to 40 billion. Now with the depreciation of the dollar and a few other things it is up to a fantastic figure, it is up to more than 10 times, almost 30 times, so I take it in 19—let's take '32, what was ground round selling for, about 9, 10 cents a pound?

The Witness: That's correct.

[fol. 2112] The Court: What is it selling for now?

The Witness: Around 79 cents a pound.

The Court: You don't sell T-bone any more; that has become old-fashioned, hasn't it?

The Witness: We still have a cut of meat called T-bone.

The Court: Do you know what that sells for a pound now?

The Witness: Around one dollar nine to one dollar nineteen.

The Court: What would it sell for in 1932, if anybody could buy it?

The Witness: I guess around 29 cents.

The Court: So dollar volume is a very tricky thing, counsel.

Mr. Coyle: That's correct.

Q. What chains, other than Safeway and Ralph's, can you think of that were in this area in 1930?

A. Well, in the early 1930's, now we saw the beginning of the Market Basket chain, the Thriftimart chain, the Alpha Beta chain, Roberts Markets was in existence, we started with one store in 1932, Carty Bros., Boys Markets

were starting up, Alexander's Markets were starting up. As a matter of fact, virtually all of the chains in this area at the present time, with the exception of the late-comers [fol. 2113] to the market, began around 1930.

By Mr. Coyle:

Q. I think you stated this morning that if your sales declined 10 per cent you would be in pretty tough shape; is that correct?

The Court: Counsel, what he said was—I am the one that asked the question, what a 10 per cent reduction in volume would do, and his answer was, as I remember it, that it would put him pretty close to the red. Go on from there. I think that was his answer.

By Mr. Coyle:

Q. What would a 20 per cent reduction do?

The Court: In volume?

Mr. Coyle: In total dollar sales, or volume?

The Witness: I can only speculate.

The Court: Give us your best estimate.

The Witness: I would guess that it would result in a net operating loss to the company, a 20 per cent reduction in sales.

[fol. 2114] By Mr. Coyle:

Q. Now, there has been much testimony that between 40 and 10 per cent of your total trade comes from beyond a two or three-mile radius, if you lost that 40—10 to 40 per cent of your total trade you would be pretty close into the red, wouldn't you?

A. That follows——

The Court: That follows automatically, doesn't it?

Mr. Coyle: Yes, your Honor.

The Court: That 2 and 2 are 4. That follows. I will agree to that myself. No matter where he lost the 20 per cent, it would still reduce it to where he says is the red. I don't quite get your point, it is sort of argumentative, isn't it?

Mr. Coyle: It might be, your Honor.

Q. You mentioned that you retained the 10 to 20 per cent of your customers who reside outside the two to three-mile trade area——

The Court: I think that is a proper question, counsel,—you were about to object—I think what he is getting at is a matter now of the area of competition, is that right, Mr. Coyle?

Mr. Alsup: Yes, your Honor.

[fol. 2115] Mr. Coyle: That is right.

Mr. Alsup: I understood him to say before one to two miles and I understood his question to be two to three miles. Perhaps I was in error.

The Court: Well, reframe your question then. But I think it is a perfectly proper question.

Mr. Alsup: That is a new question.

The Court: All right.

By Mr. Coyle:

Q. If you lost the 10 to 40 per cent of your customers who reside outside the either two to three-mile radius, depending upon which of your experts you are reading, would you be pretty close into the red?

The Court: Counsel, that just doesn't follow mathematically. You see, what you are saying is that if he loses 10 to 20 per cent of the, what we call I would say fringe customers, on the outer skirts of this area—but that doesn't mean he is losing 10 to 20 per cent of his volume. That is where the trick of your question is.

Mr. Coyle: These customers were——

The Court: I am not objecting to your inquiry. But the form of it is that it is non-answerable. It is a non-sequitur, he cannot answer it, as I see it.

Now if you want to ask him if he loses all of the customers outside of a certain area, what effect it will have, [fol. 2116] then that is perfectly proper.

By Mr. Coyle:

Q. If you lose all of your customers outside of the two to three-mile radius where you draw the bulk of your customers, according to your expert witnesses, would that be a serious problem?

A. Would you please mind refreshing my memory on this 10 to 40 per cent customer——

The Court: Now, he is asking you now a very simple question.

The Witness: Okay.

The Court: I think you are going back to a previous question. He is asking you now—suppose, let's don't put it all, let's say you lose the vast majority or the greater portion of your customers existing beyond—what was it, two miles, counsel?

Mr. Coyle: Two miles.

The Court: Beyond a two-mile limit of the store. That is what he is asking you, what effect that would have upon your gross sales and on your net.

The Witness: Naturally, any loss of volume is going to depress our gross and our net. To what extent I cannot tell you, because I do not know how many of our customers come from beyond the two-mile, three-mile, four-mile radius.

[fol. 2117] The Court: Do you have an opinion, in percentage of customers? Let's forget the dollar volume and let's say—I believe the testimony was in this case, somewhere along the line, that a store would run three to four—what was it, four to five thousand customers?

Mr. Coyle: I think it was three to six thousand.

The Court: Three to six thousand, I believe it was.

Now, is that about right, in your opinion, a first-class operation such as Von's or Shopping Bag or Safeway, a top store, would it run three to six thousand customers?

The Witness: Your Honor, that three to six thousand number enters this case because of an interrogatory or deposition which Mr. Coyle was asking me how many customers it would require to operate a store. And I told him I didn't know. And he asked me whether the figure would be three thousand and I said it would be at least three. So he asked me if it would be six, and I said at least six.

So this is a figure Mr. Coyle is introducing.

The Court: I see.

The Witness: Into the case, and it is not my figure, except I said it was a minimum figure to operate a store.

[fol. 2118] The Court: Well, can you say—do you know

the approximate number of customers that you have for, let's say, one of your leading stores? Do you have any idea about that?

The Witness: Yes, I would say that the average number of customers per store is in the neighborhood of 10,000. [fol. 2119] The Court: Now, counsel, you can take that base and go from there.

Mr. Coyle: All right.

Q. If you lost, on a store that has an average patronage of 10,000 customers, if you lost 4,000 of your customers, would you be in financial difficulty?

A. The answer is obviously yes. You have lost 40 per cent of your business.

Q. If you lost 30 per cent.

The Court: Why do you say 30?

Mr. Coyle: Cutting it down——

The Court: 4,000——

Mr. Coyle: I said if he lost 40 per cent, 4,000, and then I said if he lost 3,000.

The Court: I see.

The Witness: Then the 30 per cent, the answer is yes, you would be in serious condition.

The Court: And if it kept up, you would be looking to end that store, wouldn't you?

The Witness: That's right, sir.

Mr. Coyle: If you lost 2,000 customers.

The Witness: That would be 20 per cent.

By Mr. Coyle:

Q. Would that be serious?

A. I think it would be very serious.

[fol. 2120] Q. How about 10 per cent?

A. 10 per cent, to me that would still be serious.

The Court: But let me ask you this, suppose you had a loss of say 15 or 20 per cent for a period of three months, what would you do? What steps would you take?

The Witness: Your Honor, we have encountered that situation, more than once. When new competition comes in and takes some of our business away, we do lose 10 per cent or 15 per cent, or 20 per cent. But we have to adjust

ourselves to operate the store at the new water level where it now is riding.

The Court: That is what I am getting at. Now, what are the steps? I take it you cut down on operation, is that right?

The Witness: Cut down on operation, and the biggest item of expense is, of course, personnel.

By Mr. Coyle:

Q. Do you attempt to gain back your trade that you lost?

A. We do.

Q. How do you do that?

A. By trying to run a good market, by specials, by promotions.

Q. And advertising?

A. Advertising.

[fol. 2121] The Court: You have a store manager for each store, do you?

The Witness: Yes, sir.

The Court: What part does the store manager really play, other than seeing that the groceries are on the shelves properly, that the store is stocked, and that the personnel is conducting their operations as they should? Other than that what does he do?

The Witness: In our business, the store manager is sort of like the captain of a ship. He is responsible for the conduct and the operation of the entire market as a whole.

And then each individual department head, such as the grocery department, meat department, produce, delicatessen, and so forth, is responsible to his supervisors, who are responsible to the sales and promotion managers.

The Court: Well, do you find from experience that the store reflects pretty much the head of the store, the manager?

The Witness: Yes, it does.

The Court: By "reflect" I mean the operation, so far as contact with the public, dealing with the public, the good foot forward, the presentation and all of those things?

The Witness: Yes, your Honor, it does. A good [fol. 2122] store manager can make a successful operation

of the entire market. And a poor store manager that just doesn't have it—no matter what assistance you give him—he still doesn't have it and he can't make the store run. [fol. 2123] The Court: As one witness said, some have it and some don't, is that right?

The Witness: That is very true in our business.

By Mr. Coyle:

Q. Do you do institutional advertising?

A. To a minor degree.

Q. Aren't you doing more of it than you did in the past over the years, haven't you developed more institutional advertising?

A. I am not aware of any increase in the budget.

The Court: Now, by institutional advertising you mean what?

The Witness: I believe counsel is referring to, and I mean advertising which is not price advertising.

The Court: You mean good will advertising?

The Witness: Good will advertising, billboard type advertising or a TV spot, things of that nature.

The Court: In other words, something to the effect if you want to be happy shop at so-and-so.

The Witness: That's right.

The Court: The American public has come to the point that they don't ask for the reasons, they just ask for the flash, is that it? Is that what you mean?

The Witness: Right.

[fol. 2124] By Mr. Coyle:

Q. Does this include advertising in Sunday papers and putting recipes in and things of that nature, in Sunday papers?

A. I don't believe we do that any more, Mr. Coyle.

Q. You discontinued that?

A. We discontinued that. I think I am correct on that.

Q. At one time you were doing that?

A. At one time we did, yes.

Q. At one time you were trying to build up an image of having sort of a custom treatment at Von's stores where you get sort of home economics advice, or cooking advice, weren't you?

A. That is correct.

Q. And this is to create an image that the Von's stores were a little bit better, a little different than other stores?

A. I wouldn't go so far as to say that.

The Court: Well, you are trying to do that every day, aren't you?

The Witness: Trying to do it every way, build up an image or personality to make Von's store the place to shop.

The Court: I take it, Mr. Witness, it is your ambition in this business to make everybody believe that the Von's are the best stores in town, is that right?

[fol. 2125] The Witness: That is our ultimate goal, your Honor. We have got a very strong competition and they have ideas also.

By Mr. Coyle:

Q. When you build up this image then, when you open up a new store in a new area, you go into the area somewhat presold, so that there are people in the area that recognize you because of your image?

A. We hope that is true, just the same as all of our chains and competitors building and developing their image too.

Q. And this image is quite important in a chain operation, isn't it?

A. I do not attach too much importance to it, from a point of equating it in dollars and cents. It is a nice thing to have. Safeway has a very good image for meat. Alpha has always had an image for "sell for less" and other chains the same nature.

Q. Yes.

A. And those personalities stay with the store.

Q. Yes.

A. To that degree they are important. But you have got to be able to deliver what you open the store for, and have the customer come in and determine whether you are operating the store as advertised.

Q. Isn't part of the image having the merchandise [fol. 2126] arranged well and having the aisles clear and having enough check-out counters so that the housewife

finds it convenient to shop in your store, isn't that part of your image?

A. I wouldn't that call an image at all. I would just call that good merchandising. Everybody can do that. You don't get an image for that.

Q. But you get a reputation for having done it. Isn't that an important factor in getting the housewife to your store, rather than some other store?

A. This I mentioned this morning, is one of the reasons a person will shop at a market, everything else being equal, convenient stores, clean stores, well merchandised, all of these are the reasons why people shop at stores.

Q. Now, in your proxy statement you listed some of the advantages of a merger. One of the advantages was that overhead, general and administrative expenses are expected to be reduced as a result of the elimination of duplication. Has that taken place?

A. I believe it has.

Q. Another was the total advertising expenses are expected to be substantially reduced, since duplication will be avoided and advertising campaigns of the combined companies can be more economically and effectively carried on. Has that taken place?

A. I might mention to that point that between the [fol. 2127] Shopping Bag and the Von's stores we advertised in approximately 120 community newspapers. And we both took ads in the metropolitan newspapers. The duplication that was eliminated was one page in the metropolitan newspapers and twelve community newspapers.

Q. In dollars and cents what did that amount to?

A. I don't know.

Q. Was it a fourth of your advertising budget?

A. No, it would not have been that much.

Q. Did you combine warehouse facilities as a result of the merger?

A. Yes, we did.

Q. That resulted in a saving?

A. There is always a saving when you eliminate one function.

The Court: But did that result in a saving?

The Witness: Yes.

The Court: Did you combine warehouse facilities?

The Witness: Yes, we did, your Honor.

By Mr. Coyle:

Q. Did you combine trucking facilities?
A. Yes, we did.
Q. Did that result in a saving?
A. Yes.
Q. And were you able to share specialized management [fol. 2128] abilities?
A. May I have the question again, please?
Q. The proxy statement said that the combined companies will be able to share the specialized management abilities which each of them now possesses through the pooling of executive talent. Have you done that?
A. Yes, we have done that.
Q. And the proxy statement says the inventory of the combined companies will be substantially lowered to the aggregate of their separate inventories. Has that happened? Have you reduced your inventories, that is, your combined inventories?
A. I have not calculated whether we have reduced inventories to be able to satisfactorily answer that question. I think it has happened, but I don't have the figures with which to back up my statement.

The Court: While he is looking that up, have you any idea how much of a reduction you had in executive salaries, as between the before and after, taking the combined executive salaries of both companies and then contrasting it with the after effect? Have you any general idea of what the savings was?

The Witness: Your Honor, I do not believe there was any reduction in executive salaries.

The Court: You mean you kept all of the executives? [fol. 2129] The Witness: All of the executives are employed in the surviving company.

By Mr. Coyle:

Q. Now this morning Mr. Alsup referred you to Government's Exhibit 66, which is these working papers of Mr. Ball in which he analyzed various facets of the Shopping Bag organization.

Mr. Alsup: I think, counsel, these are Mr. Von der Ahe's notes, as he testified.

Mr. Coyle: I am sorry.

Mr. Alsup: Which included——

Mr. Coyle: Mr. Ball's.

Mr. Alsup: Various executives.

The Court: As I understood those were his summarization.

Mr. Alsup: Yes.

The Court: Of the reports that were given to him, is that right?

Mr. Alsup: Yes, your Honor.

By Mr. Coyle:

Q. Now, referring you to the last page of that document —do you find the last page?

A. Yes, sir.

Q. There is a notation "J. Ball—people—savings on payrolls 866,000.00. Did you save $866,000.00 in salaries [fol. 2130] as a result of this acquisition?

A. As to that one particular item I don't know the answer.

Q. Now, referring you to Government's Exhibit 50, which is the entire projected 1960 net income resulting from combined operations. It indicates there a total increase—I am sorry, have you found the exhibit?

A. 49—I have 49—I have 50, yes.

Q. It indicates a total increase in gross profits of two million seven hundred fifty thousand, and a total reduction of expenses of two million two hundred ninety-six thousand, a total increase to operating profits of five million. Have you enjoyed that saving?

A. Mr. Coyle, as to what constituted the figures I don't know. I can't tell you that the bottom figure on the right-hand column——

Q. Yes.

A. —was attained.

[fol. 2130-a] Mr. Alsup: Will you clarify that for the record, Mr. Von der Ahe? What bottom figure are you talking about?

The Witness: I am talking about the net income here, which was projected in December 1959, at $3,514,000, and

I believe our results will show that we earned three million five hundred some-odd thousand dollars. It was right on the nose.

By Mr. Coyle:

Q. Referring to Government Exhibit 49, which are the excerpts from J. C. Ball's working papers, and turning to the second to the last page that is not numbered, second to the last page of this exhibit—have you found it?

A. I believe I have.

Q. Under the title Summary, the following statement is made:

> "By making the necessary changes in the gross profit structure of the various divisions and instituting warehousing handling charges, both of which can be accomplished immediately, the following increase in gross profits should be realized"——

then it itemized groceries and drugs, meat, produce, delicatessen, and shows a total of $1,900,000. Did you realize that savings by following these recommendations?

A. Mr. Coyle, as to the ingredients, again, I still have to say I don't know. But I am going to assume that we [fol. 2131] did, because our ultimate projection was accurate for the total.

The Court: Counsel, I thought you were taking the position in this case that the business motive is unimportant.

Mr. Coyle: I am, your Honor.

The Court: You are spending a lot of time on that trying to show that he may or may not have been as successful in the merger, after it was merged, as he expected. Isn't that what you are doing?

Mr. Coyle: Showing they gained competitive advantages; that they have gained savings in the warehousing——

The Court: Is that helpful to you?

Mr. Coyle: It is helpful to us in that it relates to this issue of the fact that Certified is alleged to be able to deliver these groceries to the independents as cheaply as these people can buy, the large chains can buy groceries. As they cut down their warehousing and handling charges,

certainly it gives them added advantages in acquiring and placing this merchandise in their storage.

The Court: What you are saying is efficiency is illegal, is that what you are saying?

Mr. Coyle: No, not at all. I am saying——

The Court: I don't follow you.

Mr. Coyle: I am saying it is relevant to a Section 7 case to show the acquiring firms, or merging firms, get [fol. 2132] competitive advantages which give them advantages over independents.

The Court: If that were the situation, never again could there be a purchase of anything, because no businessman is going to buy something to lose money, that is, if he is in his right mind. I thought that the purpose of purchasing additional businesses was to acquire better economic conditions, situations. Isn't that right?

Mr. Coyle: That is generally the purpose, your Honor.

The Court: Is that the thing that Section 7 has proscribed, prohibited?

Mr. Coyle: I am not going to the purpose; I am going to the effect. The fact that they do get competitive advantages.

The Court: Is that persuasive of the fact that it may restrict competition?

Mr. Coyle: It is part of the background.

The Court: Doesn't it cut just as much the other way, that it may be more competitive, create greater competition? I am wondering.

Mr. Coyle: I understand that your Honor is wondering. It is clear to me that if that as a result of an acquisition or a number of acquisitions, if these chains are getting more and more competitive advantages, and the independ- [fol. 2133] ents and the smaller firms are going out of business, we are moving more and more towards the situation where a limited number of firms are going to dominate an industry or a market——

The Court: Counsel, I go along with you, except here is where we part, I am afraid. You are talking about competitive advantages. If that competitive advantage is one which merely gives a particular person a better opportunity to, let's say, get a better grade of merchandise, to put it on the shelves cheaper, or anything that results

from greater efficiency, less expenditure for personnel, that doesn't mean that it is restricting the competition of the other fellow, except insofar as efficiency is concerned. Isn't that right?

Mr. Coyle: If it is driving the other fellow out of business, if we have other fellows going out of business because they can't compete, and you have this movement towards concentration in the industry, then I think it is relevant, showing the tendency towards elimination of competition.

The Court: Concentration, of course, is one thing, concentration is a matter of degree; but, on the other hand, what you really seem to me to be arguing for—and maybe the Supreme Court says this—is that there can be no more mergers. Because every merger has a tendency to bring about—at least, that is the intent of the merger—to bring about greater efficiency, to make higher profits, to lower the cost of operation.

[fol. 2134] This whole movement afoot nowadays, generated through the whole economic structure, is volume, increase the volume, lower the cost, get a great volume, and maybe not so much a higher percentage of net, but more volume. That is what happened, for example, in the stores that just went into bankruptcy. What was it, the Darling Stores? They were getting volume. They got to the point to where they went broke overnight. What was the name of the stores, do you remember?

Mr. Coyle: In the grocery field?

The Court: No. One of the big chain stores that sells—do you know, counsel?

Mr. Alsup: The word Interstate Federation——

The Court: No. We will pass it over. But they were taking and buying smaller stores, and they bought a lot of them, and now they are in receivership. They bought too many. They swallowed more than they could digest.

What I am worried about in this case is, you are proceeding on the theory that if it is proved in the case that Von's Grocery got an improved situation in their buying, an improved situation in lowering their costs, that that in itself has a tendency to prove that it substantially lessens competition. Is that what you are arguing?

Mr. Coyle. I think that is part of the proof. It is

not all of the proof. If you prove this is happening [fol. 2135] throughout an industry, or throughout a market, and that the independents are going out and the chains are increasing their market share, and this is part of it, and it results through an acquisition or merger, it is part of the proof, yes, your Honor.

The Court: Is that what you think the Supreme Court means? Some of the language would seem to indicate it.

Mr. Coyle: I think that is what it means.

The Court: If the Supreme Court's language is to be taken literally, I guess the day of mergers is over. You couldn't merge two barbershops.

Mr. Coyle: That wouldn't be substantial, your Honor.

The Court: I don't know whether it would or not. Suppose you are in an area where people—over in New Mexico, where they are miles and miles apart?

Mr. Coyle: There have to be substantial factors in a significant segment of the economy. These are substantial factors in a significant sector of the economy. This is not just a part of New Mexico; this is Los Angeles.

[fol. 2136] The Court: I understand that. But take a state like New Mexico where the population is relatively small and covers great distances, one store there within a range of 30 to 40 miles would be an important segment, wouldn't it?

Mr. Coyle: I wouldn't think so. I would think that the legislative history, and I think in Brown Shoe, but at least the legislative history makes it clear that the Act doesn't apply to two local concerns in a small community.

The Court: Suppose you are in a square area such as New Mexico and you find out that, say, between Santa Fe and Albuquerque there are three stores, and one of them acquires the other two. Now, that is an area of about 75 miles. What happens?

Mr. Coyle: If they are selling groceries, that might be a serious problem. If you only had one source of groceries, they could charge anything they wanted. Maybe that would be.

The Court: In other words, we are coming to the situation—what you take this Act to mean is that it is an equalization, that you have got to equalize down to the most inefficient, that that is what it means?

Mr. Coyle: I am not saying that. This Act encourages [fol. 2137] natural growth, rather than this artificial growth through acquisition.

The Court: What ought to be required is that everyone in government ought to be compelled to run a business for one year and pay the bills. There is such a change in point of view that you can't realize what might happen. Go ahead.

Mr. Coyle: I have no more questions.

Mr. Alsup: I have just a few brief ones, if I may, your Honor.

The Court: What I mean to say is simply this: There is no greater teacher than overhead.

Mr. Alsup: And experience, your Honor.

The Court: Overhead will give you experience, believe me.

Redirect examination.

By Mr. Alsup:

Q. Mr. Von der Ahe, you were asked about the cost of financing a new store, and I think you were talking about a new supermarket in the 27,000 square foot range; is that correct?

A. The question was directed to developing a new market of 27,000 to 30,000 square feet on acquired ground, fixturizing, and stocking of the merchandise.

Q. Do you know whether or not Certified Grocers of [fol. 2138] California have organized a company to help its members finance their fixtures?

A. Yes, Certified does have a facility to help members finance equipment and fixtures.

The Court: They help them at a price, though, don't they?

The Witness: They help them finance it.

The Court: But at a price?

The Witness: At a lower rate, I believe, your Honor, than the financing companies would charge.

The Court: They get interest, I take it, the charges that go with their coverage—is that what they call it?

The Witness: I don't know.

The Court: What would you say the rate of interest is from Certified when equipment is furnished, do you know?

The Witness: I don't know.

Mr. Alsup: I don't know, either, your Honor. I could get that figure.

The Court: No. I just wondered.

The Witness: I am sure it is nominal. Because Certified is a non-profit organization and all profits return to its members.

The Court: It is like some of these cooperatives. [fol. 2139] You go in and buy something at 40 per cent below cost and find out that you can buy it down the street at 20 per cent below that.

Mr. Alsup: This cooperative, your Honor, is owned by its retail members.

Q. Mr. Von der Ahe, will you tell us what your total capital investment was in your first store when you started out in 1932?

A. Yes. The Von's Grocery Company was started with an initial capital of $2500.

Q. That was in 1932?

A. That was in 1932. And that is the only capital ever put into the company.

The Court: May I ask him a question?

Mr. Alsup: Yes.

The Court: Why did you pick 1932 to start a business?

The Witness: Your Honor, frankly, prior to 1932 I tried very hard to be an attorney. I was sick and tired of the grocery business and I wanted to enter a dignified profession where the hours were reasonable. I worked——

The Court: You can say this, you have come to feed the people, rather than argue with them.

The Witness: I got my education at night in law [fol. 2140] school, I worked in the daytime. But comes 1932 the law profession also was not very promising, and I went back into a business that I knew something about. At least I could eat the samples in the grocery business, your Honor.

The Court: Did you feel that that was the turning point in the economy, or you just went back because it was a business that you knew?

The Witness: It was a business that I knew. And when the opportunity came to take one small grocery shop and this small store, my dad asked me if I wanted it. My

brother and I talked about it, and he said, "Let's go," and that's the way we got back into the grocery business.

The Court: The economic upturn got going about '36, 1936, wasn't it, '35, '36?

The Witness: Around that time. We had a small recession in 1939, and then we had the war, and subsequent to the war we have been on a boom ever since.

The Court: I take it you are expecting this boom to continue for another hundred years?

The Witness: Your Honor, I am not that optimistic.

By Mr. Alsup:

Q. Is it necessary, in your opinion, Mr. Von der Ahe, for someone desiring to enter the grocery business today to make this large capital investment that you were discussing with Mr. Coyle?

[fol. 2141] A. I did not mean to leave that impression at all, that it requires a large capital investment to get into the grocery field.

Many firms right today have been started recently with small investments. I feel that a merchant has got to learn to crawl before he can walk. He just doesn't start off with a huge investment in land, buildings, fixtures, equipment, and so forth. He starts off by renting a market that has been vacated by a chain store, usually. The fixtures are available to him, either because they have been left in the market, or he can buy used fixtures. Certified has a lenient plan to help the fellow put in his initial inventory, and if he is smart and works his supplier capital until he gets a foothold, he can actually get into the food business with a relatively modest investment.

[fol. 2142] The Court: There are two questions I would like to ask you. No. 1 is, take a person who has had some grocery experience, let's say a clerk in a grocery store, he is a young man, perhaps has had three or four or five years, and he suddenly decides he wishes to go in the grocery business in 1963 in Los Angeles, in a small store, where he himself would be practically the whole institution. How much capital would it take for him to get a store, say, 50 by 100, which would be 5,000 square feet, to open up a fairly good, small store?

The Witness: Your Honor——

The Court: Not buying the store.

The Witness: I understand.

The Court: Not buying the ground, just leasing, and robably buying his equipment on time. How much money ould you say for inventory and getting started would e require?

The Witness: I think that a grocery department could e opened for not over $5,000.00, and much of that could e suppliers' money. By that I mean that almost half of ne grocery items will be delivered to the store on a weekly r monthly account—and I am talking about milk and read and butter and potato chips and all of those daily elivery items on which the supplier companies do not emand C.O.D. payments.

fol. 2143] The Court: That is one of the points. Is it a ustom in the industry to let a fellow start out without aking a pretty good financial showing? Do they give him chance, is that what you are saying?

The Witness: I think it can be said as a truism that ese supplier companies will put in the opening order and ntinue to stock the store. And if the fellow makes any asonable effort to pay they let him get his feet on the round.

Many, many companies in this area right now have een financed through supplier money. Some of them got o far behind, your Honor, and they went broke. But I ow of many companies that got their toe-hold in this arket through supplier money.

The Court: Now, the next question I had in mind was: ssuming that such store—I realize the conditions are ariable—but assuming one, say, went out to—let's pick spot, pick a well-populated spot, let's take 3rd and ormandie, that is pretty close to all of these stores around ere, isn't it?

The Witness: Yes, sir.

The Court: Suppose he opened up that type of store 3rd and Normandie. What is your opinion as to his mpetitive ability with all of those stores? You have got alphs at the corner of 3rd and Vermont, you have Safeway ol. 2144] at the corner of 3rd and Vermont, you have ur store—at Irolo, is it Irolo?

The Witness: 3rd and Kenmore.

The Court: 3rd and Kenmore.

The Witness: Yes.

The Court: And you have another one close by?

The Witness: At 8th and Irolo.

The Court: At 8th and Irolo. Well, that is a little bit distant.

The Witness: That is out of the area.

The Court: But down in the little shopping area around, I think along 3rd there are some independent stores, too, aren't there? One or two?

The Witness: One or two, yes.

The Court: What would be the prospects in your opinion, to survive or make a success as an independent grocer?

The Witness: Frankly, I believe it would be excellent.

The Court: Why?

The Witness: Because this particular location you have picked on is a good artery north and south, it is a good artery east and west, it is in an area that is becoming densely populated through the advent of multiple-unit apartment houses and so forth. And an independent ca- [fol. 2145] tering to that type of trade can do a much better job than a chain store.

The Court: Can he——

The Witness: I won't say he will do as much as Ralphs——

The Court: No, but can he meet the prices?

The Witness: He can easily meet the prices, and he can give that extra ingredient which we cannot give, that is personal service.

The Court: Well, that part we will accept. In other words, if he is a man who is disposed to work and serve, he will have a slight advantage in that respect.

The Witness: Admittedly.

The Court: But can he meet the prices?

The Witness: He can meet every price any chain store can throw at him.

The Court: Now, if he meets the prices then what kind of a volume would you say he would have to have to make a success out of that type of business? By "success" I mean make a living, make a reasonable living out of it.

The Witness: Your Honor, if his store did as little

as $500,000.00 a year he could make at least $25,000.00, in my opinion, or five per cent.

The Court: Well, how many clerks would that take to handle that volume?

The Witness: Not very many, your Honor.

[fol. 2146] The Court: How many? That is quite a sizable amount of money, $500,000.00, isn't it?

The Witness: As far as markets are concerned it is very, very small.

The Court: Yes, but I am talking about independent markets.

The Witness: Even for independents, they should do that small and still be classified as a market.

I am assuming that this fellow has a little going concern, and I would say that he could do $500,000.00 on two or three clerks, plus himself.

The Court: If this gets out into the newspapers I am afraid everybody in the city will be opening grocery stores on every corner, wouldn't you think?

The Witness: Your Honor, this is our very point, that this is known. People who have been in the chain store business are going back into operating single stores for themselves, such as Al Goldstein, John Erwin—one was vice president of Food Giant and another one with the Mayfair Stores—they are going back and operating their own stores because they know that they can compete with the chains, they know they can make more money as independent operators than they earn as executives in the food chains.

You have to have a little know-how——

The Court: Of course, it all depends again upon [fol. 2147] the individual, the same as it depends upon management, I guess, doesn't it?

The Witness: This is the crux of the whole question.

The Court: If you make this so much more glowing you might wake up in the morning and find all the lawyers gone, out in the grocery business.

Mr. Alsup: Your Honor, I have felt that very strongly after talking to many of these single store operators.

The Court: Well, you had better stick to your own business, counsel. Go ahead.

By Mr. Alsup:

Q. You mentioned Mr. Goldstein having started out recently as a single store operator, Mr. Von der Ahe. Can you tell us where he opened up his store, his single store?

A. He opened a store exactly across the street from a new market that we put in in Burbank.

The circumstances were that he was one of the vice presidents of Food Giant. And Food Giant had this store across the street from where we were going to open.

He knew that we would not do Food Giant any good because it was an older store and it is difficult for an older store, as a chain, to compete against a newer store as a chain.

[fol. 2148] So he resigned from Food Giant and he took this store that was Food Giant's store, changed the name to Toluca Mart and he is competing very successfully against us as an independent.

The Court: Counsel it is 25 of 5:00. How much more do you have of this witness?

Mr. Alsup: I would think 10 minutes, your Honor.

The Court: Well, I think we had better—where are we in this case now?

Mr. Alsup: We will be prepared to rest after the conclusion of the testimony of Mr. Von der Ahe.

The Court: How about you, Mr Coyle?

Mr. Coyle: We have two rebuttal witnesses.

The Court: Are they extensive?

Mr. Coyle: I don't believe they will be extensive.

The Court: I don't know whether to say intensive or extensive after yesterday.

Well, I think before we adjourn I would like again to bring—Mr. Bailiff, get the file off of my desk in chambers there, please.

You may step down, Mr. Von der Ahe.

The Witness: Thank you, your Honor.

(Witness leaves witness stand.)

The Court: The clerk has handed me an exhibit here. I don't know what he means, Mr. Clerk, there is some [fol. 2149] mixup here.

The Clerk: That is one of the Government's exhibits marked in the deposition.

The Court: Apparently there is some mixup on one of the exhibits.

Mr. Coyle: That is part of the transcript, page 64.

The Court: All right. All right. Now we have it.

The Clerk: They call it Plaintiff's Exhibit 1, it should be Plaintiff's Exhibit 73.

Mr. Coyle: That is correct. It is out of the transcript.

The Court: Let the reporter hear this, please.

Mr. Coyle: I am sorry.

On page 64——

The Court: If there is an error let's correct it. How do we correct it, Mr. Clerk?

The Clerk: Couldn't we change it to 73,

Mr. Vaughn: I don't know the problem.

Mr. Coyle: One exhibit is the transcript was incorrectly marked Exhibit 1 in the transcript, it should be 73.

The Court: Just mark it then "73."

The Clerk: Change it in the transcript.

[fol. 2150] The Court: Yes.

The Clerk: That is page 64 on the June 12th transcript.

The Court: All right. That straightens that out.

Now, before we go, I want to come back again—you will find, gentlemen, I don't know what trait it is, but I never leave a matter until it is settled.

So back to your 46, counsel, Mr. Coyle, there has been a stipulation, or at least an admission by Mr. Alsup that in 1958 the 20 leading chains of supermarkets in the Los Angeles area competed—I have forgotten, did we leave the word "intensively" in, counsel, or take it out?

Mr. Alsup: No, that was taken out.

The Court: All right. Competed——

Mr. Coyle: I think it is in the transcript.

The Court: What is it?

Mr. Coyle: I think it is in the transcript here.

[fol. 2151] The Court: The thing I am getting at, counsel,

is simply this: That he has admitted that in this area, this economic area, to-wit, the metropolitan area, that in substance that all and every person engaged in the grocery business is in competition in the area. That is the general proposition.

But the thing he has not admitted is that there was intensive or extensive competition between Von's stores and Shopping Bag stores as such, is that correct, counsel?

Mr. Alsup: That is correct, your Honor. I am even willing to go further and state that where a particular Von's and Shopping Bag store could service the same customers and did serve the same customers that competition was intensive.

The Court: That is exactly the point that I was coming to.

Now, I was wondering, under those circumstances, why—what the higher courts—I am not worried about the problem at all, I am just trying to make it easier for the findings in this case—it seems to me that there could be a substitution in 46 of that statement.

As a matter of fact, I can put it in without your consent, counsel, because the following facts are admitted and require no proof—I don't have to have your consent [fol. 2152] to put in what he admits. So I am about—unless you come along—to maybe change the pretrial order and put that into it.

Now, what is the damage to you?

Mr. Coyle: Your Honor, the paragraph of the pretrial order was clear when it was entered into——

The Court: Well, you have been overruled on that and you might just as well give up, counsel, because you are finished, done in, and concluded on that problem. Now, I have told you that I have ruled and I am still ruling and I am adhering to that ruling and I have concluded that there was a misunderstanding. And I am not going to make either party conform to a misunderstanding.

Mr. Coyle: Yes, your Honor. I understand that.

The Court: So that is settled.

I think possibly there was a sincere misunderstanding on both sides. And I think I am probably the one who discovered it, because the minute I read it I realized there must be some misunderstanding.

Mr. Coyle: We raised this last November, your Honor, at the pretrial conference.

Mr. Alsup: We raised it, your Honor, in our motion for——

The Court: Well, whatever you have done in the past, the ruling stands and I am not going to leave it in [fol. 2153] as it is.

Now unless, Mr. Coyle, you come up with some suggested change, I am going to ask counsel to prepare in writing what he will admit, in lieu of paragraph 46, and submit it to the court tomorrow.

Mr. Alsup: Tomorrow?

The Court: Yes. Could you do that?

Mr. Alsup: Yes, your Honor.

Mr. Coyle: All right, your Honor, I will be prepared to say something tomorrow.

The Court: Well, if you have any—if you want to prepare a suggested submission yourself, you can do so, counsel.

Mr. Coyle: I don't know what I will prepare, your Honor.

The Court: But give up, believe me, you might just as well give up. I am going to change it. It is changed. And if he comes forward with an admission of any kind, I am going to put it in there. It is a question of how far he would go.

Because it seems to me the facts are clear that there was competition in the whole area, as you have agreed, and has been admitted, the whole metropolitan area, the general competitive situation. Nobody is disputing that. is that correct, Mr. Alsup?

[fol. 2154] Mr. Alsup: That is correct, your Honor.

The Court: But where the dispute comes in is when it says each and every defendant was competing with each other. That is where the whole crux of the issue is. And he says that is not correct. And I am tempted to believe that it is true, that it isn't correct.

Mr. Coyle: If your Honor please, would the word "generally" be part of that stipulation, competed generally—that is what I think——

The Court: I will say this, if I were in his place I doubt if I would give that admission. So I can't ask

someone to do something that I don't think I would do myself.

Mr Coyle: I don't understand what the admission means then.

The Court: This admission, by putting the word "generally" would mean to me that the store in Long Beach, if there were one—was generally in competition with the one, with the Von's store in La Crescenta. And they are about 35 miles apart.

Mr. Coyle: Suppose you add "are all part of the general competitive pattern of the Los Angeles metropolitan area"?

The Court: That is all taken care of. He has admitted, counsel, that the competition in the grocery field, [fol. 2155] that is, the—what is the term I am trying to remember?

Mr. Coyle: Line of commerce?

The Court: The line of commerce is throughout this entire metropolitan area, among all those in the grocery business. That he is admitting.

Mr. Coyle: Let him come in with an admission that says that——

The Court: He has stated it right in open court, did you not, counsel?

Mr. Alsup: Yes.

The Court: Am I misquoting you?

Mr. Alsup: No, so long as it is understood, we are not saying, as your Honor put it, the Von's store in Long Beach competed with the Shopping Bag store in La Crescenta.

The Court: The difference is, as I think where the whole problem came in is the distinction between "extensive" and "intensive," isn't that where the problem lay?

Mr. Alsup: That is where it lay, your Honor, exactly.

The Court: And intensive means penetrating, as I understand it. Whereas extensive means the whole, broad attack.

Now, I am not in a position to determine when it is intensive and when it is extensive. So what he is [fol. 2156] trying to say to you is that he will not admit that a store in Long Beach, a Von's store in Long Beach, is actually in competition, directly in competition with

a store of Shopping Bag in La Crescenta. That is what he is saying, in effect.

[fol. 2157] Mr. Coyle: What it amounts to is, he is saying that there is a general competitive pattern in the Los Angeles metropolitan area.

The Court: I think he has conceded that. At least it is conceded, and my understanding is that there is a general competitive pattern in the whole area.

Mr. Coyle: And that these——

The Court: Am I wrong about that?

Mr. Alsup: I am a little confused by what he means by "general competitive pattern," but certainly we are all competing in this area.

The Court: What I would assume it would mean is this: If everybody closed up his grocery store tomorrow in Maywood, everybody that wanted to be in the grocery business would head for that area tomorrow to put up a store. Isn't that right?

Mr. Alsup: That's for sure.

The Court: So there is competition.

Mr. Coyle: I think it means more than that. I think it means that each of these trading areas overlap on the other ones, so that a price change or competitive activity in one trading area by a repercussion of effects will reach through the whole area.

The Court: Counsel, I am willing to admit if they sold sugar at a cent a pound, and bread at a cent a [fol. 2158] pound, and made enough of a price reduction in Long Beach, that some of the people over in La Crescenta might drive over and stock up.

Mr. Coyle: More than that. That their competitors in Long Beach would have to change their price, and you would have a chain reaction of price changes.

The Court: There is no quarrel about that. That isn't what he is talking about. As I understand it, he is saying, in effect, We will not concede that the Von's store in Maywood is in direct competition with the Shopping Bag store in La Crescenta.

Am I wrong about that?

Mr. Alsup: No. You are absolutely right, your Honor. Perhaps this would help counsel's problem——

The Court: You draw it up. It is a quarter to 5:00 and we have had a long day, draw up what you consider to be the admission that you will make, in place of 46, and maybe we will substitute it tomorrow. Show it to counsel in the morning before we take up the session in court.

Anything further, gentlemen?

Mr. Alsup: Nothing further, thank you.

Mr. Knight: Nothing further, your Honor.

The Court: We will recess.

(Whereupon, an adjournment was taken to 10:00 o'clock a. m., Friday, June 14, 1963.)

[fols. 2159-2161] IN THE UNITED STATES DISTRICT COURT

Honorable CHARLES J. CARR, Judge Presiding

No. 336-60-CC Civil

(Title omitted)

Transcript of Proceedings—June 14, 1963

Place: Los Angeles, California

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[fol. 2162] LOS ANGELES, CALIFORNIA, FRIDAY, JUNE 14, 1963, 10:15 A. M.

The Court: Gentlemen, you know I have other matters that are pressing. I can't just hold this court in abeyance while you confer.

Mr. Alsup: We apologize, your Honor. We each had a version, and I think we are reaching agreement, but I think we can do that during the recess, if that's agreeable.

The Court: All right. Proceed. I have 150 other cases waiting, gentlemen, to say nothing of the criminal cases.

THEODORE A. VON DER AHE the witness on the stand at the time of adjournment, having been heretofore duly sworn, was examined and testified further as follows:

Redirect examination. (Resumed)

By Mr. Alsup:

Q. Mr. Von der Ahe, yesterday, we were talking about a possible theoretical smallish store located, say, at Third and Normandie Avenue in Los Angeles. To your knowledge, are there existing supermarkets available to persons desiring to enter the business on their own today?

A. If you are referring to available locations with vacant buildings on them that could be converted into a

[fol. 2163] supermarket, yes. I can think of one right now which is a Market Basket store which is located right in the heart of Temple City.

Q. Do you know of any persons who have entered the business in recent years by taking over one of these older supermarkets?

A. Most of the persons who have recently entered the business have entered through taking an older market that has been vacated or given up, usually by a chain. I can think right now of Perry Burnside, who up until 1955 was an employee for Shopping Bag Markets, and in 1957 he acquired a market out of receivership and opened it, and is doing very well. He later acquired another market in Ontario that had been vacated, opened it, and is a very good competitor. He subsequently got a McDaniel's Market when McDaniel's was in difficulty, on Arrow Highway in the Covina district and is also doing well there. As a matter of fact, he is now operating successfully five stores. I can think of Joe Goldstein, or Al Goldstein, who I mentioned yesterday, who took the Toluca Market from Food Giant and has a successful operation.

I can mention John Erwin——

[fol. 2164] Mr. Coyle: If your Honor please, I object to this characterization "successful." This witness wouldn't know whether it is successful or not.

The Court: Well, counsel, I have told you in advance that I disregard conclusions.

Mr. Coyle: Yes, your Honor.

The Court: Unless there is some foundation laid I wouldn't pay any attention to the word. It would mean nothing to me. It is just his opinion, unless he has some foundation to show. Success may mean that he is burning the town down for a while, and on the way to the bankruptcy courts.

Mr. Alsup: I might say, your Honor, that John Erwin and Mr. Goldstein are both witnesses for the Government, their affidavits are on file and I don't think it is necessary for Mr. Von der Ahe to go into those details.

The Court: Are you contending they are successful or unsuccessful, counsel? I didn't know that.

Mr. Coyle: I don't know, your Honor, and this witness doesn't know.

Mr. Alsup: You don't know, you haven't read their affidavits, counsel.

The Court: Well, I will say this, generally speaking unless there is some foundation for expert testimony, I disregard it.

[fol. 2165] Mr. Alsup: Surely, your Honor.

The Court: In other words, I can say you are a successful lawyer, and the only thing I know is you are in this court. I don't know how many cases you have lost recently, counsel.

Mr. Alsup: I hardly ever get to try any any more, your Honor. I was on that subsidence case for five years.

The Court: Well, you may find out what that is about some time, too. It is a difficult problem, I know.

Mr. Alsup: Yes, sir.

Q. You mentioned yesterday, Mr. Von der Ahe, that you had one or more stores that were not successful to your concern. Can you give us examples of one of those?

A. We have a store in San Marino, at the corner of San Gabriel Boulevard, that is now not having enough sales to make it a profitable operation for a chain company.

The Court: You put a qualification on that, "for a chain company," what do you mean by that?

The Witness: Well, your Honor, there are certain costs that a chain has to assess to every store, which in the case of one particular store, if the sales aren't sufficient to absorb those costs that store does become a losing operation.

The Court: Do you allocate the costs evenly among [fol. 2166] the stores?

The Witness: According to their sales.

The Court: Oh, you base it on a pro rata of sales?

The Witness: Yes, your Honor. And I am talking about administrative and executive expenses, cost of maintaining offices——

The Court: In other words, their share——

The Witness: Their share of the expenses, they have to share. And when their sales are just not sufficient to stand their part of the burden, that store does become unprofitable.

The Court: Suppose a store breaks even for two years, would you keep it?

The Witness: Yes, we would.

But this is the same type of a store, if I might add, that becomes very attractive to an independent because he can get in there and take that same volume and operate and the cost of doing business is much less than the chain can. And so the difference is in things such as salaries, actually make a good profit out of the same store that the he has no administrative or executive overhead. So he can chain would lose money on.

By Mr. Alsup:

Q. What is the gross of that store you referred to, [fol. 2167] Mr. Von der Ahe?

A. It is in the neighborhood of seven hundred fifty to eight hundred thousand dollars a year.

Q. And have there been any changes in the market area in recent years surrounding that store?

A. There has been a large supermarket move in across the street from us. And there has been a more aggressive independent move down the street a ways, who actually is taking the business away from us, with the result that the sales in this market have been declining.

The Court: What do you attribute the loss of business to this independent to? Prices, personality, management, what, if you know?

The Witness: Your Honor, principally due to the fact that he is a good operator, he is on the job, he is running a good shop and we are running one by remote control and we are just not keeping up with him.

The Court: Do you think it is the personal equation that is doing it?

The Witness: I would give a lot of weight to that, yes, sir.

The Court: All right. Go ahead, counsel.

By Mr. Alsup:

Q. In your opinion, Mr. Von der Ahe, based on your experience in the industry, is it necessary to have a store [fol. 2168] located in a shopping center in order to have a successful and profitable store?

A. I do not feel that it is necessary to be in a shopping center. And I think the facts will prove that most of the stores in this area are not in shopping centers.

I can think of one very good firm here that have, for a long time, had a policy of not going into shopping centers, and they have only put a few stores in shopping centers in recent years. But they are the oldest chain in this area, and they are very successful and they have built their business on free standing locations.

Most of Safeway Stores are not in shopping centers.

We did not have a store in a shopping center until we built our No. 16 store—No.—yes, No. 15 store, which was actually our No. 16. But we were able to develop without having stores in shopping centers.

[fol. 2169] Q. What is this oldest firm that you refer to?

A. Ralph's Grocery Company.

The Court: What is the objection, if any, to shopping centers as contrasted to what you call it, a free—

The Witness: Free-standing store.

The Court: —a free-standing store?

The Witness: There is no objection to shopping centers.

The Court: There must be some reason that these companies prefer to have their free-standing locations.

The Witness: I believe, if we are referring to Ralph's now, they have historically always acquired the fee of the land on which they built their buildings, and it was sometimes not possible to do that when someone else was developing a shopping center. In other words, they could not isolate that one section of ground and earmark it for a market. And Ralph's have taken several leases, but for the most part they prefer to own the land and own the building. And it cannot be denied that they have been very successful in building a chain of stores that have a very high average sale per store.

The Court: How about Safeway, do you know why they would prefer the free-standing store?

The Witness: Safeway have built quite a few free-standing stores, and have good ones, I might add. I am thinking of one in Beverly Hills, I am thinking of the one [fol. 2170] at La Brea and Sunset Boulevard, like the one at 3rd and Vermont opposite the Ralph's office, and these stores also do very well. They are unfettered with—pardon me.

The Court: Tell me, is there a parking problem insofar as the great markets are concerned? I realize they have parking space, but is there distance to the cars, or something of the kind, whereas in a free-standing market you have just your own parking?

The Witness: This is one of the considerations. In our business we do ask that the customer wheel her own basket out to her car and unload it. She sort of has to provide that service for herself, which box boys used to provide. And in large shopping centers where the parking lot is immense the women just hesitate to push that cart too far. It is not convenient parking for the customer.

The Court: If a person, for example, is going to go into the Woolworth store, they might very well park in front of the grocery store—is that right?

The Witness: That's right.

The Court: —and walk there, and leave those places filled?

The Witness: That's true.

By Mr. Alsup:

Q. Nevertheless, Safeway has some stores in shopping centers?

[fol. 2171] A. Safeway has stores in shopping centers, also.

But the mere fact that a store is in a shopping center does not guarantee its success at all. There are some shopping centers right now that are very shaky, and I have seen some that have gone bankrupt.

A shopping center is just a gathering together of some compatible tenants, co-tenants, as we call them, which would be a market, a drugstore, and a variety store, and a few service shops——

The Court: The main thing in a market, I assume, is

getting a reliable tenant on a long-term lease so that you can get financed; that's about the main thing, isn't it?

The Witness: This is what the insurance companies demand.

The Court: This is what the builders look for?

The Witness: And the builders want, yes, sir.

By Mr. Alsup:

Q. Mr. Von der Ahe, yesterday you were asked some questions by Mr. Coyle about Defendant's Exhibit AV, which comprises defendant's answers to plaintiff's interrogatory No. 6, and Defendant's D, E, F and G thereto. Can you tell us how the answer to this interrogatory and exhibits were prepared, compiled?

The Court: Counsel, you can state that for the record, can't you?

[fol. 2172] Mr. Alsup: Well, it was typed in our office, your Honor. I thought it would be helpful for the record——

The Court: Go ahead and state it, and then see if we can't just eliminate the problem in that fashion.

Mr. Alsup: When the interrogatory was asked, your Honor, we talked with Mr. Von der Ahe about the feasibility of checking with all of the store managers and getting their idea as to who the competitors were in their respective areas. Mr. Von der Ahe pointed out to us that this would be an awfully burdensome thing, and it would be far better to have some outsider go around and check with each of the store managers, that he might get a more objective view as to what the competition was. For that reason we employed a professor at Occidental College to go around and interview each of these store managers of the Von's-Shopping Bag stores. He first talked with Mr. Von der Ahe, got the addresses, interviewed the store managers, and then prepared the documents on the basis of the store managers' questions. And Mr. Von der Ahe went over it and found some errors. One of his store managers had neglected, for example, to mention the Farmers Market nearby, one of the most successful markets as your Honor knows, as a competitor at all. And Mr.

Von der Ahe checked with the store managers and made certain corrections.

Is that a correct statement?

The Witness: That's correct.

[fol. 2173] The Court: Well, I take it, it is still an admission, but you are just explaining the purport of the admission; is that what you mean?

Mr. Alsup: Yes, your Honor.

The Court: All right.

Mr. Alsup: To the extent that it is an admission, it is an admission. We think that it shows very little competition, your Honor.

Q. You were asked by Mr. Coyle, Mr. Von der Ahe, about Shopping Bag Store No. 1 at 1611 West Whittier Boulevard in La Habra, which lists as its No. 1 competitor, in order of importance, the Von's No. 27 Store at 15704 Whittwood Lane in Whittier, and then lists eight other stores, and then 11 markets, independent, about half mom-and-pops and about half superettes, and a proposed new Food Giant.

Will you turn to Von's 27 on that exhibit and state what the manager of Von's 27, Store No. 27, listed as his competitors in order of importance?

The Court: Counsel, you can read those. It is all in evidence, isn't it, can't you just read them?

Mr. Alsup: Yes, your Honor. I will be glad to.

The Court: Just read them into the record.

Mr. Alsup: Store No. 27 of Von's, your Honor, lists as No. 1 competitor, Thriftimart across the boulevard; No. 2, Safeway, three-quarters of a mile away; Esko, three-[fol. 2174] quarters of a mile away; Alpha Beta, three-quarters of a mile away; Gateway, two and a fourth to two and a half miles away; A & P, three-quarters of a mile away; and as No. 7, the Shopping Bag Store No. 1, two and a half miles away; and as No. 8, probably ten mom-and-pops and small independents in the area within a two and a half mile radius.

The Court: Is this mom-and-pop an invention of yours, or is this something in the industry?

Mr. Alsup: It is a phrase very common to the industry, your Honor. As a matter of fact, one of the Government

witnesses testified when he opened up his market in 1927, I think it was 7,000 or 8,000 square feet, it was one of the largest markets in the area at that time. He said now it is a mama-and-papa store, as he called it. I said, are there other similar stores in the area? He said, "Some that you can just call mom stores."

The Court: In other words, if the husband and wife both work it is a mom-and-pop; is that what you mean?

Mr. Alsup: I think it really depends on size and area served is what they refer to.

The Court: I think it originated from the idea that it was just a one-man store and then became a man and his wife.

Mr. Alsup: I am sure that's so, your Honor.

The Court: Of course, I suppose the way we are [fol. 2175] going they will have to hire extra people or they can't stay open; there will be a law requiring them to hire extra people one of these days.

Mr. Alsup: In Exhibit AV counsel referred yesterday to Shopping Bag Store No. 21 at 1183 Quad Way and said that Von's No. 27 Store was listed as a competitor. The exhibit shows, with respect to Shopping Bag Store No. 21, that the competitors, ranked in order of importance, were first, Market Basket, a half mile away; Esko Market, a mile and a half away; Stater Bros., about two miles away; Alpha Beta, about three miles away; Box Market, about two and a half miles away; Safeway, about three miles away; Ralph's, about two and a half miles away; and as eighth, Von's No. 27, two and a half miles away; and ninth, approximately four or five mom-and-pops within a two-mile radius.

Q. This store, Mr. Von der Ahe, at 1183 Quad Way, Whittier, a Shopping Bag store, can you tell us what has happened to that store?

A. Yes. Last year this store was replaced by a newer building on the same site and opened as a new Von's market. We did not feel that there was any competition between this store and the Von's 27, which you have referred to, at Whittwood Lane in Whittier, because had we thought so we would not have opened this new store. And the results since have proven our belief, because this new store which

[fol. 2176] we have opened has increased sales of about 35 to 40 per cent, at the same time the Whittier store also has enjoyed an increase in sales.

Mr. Alsup: I might point out, your Honor, that the exhibit with reference to Von's Store No. 27 lists six competitors, and then seventh on the list, Shopping Bag Store No. 1, which we have previously referred to, and then probably ten mom-and-pops, but it does not list this Shopping Bag No. 21 on Quad Way in Whittier.

[fol. 2177] By Mr. Alsup:

Q. Mr. Von der Ahe, in your opinion——

The Court: May I ask a question?

Mr. Alsup: Certainly.

The Court: Mr. Coyle, how many stores do you claim were competing between Shopping Bag and Von's at the time of the merger?

Mr. Coyle: If your Honor please, I don't have that figure available now. I think we have filed an answer to an interrogatory in which we listed the stores that we claim.

The Court: Do you remember, Mr. Alsup, how many are claimed?

Mr. Alsup: I don't recall how many, your Honor.

Mr. Coyle: I can find it for you.

The Court: I was wondering if that didn't more or less solve our—are you in disagreement on that? Is there disagreement between counsel on the number that were actually competing?

Mr. Alsup: Yes, your Honor.

Mr. Coyle: Yes.

The Court: How much disagreement, one store, one and a half, or how much?

Mr. Coyle: I would say twenty stores.

[fol. 2178] The Court: Twenty?

Mr. Coyle: Yes, sir.

The Court: What do you consider competing areas between stores, Mr. Coyle?

Mr. Coyle: We consider ten minutes driving time, your Honor.

The Court: Ten minutes on the freeway and you can almost be in Santa Ana.

Mr. Coyle: A distance of ten minutes driving time—customer's driving time, in other words, a radius around the store of ten minutes driving time.

The Court: You go by the speed?

Mr. Coyle: Yes, your Honor.

The Court: Well, let me ask you this question, for example: In Beverly Hills they have two Safeway Stores. They have one at Olympic and Beverly Drive and they have one at Santa Monica and—I forget the street, just below Doheny.

Now, I live at 909 North Bedford Drive. Now you say that minutes are going to decide me which one of those stores to go to?

Mr. Coyle: That is one of the things you will take into consideration if you are driving. You will go to the one probably that you can drive to more quickly, unless there [fol. 2179] is some other factor of convenience or image or some other factor.

The Court: Well, is there any norm for an area such as the metropolitan area on driving time? Don't you really have to do it in miles?

Mr. Coyle: I think in miles you arrive at on the basis of driving time, rather than—I think the driving time comes first. In other words, if the consumers know how long it is going to take them to get to the store, yes. But I think driving time takes into consideration things such as barriers, accessibility, and congestion on the highways and all those things. So it is really the driving time.

The Court: Then, according to you, suppose we had in a ten-minute area, suppose we had a Safeway Store 11 minutes away, a Ralphs Store 12 minutes away, another—all of the chains within 11 to 15 minutes, and we had an independent 7 minutes away. Is it your contention the average person would go to the independent 7 minutes away, because of the time factor?

Mr. Coyle: No, your Honor. I don't have any contention. These are things that people—you have to determine from experience and surveys. And I don't say that the ten minutes is the limit. I say that the average housewife will drive at least ten minutes to get to a shopping center. She will consider driving ten minutes.

[fol. 2180] The Court: You know, housewives will drive

all the way from Westwood to the Valley just because they like a store.

Mr. Coyle: This is true, they will. I don't say they don't——

The Court: And sometimes to save 15 cents, they will spend three dollars.

Mr. Coyle: I am sure they will.

The Court: For example, I don't know whether you are acquainted with it or not, but there is a new cheese that comes out of Denmark and sells in Beverly Hills I think for $2.75. You can buy it in the Valley for $1.85, for example, at the Piggly Wiggly. Now, don't you know that a housewife who is going to save money to buy a fur coat would jump in her Rolls-Royce and journey all the way over to the Valley and back to save that extra money, and probably spend three or four dollars doing it? You are acquainted with those factors, aren't you?

Mr. Coyle: Yes, sir, there are many variables.

The Court: There are quite a few variables, I am sure, aren't there?

Mr. Coyle: That's right, I agree with that. I couldn't agree more.

The Court: All right, go ahead, counsel.

The facets of these problems are so great that I [fol. 2181] don't know how you are going to—I don't know how one human being can encompass them in his mind.

Mr. Alsup: Your Honor, I had planned to go through several more stores, but the exhibit really does speak for itself.

The Court: The exhibit shows it, doesn't it, counsel?

Mr. Alsup: Yes, it shows it.

The Court: You are just having him make an argument for you, is all you are doing.

Mr. Alsup: I want to point out that the only reason I did this, your Honor, is because counsel referred to specific ones and read them into the record yesterday. And it seems to me that I can——

The Court: Well, each and every one of those cases there is a list showing all of the alleged competitors right in those so-called admissions.

Mr. Alsup: Absolutely, your Honor.

The Court: Which are in the record. And I don't think it is necessary.

Mr. Alsup: All right. And actually the exhibit shows, your Honor, on its face there are far more Shopping Bag stores located close to Shopping Bag stores than there are Shopping Bag stores located close to Von's stores.

There are just one of these stores——

[fol. 2182] The Court: I think where the great problem comes in in all of these cases, counsel, and where many a case is won or lost is in the findings. A lawyer that can't draw findings—and there are a few that can't, believe me—can be prepared to lose a great number of cases in his career. I get findings all the time, it just keeps me busy trying to revise them and get them in condition so that they can go up.

So in this particular case I am forewarning the both of you that findings are going to be complete, full and correct.

Mr. Alsup: I might say in that connection, if I may, I think the Judicial Council has suggested on these antitrust cases the parties prepare and submit their proposed findings in advance, so the court might see them.

The Court: I was going to come to that, counsel. As a matter of fact—it is quite a burden, I realize on the lawyers—but in antitrust cases those proposed findings can be of great assistance in locating the places in the record.

Mr. Alsup: That is what we propose doing.

The Court: I take it you anticipate referring to the record in your findings, do you, proposed findings?

Mr. Alsup: Yes, your Honor. That is what we propose doing, if it is agreeable to your Honor.

[fol. 2183] The Court: How about you, Mr. Coyle, do you see any objection to that procedure?

Mr. Coyle: I would be glad to do that, your Honor.

The Court: I would appreciate it, as a matter of fact I think it would be of great help, it would be of great help in the case. So we will just here and now decide that that procedure will be followed.

Mr. Coyle: Very well.

The Court: That is prior to any decision.

Mr. Coyle: Yes. I might point out our appendix to our brief is almost proposed findings.

The Court: I think that is probably true, and if you want to let that stand——

Mr. Coyle: No, I think we will amplify it.

The Court: All right.

Mr. Coyle: And put the references in it.

The Court: All right.

Mr. Alsup: Just one or two more questions, your Honor.

Q. With respect to Shopping Bag stores, Nos. 28 and 32, the first located in La Puente and the second one in West Covina, can you state, Mr. Von der Ahe, whether there have been any changes in the competitive picture in this area—in these areas since your answer to the interrogatory [fol. 2184] was prepared?

A. This store No. 28, the Shopping Bag No. 28, which is indicated as being located in La Puente, and store No. 32 which is shown as being located in West Covina, are both in the same general area known as West Covina.

And this area has been overrun with discount stores, and this is the principal new type of competitor which has entered the area, to the point where there has been great concern even to the discount house operator. It is over-discount housed. And most of them are also selling food, which they use as inducements to attract their trade.

Q. Do you have any further comments, Mr. Von der Ahe, on this exhibit?

The Court: There are a couple or three questions, if you are finished, I would like to ask, counsel.

Mr. Alsup: Very good, your Honor. I am finished.

The Court: Mr. Von der Ahe, the question here is for this court to decide, as you know, whether there has been a substantial lessening of—a prospect or possibility of a substantial lessening in competition by reason of this merger.

What in your opinion has actually occurred as the result of the merger between Von's and Shopping Bag? I am speaking now of the entire merger as a merger, not just one store against another store.

[fol. 2185] The Witness: Your Honor, I say this honestly and as truthfuly as I can, that in my opinion the merger of Von's and Shopping Bag has in no way lessened competition in this area.

The Court: Has increased it?

The Witness: The merger occurred over three years ago. And I believe that since that time we have seen new entries into the retailing of food stuff in this area, we have seen our major competition expand and grow.

In no way at all do we have any sort of dominance or market shares or market powers that are significant. And this is just a situation where two local firms, one competing on the south and west sections of this area——

The Court: You mean in the general market?

The Witness: In the general market. And the other competing on the north and east section of this general market, and for the most part divided by the very heart of the City of Los Angeles. So for the most part our stores were so far apart that people in one area didn't even know of the existence of the other one.

There were a few areas where we both had stores in the same locality, but in the opinion of management, your Honor, these stores did not compete with each other—and if they did I suggest, sir, that it was of a very minor nature, and that they competed only for a very few customers, [fol. 2186] and that in itself was very inconsequential and insignificant.

The Court: Let me ask you this, do you think that the merger has increased competition?

The Witness: I think that the competition in the whole area has increased. And I think that this merger might, in some way, have stimulated an increase in competition.

This is one of the very few areas in the United States where five of the first six largest national chains will be operating.

The Court: Let me ask you this, you read the announcement I take it that Kroger is attempting to come in now?

The Witness: Yes.

The Court: Well, will that stimulate competition or will it tend to, in your opinion, to stifle it?

The Witness: Kroger is a very active, aggressive organization. And I think that they will come in here with ideas of expansion, and they are going to try to take their share —as much of their share of this market as they can get. And I believe that competition will also fight to retain its share of the market, which is going to result in more com-

petition, I feel, more intense competition. And I think that the general public as a whole will benefit.

The Court: Well, when an announcement of that kind [fol. 2187] is made—after all you are the policy in the management of the corporation—do you take into consideration those matters the moment they are announced, do you give thought to them?

The Witness: Your Honor, we did give thought to it, yes.

The Court: In other words, if Kroger says we are coming in this area, now you have a general idea of where they will come immediately?

The Witness: Right.

The Court: But you also anticipate that there will be some expansion, is that right?

The Witness: That's right.

The Court: So do you start more or less in the military sense, begin to give thought to tactics, or to anything of that kind?

The Witness: I can't honestly say we get that deep, no, sir. We are just going to try to run a very good organization and we are going to be competitive.

The Court: But if Kroger starts to put in a store within a mile or so of your stores, it is going to become rather competitive, isn't it?

The Witness: Assuredly, yes, sir. I might add that there was an article in this morning's paper that Food Fair has now acquired the Fox Markets.

[fol. 2188] The Court: Yes, I noticed that also.

The Witness: They say they intend to continue to expand and develop the Fox chain. This, too, is going to be more competition.

The Court: Well, there isn't very much further you can go on price reduction, is there?

The Witness: Not unless we eliminate some of the frills, let's say, that we have now built into our business. I am talking about our long operating hours, talking about such things as savings stamps and some of the conveniences and niceties that right now people are willing to pay for, and which we are willing to provide.

We can draw back and go on to an austerity program, more or less, like we did when the depression was here. And we could operate cheaper if we had to.

The Court: Well, I suppose if you reduce the hours to eight hours and no night work and things of that kind, you could make a substantial reduction on the price of food?

The Witness: It would not be too much, your Honor, but it would be—it could result in savings, yes, sir.

The Court: But assuming that you maintained the same facilities, the same quality distribution, you have gone about as low as you can go on price reduction, haven't you?

[fol. 2189] The Witness: I think so.

The Court: Another price reduction and you will be giving it away at a loss, won't you? Selling it at a loss?

The Witness: Well, there is——

The Court: That is a substantial price reduction.

The Witness: I agree with you, yes, sir.

The Court: Now one other question. Is there any policy, or has there been—first, in Von's—respecting the type or area that you have sought to place stores in? In other words, you find one area, say, is a working man's area, another is a banking man's area, so to speak, more or less the white collar. Have you, in your policies respecting the placement of stores for Von's, has that entered consideration?

The Witness: Your Honor, we take that into consideration when we are out searching for new locations. The ideal location is one where there is a concentration of single family units of preferably five homes on an acre, a television set in each home, which indicates that they are staying home—younger neighborhoods, younger people raising families, who do most of their eating at home, new areas that have a potential growth factor built into them. And these are the kinds of areas that we like because they can expand.

[fol. 2190] The Court: Well, you do know that certain areas have a greater per capita wealth than others?

The Witness: Yes, that's right.

The Court: For example, San Marino?

The Witness: That's right.

The Court: I take it you don't design your stores with the idea in mind that you are trying to get per capita wealth; it is population and the number of homes, more?

The Witness: That's right, and the number of persons per family.

The Court: The fact that it is a rich community or middle class community doesn't necessarily have much to do with it?

The Witness: That's right.

Mr. Alsup: One last question, your Honor.

The Court: I am through.

By Mr. Alsup:

Q. Do you have any opinion, Mr. Von der Ahe, whether the former Shopping Bag stores are more or less effective competing units today than they were before the merger?

A. Well, Mr. Alsup, I don't know if I answered that yesterday when I quoted the figures by saying that the then existing Shopping Bag stores in 1960, as against the same stores in 1962, showed an increase in sales of about [fol. 2191] $6,000,000; and I assume, perhaps in answer to your question, that they are now a more effective competitive factor than they were prior to the acquisition.

The Court: What is your opinion? You say you assume. What is your opinion?

The Witness: My opinion is, yes, they are.

The Court: They are more effective competitors against whom? Everybody? Any particular one?

The Witness: Your Honor, this entire area has competition. We are just trying to be effective competitors and provide effective competition in this area.

The Court: What you mean to say is that you are trying to get as many customers as you can get; is that right?

The Witness: That's true, yes.

The Court: And the others in the area, where the Shopping Bag stores are located, are trying to do the same thing?

The Witness: That's right.

The Court: And some of them are being fairly effective, I guess, aren't they?

The Witness: True.

The Court: Who would you say, as a whole—one group of stores must come closer to you than some other group—[fol. 2192] Safeway, Ralph's, or someone? Do you follow my thinking?

The Witness: Your Honor, the competitor who I respect

the most in this town, because he is a very good competitor, a legitimate competitor, and still very vigorous and runs a good operation, is Ralph's Grocery Company.

The Court: But the thing that I am getting at, which one comes closer to you? Let's assume there is a four-mile radius that applies to your stores, now. Who meets your competition the most in numbers?

The Witness: I believe that we compete against more Safeway stores than we do any other chain in this area.

Mr. Alsup: No further questions.

The Court: Anything further, Mr. Coyle?

Mr. Coyle: Two questions, your Honor.

Recross-examination.

By Mr. Coyle:

Q. You say you compete against more Safeway stores than any other chain. But the Safeway stores are generally smaller than some of the other chains, aren't they? The Ralph's stores are larger than the Safeway stores?

A. All of the new Safeway stores are larger supermarket type stores.

Q. But Safeway is still operating many of the older stores that are smaller, aren't they?

[fol. 2193] A. They probably are.

Q. Now, Mr. Von der Ahe, did you make a statement recently that "Competition is not cutthroat nor are rival chains trying to cut prices drastically. There is no intense price war on today, thanks to the healthy situation here"? Did you make that statement?

A. I made that statement, but it wasn't recently.

Q. How long ago was it?

A. Those were remarks I made before the Los Angeles Security Analysts, and what I was referring to, counsel, was the same as I was stating yesterday, that one of the reasons we cut prices was to eliminate these ridiculous below-cost prices, which we did. As a result of eliminating these ridiculous low cost situations, it resulted so that I used the expression that there was no longer any cutthroat prices going on.

Q. And rival chains are no longer trying to cut prices?

The Court: Counsel, I don't know whether he can answer that. Can he?

Mr. Coyle: That's what he said. I am asking him. That's what he said in this statement.

The Witness: I don't know if I said that, or not, either. Maybe I was quoted as having said it, but it was all part of a general plan, which I explained yesterday, [fol. 2194] your Honor, and I was trying to explain the effect of that price reduction on those hundreds of items, which we put into effect, and that resulted in the eliminating of those, as I said, ridiculous, silly prices, such as sugar, five pounds for 19 cents, and coffee 19 cents a pound, and so forth.

By Mr. Coyle:

Q. Based on your experience, are rival chains trying to cut prices today?

A. Certainly they are.

Mr. Coyle: No more questions, your Honor.

The Court: There is one question I wanted to ask. It slipped my mind for the moment. One thing I did want to ask, are all the chains and all the stores giving away Blue Chip or other stamps now?

The Witness: I think for the most part, your Honor, stamps are being given away by most all retailing outfits, yes, sir.

The Court: I suppose you are in the predicament that if you agree not to give them away, you probably will get prosecuted for antitrust conspiracy, wouldn't you?

The Witness: In this day and age, I would agree with you.

The Court: And if you do agree to give them away, then you will get prosecuted for agreeing to give [fol. 2195] them away?

Is that about the government's position, Mr. Coyle, they can't agree on anything regarding stamps?

Mr. Coyle: I don't know, your Honor.

The Court: You are a leader at the Bar and a member of the Antitrust Department.

Mr. Coyle: I am just out here trying this case, your Honor.

The Court: You just happen to be here because the train went through. All right.

Is that all?

Mr. Coyle: I take a plane, your Honor.

The Court: No further questions?

Mr. Coyle: No further questions.

The Court: Step down, Mr. Von der Ahe.

Mr. Vaughn: Before the defendants rest, your Honor, we have one final matter. We would like to offer the affidavit of W. D. Hayden. I have the original and one copy here.

Let me explain if I can the circumstances surrounding this affidavit. Some time ago Mr. Hayden, who is assistant operations manager for Von's, and a former Shopping Bag executive, was asked by Mr. Von der Ahe to prepare a list of all discount houses with food departments in the Los Angeles metropolitan area. This was done not for [fol. 2196] this lawsuit, but another purpose. Mr. Hayden prepared such a list, based on interviews or based upon his personal observation and information given to him by Von's employees, their supervisors. We found out about that list and thought that it would be a good list, and we had Mr. Hayden attach an affidavit.

The government took his deposition, and we found there was some error in the list he made. I think in part the information on which he relied was inaccurate, and in part because his concept of a discount house for purposes of his original study for Mr. Von der Ahe was a little different than our concept of a discount house for the purposes of this case. Recognizing that these errors existed, Mr. Hayden thereafter went out and personally checked all the discount houses which he had listed and made a new list, which is our Exhibit AR. He also prepared a map which reflects graphically what appears on the list. It shows the Von's stores in the Los Angeles metropolitan area, and the discount houses he lists with food departments. That exhibit is AR. Now the government has not had an opportunity to cross examine him on his most recent affidavit, but I think that we, through stipulations, can work out something that will solve that problem.

The Court: Do you desire to, counsel?

Mr. Coyle: Mr. Hughes has been in negotiation

[fol. 2197] with Mr. Vaughn on this matter, and he will discuss it, your Honor.

The Court: All right.

There isn't anything to discuss; I just want to know what you will do.

Mr. Coyle: He will tell you.

Mr. Vaughn: If Mr. Hughes wishes to propose a stipulation, we might be able to agree.

The Court: I will give him the opportunity, if he wants it, to take a deposition.

Mr. Coyle: No, I don't think so.

Mr. Hughes: It is our proposal to allow the defendants to put in their proposed Exhibit AR, I believe, the affidavit of Mr. Hayden, which was handed to us on June 11th, along with the list of discount houses, with certain modifications in that list. These modifications are, one, that there are five discount houses listed on that list, which were not listed on the original list of Mr. Hayden which was submitted last January.

Mr. Vaughn: That I will stipulate to.

Mr. Hughes: There is a store listed as a Big Bear Store owned by Lucky Markets, which to our knowledge is just an ordinary grocery store.

Mr. Vaughn: Could we stipulate, with respect to that store, Mr. Hughes, and the other store, which you can [fol. 2198] identify, that the FBI went out and checked those stores, and if an FBI agent was called to the stand to testify, he would testify that according to his observations these were ordinary grocery stores and not discount stores, but that he did not check prices? Is that right?

Mr. Hughes: For this Big Bear Store in Torrance.

Mr. Vaughn: The Big Bear Store in Torrance, and——

Mr. Hughes: And for a store listed as a Low Cost market, division of Mayfair, the FBI agent, if called to testify, would state that this is just an ordinary Mayfair store.

The Court: I take it you are stipulating, both of you, to that?

Mr. Vaughn: Yes.

Mr. Hughes: Stipulate to that.

The Court: The stipulation is accepted.

Mr. Hughes: Further, your Honor, we did take Mr. Hay-

den's deposition, and we would like to place his deposition in the record.

The Court: All right. The affidavit will be admitted and copied into the record, and the deposition will be copied thereafter.

Mr. Hughes: In order for this deposition to make any sense, the original affidavit should also be put into [fol. 2199] the record, because he was cross examined upon that in the deposition.

The Court: It is all right with me, but I imagine that every time you gentlemen offer another document, that even the Overseas Distribution of Funds for America must flinch, because the cost of this record will be, I would say, mildly stating it, considerable.

Mr. Vaughn: I agree with that, your Honor. I wish it were less.

The Court: It may develop that this record will cause an increase in competition in the grocery line by Von's having to raise the price of groceries, I don't know.

The stipulation is accepted and those documents are admitted into evidence.

Mr. Vaughn: That includes Exhibit AQ, which is our map; is that right, Mr. Hughes?

Mr. Hughes: That's correct. That map has been corrected to show the new affidavits?

Mr. Hughes: Yes.

The Clerk: AQ and AR, is that right?

Mr. Vaughn: Yes.

The Clerk: The affidavit of Mr. Hayden will be Exhibit BI.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibits AR, AQ, and BI.)

[fol. 2199a] DEFENDANTS' EXHIBIT BI

AFFIDAVIT OF W. D. HAYDEN

STATE OF CALIFORNIA,
County of Los Angeles, ss:

W. D. HAYDEN, being first duly sworn, does hereby depose and state as follows:

I am the Assistant Operations Manager of Von's Grocery Co.

In September and October, 1962, I was requested to make a list of all discount houses which sold groceries and other food items in Los Angeles and Orange Counties. I obtained the information requested from all possible sources, including personal observation and newspaper advertisements. I also had each of Von's supervisors report to me the names, addresses and other pertinent information concerning discount houses with food departments in their respective districts.

By piecing together all of the information so obtained, I developed the list attached to this affidavit. In all, I found 48 discount houses with food departments. Each of them is sufficiently close to at least one and usually several Von's stores to be in competition with them. On the attached list, the discount houses named are listed by Von's supervisorial districts. The name and address of each discount house is set forth on the left hand side of the list, together with information concerning the type of food products sold at each outlet, whether the discount house is restricted to members only and the name of the operator of the food [fol. 2199b] department (shown in parentheses) where that operator also operates a conventional supermarket.

On the right hand side of the list are the numbers and addresses of the Von's stores which are near the discount houses listed and in competition with them.

In addition, I procured an aerial map of Los Angeles and Orange Counties (as well as a portion of San Bernardino and San Diego Counties) on which each Von's store is located by a white circle and identified by its number. I have pasted on this map stickers which show the name and location of each of the discount houses with food de-

partments which are named on the above referred to list (plus two others in San Bernardino County and one other in San Diego County which are near Von's stores). This map is Exhibit —.

The attached list and the map referred to above show that Von's faces competition in many areas from discount food outlets. I know from my own observations and experience that the sale of food products in discount houses is a relatively new form of grocery retailing and that most of the discount houses which I have listed commenced operations after the merger of Von's and Shopping Bag, thus providing a new form and kind of competition both to Von's and other conventional retail grocery concerns in the Los Angeles metropolitan area.

/s/ W. D. Hayden.

Subscribed and sworn to before me, this 23 day of January, 1963.

/s/Elizabeth Folger, Notary Public in and for said County and State.

[fol. 2199c]

Discount Houses

10-19-62

District #1

Gemco (Lucky) 1801 N. Glendora La Puente	Complete Food Center Member	
Scoa Orange & Service Road West Covina	Complete Food Center	#31 973 S. Glendora Ave. West Covina
A B C (formerly Wonder Fair) 848 S. Barranca West Covina	Complete Food Center	#32–1170 W. Garvey Blvd. West Covina #68–15427 Amar Road La Puente
White Front Grondhal & Azusa Covina	Complete Food Center (Hollywood Ranch Market)	#70–960 W. Arrow Highway Covina #36–517 S. Glendora Ave. Glendora
More (Thriftimart) 599 N. Azusa Covina	Complete Food Center Member	
Zody 615 N. Azusa West Covina	No meat, produce or dairy	
Golden Rule 9521 E. Valley Blvd. Rosemead	Complete Food Center (Philadelphia Food Fair)	#55–1407 Baldwin Ave. Arcadia #57–4806 N. Peck Road El Monte #58–11039 E. Valley Blvd. El Monte
More (Thriftimart) Rosemead & Garvey San Gabriel	No meat or produce Member	
Unimart (Food Giant) Rosecrana & Valley Pomona	Complete Food Center Member	#71–2470 N. San Antonio Ave. Pomona
Low Coast (Mayfair) 831 E. Holt Ontario	Complete Food Center	#50–304 E. Foothill Blvd. Upland #54–130 West "G" St. Ontario

[fol. 2199d]

Discount Houses

10-19-62

District #2

More 8682 Garvey Blvd. South San Gabriel	Complete Food Center Member	#29–1000 E. Valley Blvd. Alhambra
Serv Mart Inc. 8909 E. Washington Pico-Rivera	Complete Food Center Member	#40–1201 W. Whittier Blvd. Whittier #60–9406 E. Washington Blvd. Pico-Rivera #62–9130 E. Whittier Blvd. Pico-Rivera #61–546 E. Cullen St. Whittier
Giant-Mart Main & Palm Alhambra	Complete Food Center	#56–2200 W. Valley Blvd. Alhambra #67–127 N. Garfield Monterey Park #77–300 W. Main Alhambra

[fol. 2199e]

Discount Houses

10-19-62

District #3

A B C Union Store 3328 W. Bolsa Santa Ana	No meat, produce or dairy Member	
CMA of America 1440 S. Los Angeles St. Anaheim	Complete Food Center Member	
Fed Mart 500 N. Muller Anaheim	Complete Food Center Member	#26–12151 Brookhurst Ave. Garden Grove #33–9922 Katella Anaheim
Gemco (Lucky) 9700 Lincoln Anaheim	Complete Food Center Member	#63–1845 W. Orangethorpe Fullerton
Murray Manor 911 N. Brookhurst Fullerton	No meat or produce	
White Front 2222 S. Harbor Anaheim	Complete Food Center under construction— no meat, produce or dairy until completion	
Key Co. Orangethorpe & Euclid Fullerton	No meat or produce	
Leonard's (Mayfair) 12891 Harbor Blvd. Garden Grove	Complete Food Center	
Zody's Chapman & Brookhurst Garden Grove	No meat, produce or dairy	
U-Disco 12500 Bellflower Blvd. Downey	Complete Food Center	#5 –1001 Paramount Blvd. Downey #35–9058 E. Firestone Downey

[fol. 2199f]

Big "A" 5500 Cherry Long Beach	Complete Food Center (Foods Co.)	
Cal's Stores 2500 Carson Lakewood (Mayfair)	Complete Food Center Member	
Fed Co. 5436 N. Woodruff Lakewood	No meat, produce or dairy products Member	#19–4480 Atlantic Blvd. Long Beach #25–4200 N. Woodruff Ave. Lakewood #35–9058 E. Firestone Downey
Unimart 11600 E. Alondra Norwalk (Food Giant)	Complete Food Center Member	
Zody's 5933 E. Spring Long Beach	No meat, produce or dairy products	

[Vol. 2199g]

Discount Houses

10-19-62

District #4

C M A of America 184th & Vermont Torrance	Complete Food Center Member	
Sav-Mart 23401 S. Western Torrance	Complete Food Center	
Zody's 1413 Hawthorne Redondo Beach	No meat, produce or dairy	#6-5036 Pacific Coast Highway Torrance
Big Bear (Lucky) Sepulveda & Hawthorne Torrance	Complete Food Center	#14-1260 W. Redondo Beach Blvd. Gardena
Big Ben (Ralphs) Crenshaw & Pacific Coast Highway Torrance	Complete Food Center	
White Front Hawthorne & Torrance Blvd. Torrance	Complete Food Center To open January 1963	
Low Cost 3071 Rodeo Road Los Angeles	Complete Food Center	
Fed Co. 3535 S. La Cienega Los Angeles	Complete Food Center Member	#15-3644 W. Santa Barbara Los Angeles #16-10780 W. Pico Blvd. Los Angeles
More (Thriftimart) Sepulveda & National Los Angeles	Complete Food Center Member	#20-6921 La Tijera Blvd. Los Anegles
Unimart (Food Giant) Jefferson & Sepulveda Los Angeles	Complete Food Center Member To open January 1963	

[fol. 2199h] Discount Houses

10-19-62
District #5

White Front 16040 Sherman Way Van Nuys	No meat, produce or dairy	
Big "A" 8341 Canoga Park Canoga Park	Complete Food Store (Foods Co.)	#17–6655 Van Nuys Blvd. Van Nuys #22–18247 Sherman Way Reseda #23–9011 Woodman Ave. Pacoima #28–20151 Roscoe Blvd. Canoga Park #39–19333 Victory Blvd. Roseda #74–16130 Nordhoff St. Sepulveda #78–9119 Reseda Blvd. Northridge
Cal Stores (Mayfair) Van Nuys & Spencer Canoga Park/Pacoima	Complete Food Center Member	
Zody's Reseda & Devonshire Canoga Park	No meat produce or dairy products	
More (Thriftimart) Etiwanda & Vanowen Reseda	Complete Food Center Member	
Fed Co. 14920 Raymer Van Nuys	Complete Food Center Member	

[fol. 2199i] Discount Houses

10-19-62
District #6

Fantastic Food Fair Van Nuys Blvd. & Glenoaks Burbank	Complete Food Center	#64–2150 N. Glenoaks Burbank
Sure Inc. 200 W. Olive Burbank	Complete Food Center	
Unimart (Food Giant) 2311 Hollywood Way Burbank	Complete Food Center Member	
Zody's San Fernando Road & Burbank Burbank	No meat, produce or dairy products	

[fols. 2199-1-2199-2] DEFENDANTS' EXHIBIT BI

IN UNITED STATES DISTRICT COURT

No. 336-60 cc

Deposition of WILLIAM DELBERT HAYDEN, taken on behalf of the Plaintiff, at Room 808, Federal Building, Los Angeles, California, commencing at 1:45 P.M., Tuesday, May 21, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to oral stipulation.

[fol. 2199-3] WILLIAM DELBERT HAYDEN, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Coyle:

Q. Mr. Hayden, would you please state your full name and address for the record.

A. William Delbert Hayden, 1110 Rodeo Road, Arcadia.

Q. What position of employment do you hold with Von's Grocery Company?

A. I am the assistant to the retail operations manager.

Q. Were you formerly associated with Shopping Bag?

A. Yes.

Q. What position did you hold with Shopping Bag?

Mr. Alsup: At what time, Mr. Coyle?

Mr. Coyle: At the time of the acquisition.

Mr. Alsup: In March 1960.

The Witness: In March 1960 I was in charge of the produce and the meat operation.

Mr. Coyle: Q. Are you related to Rube Hayden, who is president of Shopping Bag?

A. Yes. He is my brother.

Q. You have prepared an affidavit dated January 23, 1963 in which you state that you were requested to make [fol. 2199-4] a list of all discount houses which sold gro-

ceries and other food items in Los Angeles and Orange Counties. Who made this request of you?

A. Ted Von der Ahe, the president of the company.

Q. What was your understanding of what the words "discount house" meant?

A. Well, it is merchandise that is being undersold on all the chains in L.A., is what I took it for.

Q. A cut-rate store?

A. Yes.

Q. It would be a cut-rate grocery store?

A. Well, it would be a discount grocery store. We are selling less than the other chains in L.A. are selling.

Mr. Alsup: Do you want to clarify it?

They sold other than grocery items, did they not?

The Witness: Oh, yes. They sold anything you can buy at any department store, anywhere they sell appliances.

Mr. Coyle: Q. Does a discount house under your definition sell appliances?

A. Yes.

Q. Do they sell refrigerators?

A. Yes.

Q. Stoves?

A. Yes.

Q. Would they sell furniture?

A. Yes.

[fol. 2199-5] Q. Do they sell soft goods?

A. Yes.

Q. And these are items that are not normally sold in grocery stores?

A. No, they are not.

Q. Referring to the listing that you attached to your affidavit, you note on the right-hand column certain Shopping Bag and Von's Stores which you indicate are sufficiently close to be in competition with the listed stores which you term discount stores. How did you determine whether these stores were sufficiently close to be competition?

A. Well, we have—These stores are all in a radius of five miles.

Q. Is five miles sufficiently close to be in competition?

A. Well, we feel that we can draw that far. But these are all closer than that.

Q. You feel that you can draw five miles?

A. Yes.

Q. That is based upon your experience in the industry that you can draw five miles?

A. Yes.

Q. You have been in the grocery industry how long?

A. Since 1932.

Q. When you draw from this five-mile range do customers pass other stores to get to your stores?

[fol. 2199-6] A. Yes.

Mr. Alsup: I object to the question on the ground that it is confusing and ambiguous and no foundation has been laid.

Mr. Coyle: Q. Based upon your experience have you found that customers will pass other stores in this five-mile distance to get to your store?

A. I think you will find that in any business.

Q. Now referring to the page marked "District 1," referring to the store labeled More and referring to the notation "Complete Food Center," what does that notation "Complete Food Center" mean?

A. Well, what we call a complete food center would be meat, produce and the dairy, and everything that is carried in a grocery store.

Q. And you checked this store and you found that it carried meat and produce and dairy?

A. That's right.

Q. When did you check this store to find that it carried meat, produce and dairy?

A. Right after their opening.

Q. When did they open?

A. I don't know the exact day but it would be less than a year.

Q. Referring to the other stores listed in this appendix on District No. 1 and District No. 2, wherever the notation [fol. 2199-7] "Complete Food Center" appears it indicates that you checked the store and found that it carried meat, produce and dairy and frozen foods?

A. Yes.

Mr. Alsup: Do you mean by that question the witness

personally, Mr. Coyle, or some supervisor under his direction?

Mr. Coyle: I asked him if he checked it.

The Witness: I checked this one, yes.

Mr. Coyle: Q. And did you check the others also?

A. Yes. All on this page, yes.

Q. The page marked "District 2," did you check all on that page?

A. Yes.

Q. And on District 3, you checked all the stores on that page?

A. The Fed Mart I didn't. That was checked by the supervisor and the district manager of that district.

Q. And he reported to you and said they carried meat, produce and dairy?

A. Yes.

Mr. Alsup: What page are you referring to?

Mr. Coyle: District 3.

Mr. Alsup: I am sorry.

Mr. Coyle: Q. Referring to Page 2 of District 3, did you check these stores?

[fol. 2199-8] A. The only one that I checked personally is the Cal Store.

Q. You found it carried a complete food center?

A. Complete food center.

Q. The others were reported to you as having food centers?

A. Right.

Q. Then on District 4?

A. The Sav-Mart I did not check.

Q. That was reported as operating and having——

A. The district man reports it.

Q. And it was reported that they were selling items such as appliances and soft goods that aren't normally sold in grocery stores?

A. Right.

Q. What other stores on this page did you not check?

A. The Fed Mart and More I did not check.

Q. They are reported as carrying complete lines of groceries?

A. Yes.

Q. Now with respect to District 5. Did you check those stores?

Mr. Alsup: Off the record for a minute.

(Discussion off the record.)

Mr. Coyle: Q. I call your attention to the fact that the store called "Unimart" on the bottom of District 4 is listed [fol. 2199-9] "To open January 1963." You haven't made a subsequent check of that store?

A. Yes.

Q. Now referring to District 5, how many of the stores on that list did you check?

A. Fedco, I have never checked that one.

Q. But you checked all the others?

A. Yes.

Q. You checked both to find that they were selling appliances and other items and also that they were selling food?

A. Our main interest was the food.

Q. But to determine whether they were a discount house you would have to check whether they were selling appliances and other items too?

A. Well, food is what we were mostly interested in in the discount.

Q. Now referring to District 3, you list there Leonard's as a discount store operated by Mayfair and having a complete food center. I believe that was one of the stores you checked yourself.

A. Yes.

Q. You found that it carried meat and produce?

A. Yes.

Q. How large a grocery section would Leonard's have?

A. Square feet?

[fol. 2199-10] Q. Yes.

A. That is pretty hard to answer. Of course, they have it all included in this large building. It must be 20,000 square feet, I would say.

Q. 20,000 square feet of groceries, including fresh meat and produce and it is operated by the Mayfair Markets?

A. Yes.

Q. When did you check the Leonard's store?

A. I checked that a couple of years ago, right after it opened.

Q. You have never checked since?

A. No.

Q. So you don't know whether today it is selling a complete line of groceries.

A. Well, I haven't heard any rumors that it has changed. And our district men, they have reports that they fill in when any changes are made in competition.

Q. They would have reported on the other stores as well, that is on this listing, if there had been any change?

A. Yes.

Q. You would be surprised, I guess, if Leonard's at Garden Grove has a 7200 square foot grocery center and doesn't carry any fresh meat or produce? Would you be surprised if that were so?

A. I sure would.

Q. Do you doubt——

[fol. 2199-11] Mr. Alsup: I object to the form of the question on the ground that it is argumentative and assumes facts not in evidence. You are not testifying, Mr. Coyle, but if you want to be sworn and testify you are welcome to do so.

Mr. Coyle: I asked him if he would be surprised and he said he would be. And I also am asking him now if this notation would prove to be incorrect might other notations on your appendix also be incorrect.

Mr. Alsup: I object to the form of the question on the ground that it is argumentative and assumes facts not in evidence, and I instruct the witness he need not answer. I have no objection to specific questions but not argumentative questions.

Mr. Coyle: I will ask him a specific one.

Q. Was this Leonard's notation made in the same manner as the other notations on your appendix?

A. What do you mean by that?

Q. They followed the same procedures with respect to Leonard's as you did with the other sources listed in your appendix?

A. No. Because most of these I have called on myself.

Q. You said you called on this one yourself.

A. At the time I called on them they had produce and meat in it.

Q. Now referring on the same page to Murray Manor, did you inspect the Murray Manor?

[fol. 2199-12] A. Yes.

Q. You found it to be a discount store?

A. All they had was the appliances.

Q. They didn't——

A. They don't have produce or meat.

Q. Or food?

A. No food.

Q. What does this notation "No meat or produce" mean with respect to Murray Manor?

A. That they didn't have meat or produce in them.

Q. But does it also mean they didn't have any groceries in them?

A. It means it didn't have meat or grocery.

Q. When you checked it did you find that they were selling dry groceries out there?

A. No, I don't believe they were.

Q. They weren't selling dry groceries?

A. No.

Q. They weren't selling any groceries?

A. They were in the discount appliances.

Q. How many of these other stores listed here didn't have any groceries in them?

A. Zody's.

Q. Zody's does not have groceries?

A. They are heavy with soft goods and drugs.

Q. No groceries?

[fol. 2199-13] A. No groceries.

Q. Are there any others that didn't carry groceries?

A. I think Zody's is the main one that doesn't.

Q. What was the purpose of listing Zody's?

A. Because they are a discount in the drug items and they have like waxes, items on that order and hardware items that we have in the grocery store.

Q. No food items?

A. No food items.

Q. Now referring to the Key Company, appearing on District 3, did your store manager report that that store

is in competition with these various stores listed on the right-hand column of your appendix?

A. Yes, they were in competition with Garden Grove and the Fullerton store.

Q. Did you inspect the Key Company yourself?

A. I can't remember on that one.

Q. To the best of your knowledge is the Key Company in operation and competing with those stores listed on the right-hand column?

A. They would be competing, yes.

Q. Do you know if the Key Company were out of business?

A. I don't know about this location, but they had one in Burbank that they are out of business in.

Q. Is that the Key Company in Burbank?

A. Yes. It is not even listed on this.

[fol. 2199-14] Q. The Key Company in Burbank has gone out of business but you didn't list it.

A. It was listed as Sure, Incorporated.

Q. That is out of business?

A. Yes.

Q. When did that go out of business?

A. Right at Christmastime, in November or December. That is in District 6.

Q. It went out of business about a month before you signed this affidavit stating that it was still in business?

A. That was made in October.

Q. The affidavit was signed January 23, 1963.

Mr. Alsup: It refers to the survey made in October, Mr. Coyle, if you will read it. Made in September and October 1962.

Mr. Coyle: Q. You made no effort to check in January 1963 before you signed this affidavit to determine what had happened subsequent to September 1962 when the survey was made?

A. No. I was under the understanding that it was still open at Christmastime. The district man turned it in to me that way. But at this time it was still Sure.

Q. You don't know whether the Key Company, the other Key Company in District 3, has gone out of business?

A. No, I don't.

Q. But your records would indicate that it is still in [fol. 2199-15] business and that is what you compiled this table from?

Mr. Alsup: Do you know the answer at this time?
The Witness: No.

Mr. Coyle: Q. Referring now to District 3, Page 2, and calling your attention to Fedco listed for Lakewood, would that Fedco be selling food products?
A. Complete food center.
Q. District 3, Page 2?
A. Oh. I was looking at Anaheim. You are referring to Lakewood. This is one that the district man turned in.
Q. They reported it as selling food products?
A. He says here, "No meat, produce or dairy."
Q. Would they be selling dry groceries?
A. The way I take it there they wouldn't be.
Q. They wouldn't be selling dry groceries? Are dry groceries meat?

Mr. Alsup: Mr. Coyle, I think your phrase "dry groceries" may be ambiguous, because in our agreed line, "groceries and related products," we have included drug products and other items. If you want to refer to "food items" perhaps it would be clearer.

Mr. Coyle: Q. Would this Fedco at Lakewood be selling food items such as packaged cereals?
A. I really couldn't say because I didn't check that store.
Q. When you made the affidavit what did you intend to [fol. 2199-16] convey with this term "No meat, produce or dairy products"?
A. Well, I think it would have grocery items in it.
Q. You think it would have grocery items?
A. Yes. Cereals and such as soaps.
Q. And it would have a grocery department in it?
A. Without the meat, produce or dairy.
Q. Referring to another Fedco listed for Van Nuys, I think it is in District 5, it is listed as having a complete food center. That indicates that it is selling—
A. That would have everything.
Q. Did you inspect that store?
A. No, I didn't inspect that one.

Q. It was reported to you in the course of this survey that you had made in September as carrying a complete food center?

A. That's right.

Q. With produce and meat?

A. Produce, meat and dairy.

Q. And your district store managers reported to you that they faced competition from that store in the meat, produce and dairy products?

A. Yes.

Q. Now referring to District 4, to the store listed as a Sav-Mart, is that listed as a discount house which sells major appliances and stoves and refrigerators and soft goods and also has a grocery department in it?

[fol. 2199-17] A. That is the one in Torrance there, the Sav-Mart?

Q. Yes.

A. Yes.

Mr. Coyle: I ask that this be marked as Hayden Exhibit No. 1 for Identification, being a picture of the Sav-Mart store in Torrance.

(The photograph referred to was marked by the notary public as W. D. Hayden Exhibit 1 for Identification and was returned to counsel for the plaintiff.)

Mr. Alsup: You represent this photo was taken on the time and of the store you are questioning the witness about?

Mr. Coyle: That is correct?

Q. I show you W. D. Hayden Exhibit 1 and ask you if this is the Sav-Mart store you referred to on the page numbered District 4.

A. I can't remember.

Q. Would it surprise you if this Sav-Mart store is a grocery store and not a discount center and it has never handled appliances or white goods or any of these other items?

Mr. Alsup: How do you define a discount store, Mr. Coyle?

Mr. Coyle: In terms of the witness' definition.

The Witness: Is this one of the stores that I said I was in?

[fol. 2199-18] Mr. Coyle: Q. I don't know whether you said you were in it. This is one of the stores that you reported as a discount store handling appliances and white goods and soft goods in addition to food.

A. All I can say is that is the way the district men turned it into me.

Mr. Coyle: I ask that this be marked as W. D. Hayden Exhibit 2 for Identification, being a picture of the Big Bear store in Torrance.

(The photograph referred to was marked by the notary public as W. D. Hayden Exhibit No. 2 for Identification and was returned to counsel for the plaintiff.)

Mr. Coyle: Q. Would you examine W. D. Hayden Exhibit No. 2 for Identification and tell me if you recognize that as a photograph of the Big Bear store in Torrance.

A. Yes.

Q. Is the complete name of this store "Big Bear Foods"?

A. I don't know whether it is Big Bear Foods or what. Big Bear.

Q. Is this a conventional grocery store rather than a discount house?

A. Yes. They converted it over.

Q. When did they convert it over?

A. About a year ago.

Q. Sometime in May?

[fol. 2199-19] A. Somewhere in there.

Q. Six months before the survey in September?

Mr. Alsup: When you say "converted it over," will you clarify that, Mr. Coyle?

Mr. Coyle: He said it.

Mr. Alsup: Converted from what to what?

Mr. Coyle: The witness said they converted it.

Mr. Alsup: From what to what?

The Witness: From a Lucky store to a Big Bear.

Mr. Coyle: Q. But it was never a discount house?

A. It is a discount store right now.

Q. Does it sell appliances?

A. No. It is just a discount food center. It is just a regular grocery store. They went in and lowered prices.

Q. A regular grocery store that sells at lower prices?

A. Yes.

Q. On the same page, referring to the Low Cost store, can you tell me what chain operates the Low Cost store?

A. Mayfair.

Q. You didn't list the Mayfair on your appendix?

A. No, I didn't.

Q. In some instances you list the Mayfair chain that owns the store and others you don't. Why is that, Mr. Hayden?

A. Just an oversight.

Q. There may be other oversights?

Mr. Alsup: I object to the form of the question on the [fol. 2199-20] ground that is is argumentative and instruct the witness he need not answer.

Mr. Coyle: Q. Have you checked the appendix to determine whether there were other oversights?

A. Yes.

Q. You didn't discover this oversight when you checked the appendix?

A. No.

Q. Now referring to that Low Cost store operated by the Mayfair chain, does that store sell appliances?

A. This was just a regular market they have changed to this Low Cost.

Q. You mean this is a regular market that cuts prices once in a while?

A. Yes.

Q. Now referring to District 1, where you have listed a Low Cost operated by Mayfair in Ontario, is this a discount store that handled appliances and soft goods?

A. They have some soft goods but I don't believe they have any appliances. It's a regular grocery store again, a grocery operation.

Q. It is a regular grocery operation?

A. Before they changed it to this Low Cost. It was just a regular Mayfair store.

Q. And then they lowered the prices.

A. And changed it to the Low Cost.

[fol. 2199-21] Q. Now referring to District 3, Page 2, it lists Cal Stores for Mayfair. What does Mayfair have at Cal Stores?

A. The way I understand it they just have the food center and the others are leased, the other departments.

Q. You say they are just operating a regular grocery store in a discount center?

A. I would say that.

Q. Would you say that with respect to the Gemco operation of Lucky that they are just operating a regular grocery store in a discount center?

A. I believe that is right. And the rest are leased departments.

Mr. Alsup: Mr. Coyle, just to clarify it for me, by your use of the phrase "regular grocery store," do you classify a mom and pop as a regular grocery store?

Mr. Coyle: I will ask this witness if he does.

Q. Do you classify a mom and pop as a regular grocery store?

A. Well, on a small scale I would say.

Q. Do you class a bantam store as a regular store?

A. Well, they have the main national brand items, I would say, in them.

Q. The bantam stores would be a modern mop and pop?

A. I would say so.

Q. You show on District 1 a More Thriftimart at Rosemead and Garvey. Did you personally inspect that store?

[fols. 2199-22] A. Yes. And it is not right on the corner either, at Rosemead and Garvey.

Q. In this District 2 you show another More's store at 8682 Garvey Boulevard, South San Gabriel.

A. This is the correct address here. They put it in there twice.

Q. They listed one of the More's twice?

A. Yes.

Q. I note that the More's store listed in District 1 at Rosemead and Garvey, if you will refer to District 1, Mr. Hayden, is listed as competing with Stores 55, 57 and 58, whereas the same store that is listed in District 2 is listed as competing with Store No. 29. Could you tell us which Von's store the More's actually does compete with?

A. Well, the More would compete with 55, 57, 58 and this 29.

Q. It would compete with all four of them?

A. Yes. And also that is wrong right there.

Q. What?

A. This side——

Q. It says "Complete Food Center."

A. But it isn't. They have no meat or produce.

Q. Now referring to District 3, and calling your attention to Murray Manor which we have previously discussed, what is Murray Manor?

A. To me it is just a name.

[fol. 2199-23] Q. What sort of an establishment do they conduct at Murray Manor?

A. Just a small center there.

Q. It is a shopping center, is it not?

A. They have several different shops in it, yes.

Q. Several different shops but no grocery store in it?

A. No.

Q. It is really a shopping center that doesn't have a grocery store in it, isn't it?

A. They have a barbershop, laundromats, a lot of small stores.

Q. A lot of small shops but no food stores?

A. I don't believe so.

Q. Yet you list Murray Manor as competing with Von's Stores 26, 33 and 63.

A. Well, it is still a shop that would have the hardware items in it.

Q. A hardware store?

A. When I say "hardware," like Johnson's Wax.

Q. Which store in the Murray Manor would be selling Johnson's Wax?

A. I think it is the Murray Manor itself.

Q. Aren't there a number of separate stores in Murray Manor?

A. Yes.

Q. So which one of the stores in Murray Manor would be [fol. 2199-24] handling Johnson?

A. The one that is the discount. The other little stores go under their own names.

Q. There is a discount hardware store in Murray Manor, is there not?

A. Yes.

Q. Do they sell appliances in Murray Manor?

A. Appliances, yes.

Mr. Coyle: Would you mark these pictures as W. D. Hayden Exhibits 3 and 4 for Identification, please, 3 being the picture of the fence and sign at the Murray Manor Shopping Center, and 4 being a picture of the parking lot and building at Murray Manor Shopping Center.

The Witness: You know, a place like this would be in competition with our department store, in which we sell patio furniture, hardware items of all kinds too.

(The photographs referred to were marked by the notary public as W. D. Hayden Exhibits 3 and 4, respectively, for Identification and returned to counsel for the plaintiff.)

Mr. Coyle: Q. I will ask you if that last statement is what Mr. Alsup just told you.

A. No.

Mr. Alsup: As long as you raised my name, did you just ask me if this were not a proper matter for you to mention?

The Witness: That's right.

[fol. 2199-25] Mr. Alsup: And I said, "You are the witness."

I also say, Mr. Coyle, if you have any other question I will be glad to answer it, or Mr. Hughes, who suggested the question.

The Witness: This is in between two of our stores.

Mr. Vaughan: We are going to have one of these incidents per deposition.

Mr. Coyle: Q. I show you W. D. Hayden Exhibit No. 3 for Identification and ask you if you can tell me what you see on that picture.

A. Murray Manor Shopping Center.

Q. Is that the fence out there, or the wall?

A. That is the end of the building there.

Q. And does it describe it as a discount shopping center?

A. That is what it says there.

Q. I show you W. D. Hayden Exhibit No. 4 for Identification and ask you if that is a picture of the Murray Manor Shopping Center and parking lot?

A. Right.

Q. Are there any other shopping centers in the Los Angeles metropolitan area that sell Johnson's Wax but don't have a grocery store in them?

A. That is the way Zody's are. They sell a lot of drug and wax items but they don't have a grocery department in them.

[fol. 2199-26] Q. Do you purport in this appendix to list every shopping center that sells Johnson's Wax and drug items in the Los Angeles metropolitan area?

A. Not every one, no.

Q. Just some of them?

A. Well, like the ones that have the big discounts.

Q. The ones that sell them at discount prices?

A. Yes.

Q. Regardless of whether they have a grocery store in them or not you are listing them?

A. Yes. That is why Zody's is listed all the way through there, you will notice.

Q. That may be why the Fedco is listed in Lakewood and Van Nuys. Is that why the Fedco is listed in Van Nuys and Lakewood, because they sell Johnson's Wax and items like that?

A. I would say so.

Q. But they don't sell groceries?

A. Right.

Q. Now referring to District No. 4 and calling your attention to the Fedco listed for La Cienega in Los Angeles, does this Fedco sell packaged cereal?

A. If it is listed there as a complete food center I would say "Yes."

Q. How big a grocery department does this Fedco have?

A. Well, this is a large store.

[fol. 2199-27] Q. How large a store would the whole establishment be?

A. The whole thing?

Q. Yes. In square feet.

A. Probably over 100,000 square feet.

Q. And then the food part of it, how many feet would that have?

A. I don't know.

Q. Would over 90 per cent of its sales consist of fresh meats?

A. I wouldn't know that.

Q. Is it predominantly a meat market?

A. I don't know.

Q. Have you inspected it?

A. No, I haven't been in that one.

Q. Does it handle produce?

A. That I don't know. This is the one that they have turned into a complete food center.

Q. Now referring to District 2, to the Giant-Mart in District 2, did you inspect that store yourself?

A. That is in Alhambra?

Q. Yes.

A. Yes. And the name isn't Giant-Mart any more.

Q. Was it ever?

A. It was to start out with. That is what they had on the billboard.

[fol. 2199-28] Q. Was it ever operated as Giant-Mart?

A. No.

Q. When was it opened?

A. I don't believe it is over three months ago.

Q. Is it a Unimart?

A. It is a Unimart now.

Q. Is it operated by Food Giant?

A. Yes.

Q. Now referring to District No. 1, the White Front store in Covina, did you inspect that store?

A. Yes.

Q. When did you inspect it?

A. About a month ago.

Q. You didn't inspect it as part of the study last September?

A. At that time—The White Front store?

Q. Yes.

A. Yes, I checked it in September.

Q. In September as well as now?

A. Yes.

Q. Have there been any changes since September?

A. Yes. The food center has been added to it. The market wasn't in there at that time.

Q. You list it in your appendix as having a complete food center.

A. That is through what was scheduled for it as a com-
[fol. 2199-29] plete food center.

Q. It hadn't been completed but you didn't make a notation that it hadn't been completed on your appendix?

A. I just had it scheduled to be a complete food center.

Q. But you don't have that notation on your appendix?

A. No.

Q. Calling your attention to District 4, you noted that the Unimart was to be opened in January 1963 but you did not know that the White Front in Covina was to be opened. Are there any other stores on this list that were not in operation when you signed this affidavit which you haven't so noted?

A. No. I believe they are all in operation at this time.

Q. You believe every store on this list is in operation at this time, except the two that have closed?

A. Yes, that's right.

Q. But you didn't know that one of the two had closed?

A. What?

Q. But you were unaware that one of the two stores had closed?

Mr. Alsup: I object to that. The witness has answered your prior question and you are now arguing with him.

Mr. Coyle: I am asking him the question.

Q. Were you aware that the Key Company store in Ful-
[fol. 2199-30] lerton had closed?

A. I was talking about Burbank.

Q. You don't know whether the Key Company store in Fullerton has closed or not?

A. No, I don't.

Q. So the only store on this list that you know has closed is the Sure store in Burbank?

A. Yes.

Q. Now referring to the operation of grocery departments in these discount stores by major chains in the area, does Lucky have discount operations in two stores, one at La Puente and the other in Anaheim, that is the Gemco Stores?

A. Yes.

Q. They are operated by Lucky. And are the More Stores

in Covina, South San Gabriel, Reseda and Sepulveda and National operated by Thriftimart?

A. Yes.

Q. Are the Unimarts at Jefferson and Sepulveda, Pomona and Norwalk and Alhambra operated by Food Giant?

A. Yes.

Q. And is the Big Ben operated by Ralphs?

A. No. They just have the grocery in that, I believe.

Q. Yes, that is what I was referring to.

Mr. Alsup: What Big Ben are you referring to? There are other operators who operate Big Ben Stores.

Mr. Coyle: There is only one in this listing, Mr. Alsup. [fol. 2199-31] The Witness: That would be Torrance, the one I am talking about.

Mr. Coyle: The Big Ben in Torrence.

Q. Are the discount grocery concessions in the Cal Store in Lakewood and the Cal Store in Pomona operated by Mayfair?

A. Yes.

Q. And is the grocery department in the Leonard store at Garden Grove operated by Mayfair?

A. Yes.

Q. Referring to District 1 and calling your attention to the Golden Rule store in Rosemead, is that operated by Food Fair as a successor to Fox?

A. Yes.

Q. Referring to the Big "A" in Long Beach, District 3, Page 2, is that operated by Food Fair as the successor to Fox?

A. No. That is a local company. That is a different company.

Q. Your study or survey indicates that the store is not operated by Food Fair, the successor of Fox Markets?

A. Which store is that?

Q. The food center in the Big "A" store in Long Beach.

A. That is a different operation altogether. That is Foods Company and this is Food Fair.

Q. I understand that. It is your testimony that Foods [fol. 2199-32] Company operates this Big "A" in Long Beach rather than Food Fair.

A. Yes.

Q. How many grocery stores do the Foods Company operate?

A. Well, I really don't know the exact number. But I think it is 12.

Q. Are they all in discount centers?

A. No.

Q. How many of them are in discount centers?

A. I believe there are two.

Q. Two in discount centers and to your knowledge ten are not in discount centers.

A. No, I think they have 12 of their regular stores and two discount stores.

Q. How long have they been a chain, this Foods Company?

A. I really don't know.

Q. Several years?

A. Yes.

Q. And they were operating conventional stores prior to the time they went into discount center operations?

A. Yes.

Q. Now referring to Fantastic Food Fair at Burbank——

Mr. Alsup: What page?

Mr. Coyle: District 6.

[fol. 2199-33] Q. Is that operated by Food Fair?

A. I don't know.

Q. Who operates that?

A. I don't know.

Mr. Coyle: I ask that this photograph be identified as W. D. Hayden Exhibit 5, it being a picture of the Build 'n Save premises in Fullerton.

(The photograph referred to was marked by the notary public as W. D. Hayden Exhibit 5 for Identification and was returned to counsel for the plaintiff.)

Mr. Alsup: What page is that on? It states on the back that this is formerly Key Co.

Mr. Coyle: This is my understanding.

Q. I show you W. D. Hayden Exhibit No. 5 for Identification and ask you if this is a picture of the building which

you identified in District 3 as the Key Company discount house.

A. Pretty hard to say.

Q. Are you unable to state whether or not that is the picture of the premises which you have listed as housing the Key Company discount operation?

A. I can't say.

Q. Now turning to District 1, I believe we discussed the White Front operation in Covina which had not opened when you made your affidavit but has subsequently opened and which you inspected last week. Does the White Front [fol. 2199-34] store out there in Covina handle a line of applicanes?

A. Yes.

Q. Does it handle soft goods?

A. Yes.

Q. Are the appliances and soft goods sold in the same building?

A. They are in the same building under the same roof.

Q. Is the grocery store under the same roof?

A. It is to one side, the grocery store.

Q. It is a separate building?

A. A separate building.

Q. Are any of the Von's and Shopping Bag Stores located adjacent to stores which sell appliances and soft goods?

A. In different shopping centers, yes.

Q. You share a common parking lot, just as the White Front store which is operated by Bill's Ranch Market out in Covina shares the same parking lot as the White Front appliance store which is in a different building?

A. Yes.

Q. In District No. 2 you list a Serv Mart in Pico Rivera listed as a complete food center. Did you inspect this store yourself?

A. Yes. I got thrown out. I always remember that one.

Q. How big a meat counter do they have in there, in the [fol. 2199-35] grocery establishment?

A. The way I remember it it wasn't too large.

Q. Did they sell fresh meats there?

A. Yes, they did. On the opening. I don't know whether they are selling it today or not.

Q. Have your people reported as to whether they are selling fresh meats or not?

A. Not in the last few months they haven't reported one way or the other.

Q. You don't know whether they are selling fresh meats or not?

A. They did at the time I made this up in September.

Q. September?

A. When they opened.

Q. When did they open?

A. They have been open a couple of years.

Q. What about last September, were they selling fresh meat when this survey was made?

A. That I can't answer you.

Q. Were they reported to you by your people as selling fresh meats?

A. Yes.

Q. Now referring to District 3, ABC Union Store in Santa Ana, you listed them as selling no meat, produce or dairy. Last September when this was drawn up were they selling package cereals?

[fol. 2199-36] A. Yes.

Q. Were they selling a line of dry groceries there?

A. Yes.

Q. Selling canned goods there?

A. Canned goods.

Q. Referring to the Fed Mart store in Anaheim, were they selling meats last September?

A. The report turned into me that they were a complete food center.

Q. Including a meat department and produce department?

A. If you will notice, the discounts are changing every day.

Q. Are they dropping meat departments in most of them?

A. I didn't say most of them.

Q. But some of them are dropping the meat department?

A. They are having their troubles.

Q. Are they having troubles?

A. Yes.

Q. It is a pretty tough row to hoe to sell groceries in a discount store.

A. It is pretty tough to sell groceries anywhere.

Q. It is harder in a discount store to sell fresh meats, isn't it?

A. I would think so.

Q. This White Front store in Anaheim, has that ever been completed?

[fol. 2199-37] A. I really don't know on that.

Q. You don't know whether it is selling meat, produce or dairy products?

A. No, I don't.

Q. The last reports you had, what were they selling at that White Front in Anaheim?

A. Just what is on there, that their complete food center was under construction but I don't know whether it has ever been finished or not.

Q. You don't know that they are selling any food products out there now, do you?

A. That's right.

Q. Referring to the White Front in Torrance, District 4, you say it opened January 1963. Have they ever opened?

A. Yes, they are open now.

Q. You know they are open?

A. Yes.

Q. Do you know what they are selling in that store?

A. Regular run of merchandise like in their other White Front stores.

Q. What do the other White Front stores sell ?

A. Appliances, soft goods, grocery items.

Q. How much meat are they selling out there?

A. It would be hard for me to say.

Q. Do they have a meat department?

A. They have a meat department just like the one on [fol. 2199-38] Arrow Highway—or Azusa.

Q. Do they have a meat department like you have in your Von's-Shopping Bag Stores?

A. Like what we have?

Q. Yes.

A. It is a probably a little smaller.

Q. Do they have a produce department?

A. Yes.

Q. Do you know that they are selling fresh vegetables out there in the White Front store in Torrance?

A. Yes.

(A short recess was taken.)

Mr. Coyle: Q. Mr. Hayden, did you visit any stores on this appendix which are not located in either Los Angeles or Orange Counties?

A. I believe they are all Orange County or Los Angeles.

Q. What is the annual gross sales figure for the largest selling store in the Von's-Shopping Bag chain?

A. The largest?

Q. Yes.

A. In Los Angeles County?

Q. Or Orange County. Which of your stores has the largest annual sales?

A. In Los Angeles or Orange County?

Q. Yes.

A. It would be the Alhambra store.

[fol. 2199-39] Q. What are its annual sales?

Mr. Alsup: Which Alhambra store?

The Witness: It's on Valley. The number of the store is 29.

Mr. Coyle: Q. What are its annual sales?

A. It would be about $100,000 a week.

Q. That would be between five and six million dollars annually?

A. That would be right, yes.

Q. Do you know of any discount store in the area which would have sales of groceries and related products of that magnitude?

A. Gee, I wouldn't know.

Q. Most of them would not, would they?

A. I just wouldn't know. You hear all kinds of rumors but I don't know.

Q. Rumor and speculation is all you know?

A. Yes.

Q. You personally have no knowledge whether these discount stores have very much annual dollar sales in groceries and related products?

A. You mean seeing their books?

Q. Yes.

A. No, I have never seen any figures.

Q. Von's and Shopping Bag's annual sales have expanded greatly in the past two or three years, haven't they? [fol. 2199-40] A. Well, not too great.

Q. They have expanded by thirty or forty million dollars since 1960, haven't they?

A. I don't remember what we did last year but I don't think it is that much.

Mr. Coyle: I have no further questions.

Cross-examination.

By Mr. Alsup:

Q. Mr. Hayden, you were asked if to your knowledge any of the discount stores had sales of groceries and related products amounting to $5,000,000 a year and you said you didn't know; is that correct?

A. That's right.

Q. Do you know if there are a large number of stores classified as grocery stores which have annual sales of groceries and related products of less than $100,000 a year?

A. What was the question again?

(The reporter read the pending question.)

Mr. Alsup: Q. I am referring to mom and pop.

A. Yes, there are more of those than the other.

Q. You were asked about this White Front store in Torrance and you were asked how much meat they are selling. You said that in your opinion that they are perhaps not selling as much meat as Von's and Shopping Bag Stores, [fol. 2199-41] that is fresh meat. Do you recall that?

A. Yes.

Q. Are there a large number of other grocery stores in the Los Angeles metropolitan area which have lesser sales of fresh meat than Von's and Shopping Bag Stores?

A. Yes, there is.

Q. Or less sales of fresh meat than stores of many single store operators?

A. Very true.

Mr. Coyle: You are leading the witness a little bit, Mr. Alsup.

Mr. Alsup: Q. To your knowledge are there any so-called mom and pop stores which do not sell fresh meat?

Mr. Coyle: You are still leading him.

Mr. Alsup: I don't agree with you.

The Witness: I don't know of any offhand but I imagine there is a lot of them.

Mr. Alsup: Q. How about Speedee Marts, have you been in any of those bantam stores?

A. I have only been in the one that is up close to my home.

Q. Can you tell me whether all of the stores of Von's, and that includes the Shopping Bag Stores, sell liquor?

A. All of Shopping Bags have liquor in them but I don't believe all of Von's do.

Q. Are there other chains in this area which do not carry [fol. 2199-42] liquor?

A. Well, Ralphs, they are just getting into the liquor business, and Safeway the same way.

Q. Do you know whether all of the mom and pop stores carry liquor?

A. I think most of them would have just beer and wine, not liquor.

Q. You were asked to see the exhibit marked W. D. Hayden No. 3 for Identification which purports to be a photograph of Murray Manor in Anaheim. Do you notice a liquor sign in front of that store?

A. Yes, I notice that.

Q. Did the Von's Stores, Stores 26, 33 and 63 carry liquor, to your knowledge?

A. Yes.

Q. I think you referred to the Shopping Bag Store soft goods line. Is that what you call your junior department store items?

A. We call them just department store, non-food section.

Q. What do these stores sell?

A. Well, just about anything you can buy at a Sears & Roebuck. So you know what that covers.

Q. Will you list some of the items?

A. Well, we have the soft goods, we have shoes, we have children's clothes, we have paint, we have tools, we have a [fol. 2199-43] glass section.

Q. How many of the stores have such departments of the Shopping Bag Stores?

A. Well, I think there are 23.

Q. To your knowledge does the average grocery store, including the mom and pops doing business in this area, carry such items?

A. No, I don't think the average store would have it. Because we have patio furniture in those, which are listed as barbecues.

Q. I think you have testified, Mr. Hayden, that you feel the Von's Stores can draw up to five miles. Do you have any opinion as to the radius of the area from which your average store draws the larger percentage of its customers?

A. Well, I don't think you could plan on more than two miles.

Q. Do you have any idea what percentage of your customers of your average stores are drawn from this two-mile radius that you referred to?

A. What percentage in the two miles?

Q. Yes.

A. That is a hard figure to say. I just wouldn't know.

Q. Prior to the merger of Von's and Shopping Bag, Mr. Hayden, how many stores did you have located in the City of San Marino on Huntington Boulevard?

A. We have two stores.

[fol. 2199-44] Q. Those were Shopping Bag Stores; is that right?

A. Correct.

Q. How far apart are they located?

A. I would say it is less than a mile and a half.

Mr. Alsup: No further questions.

Redirect examination.

By Mr. Coyle:

Q. Mr. Hayden, when you prepared this exhibit purporting to show which of your stores were competing with these various discount stores, you took a five-mile radius as your boundary of competition, did you not?

A. Yes.

Q. Now referring to W. D. Hayden Exhibit No. 5 for

Identification, which I understand is a picture of the premises formerly occupied by the Key Company, and which you understand now houses a hardware store known as Build 'n Save, I ask you again can you identify this picture?

Mr. Alsup: I am going to object on the ground that it has been asked and answered and he said he could not answer it.

Mr. Coyle: I just want to see if he can identify it.

The Witness: No, I can't.

Mr. Coyle: I have no more questions.

[fol. 2199-45] Recross-examination.

By Mr. Alsup:

Q. Mr. Hayden, based on your study of the industry do you have any opinion——

Mr. Coyle: There is no foundation for this. What study are we talking about?

Mr. Alsup: You referred to a study of the industry and his business experience.

Mr. Coyle: I referred to his survey.

Mr. Alsup: Q. Mr. Hayden, what trade journals, if any, do you read?

A. Supermarket News.

Q. Have you seen any articles dealing with the draw area of discount stores?

A. Yes. They have quite a few articles in them.

Q. Do you have any opinion as to the draw area of the discount store, a large discount store?

A. I think some of their studies they claim up to eight to ten miles, but I think five miles would be a better figure.

Q. Is that what you had in mind when you prepared this exhibit, Mr. Hayden?

Mr. Coyle: He has already answered that.

Mr. Alsup: I don't think he has.

The Witness: Yes.

Mr. Alsup: I have no further questions.

[fol. 2199-46] Redirect examination.

By Mr. Coyle:

Q. On your direct examination, Mr. Hayden, didn't you testify that when you prepared this affidavit with the attached appendix that you used the five-mile area because it was your understanding that the Von's Stores would draw five miles?

A. No. I think most of the draw is two miles for any food store.

Q. But they will draw to five miles and that is what you based this appendix on, is it not?

A. That is what I made the study on the discount stores.

Q. You based it on the five-mile draw of the Von's Stores?

A. Yes.

Mr. Coyle: No more questions.

Mr. Alsup: I have no more questions.

(It was stipulated by and between counsel that the foregoing deposition be signed before any notary public with the same force and effect as those read, corrected and signed in the presence of the notary public before whom it was taken.)

Subscribed and sworn to before me this — day of ——, 196—.

Notary Public in and for the County of Los Angeles, State of California.

——, ——, (Signature of the Witness).

[fol. 2199-47] State of California,
County of Los Angeles, ss:

I, Harold M. Liebowitz, C.S.R., a Notary Public within and for the County of Los Angeles and State of California, do hereby certify;

That prior to being examined, William Delbert Hayden, the witness named in the foregoing deposition, was by me duly sworn to testify the truth, the whole truth and nothing but the truth;

That said deposition was taken before me pursuant to oral stipulation, at the time and place therein set forth, and was taken down by me in shorthand and thereafter transcribed into typewriting under my direction and supervision; that the said deposition is a true record of the testimony given by the witness;

That it was stipulated by counsel that said deposition may be read, corrected and signed by the witness before any notary public in and for the County of Los Angeles, State of California.

I further certify that I am neither counsel for nor related to any party to said action, nor in anywise interested in the outcome thereof.

In Witness Whereof, I have hereunto subscribed my name and affixed my seal, this 4th day of June, 1963.

Harold W. Leibovitz, Notary Public in and for the County of Los Angeles, State of California.

[fol. 2199-48] DEFENDANTS' EXHIBIT BI

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60-C

[fol. 2199-49] AFFIDAVIT OF W. D. HAYDEN

County of Los Angeles, ss:

W. D. HAYDEN, being first duly sworn, does hereby depose and state as follows:

I am the Assistant Operations Manager of Von's Grocery Co.

In September and October, 1962, I was requested by T. A. Von der Ahe, President of Von's, to make a list of all discount houses which sold groceries and other food items in Los Angeles and Orange Counties. I obtained the information requested from all possible sources, including personal observation and newspaper advertisements. I also had each of Von's supervisors report to me the names, addresses and other pertinent information concerning discount houses with food departments in their respective districts. By piecing together all of the information so obtained, I developed a list of discount houses.

Thereafter, attorneys for Von's learned of the list I had prepared and asked me to sign an affidavit to which that list was attached for use in the trial of the case entitled United States v. Von's Grocery Co. I was later called upon to have my deposition taken by counsel for the Government in that case. During the course of that deposition it became apparent to me that the list that I had developed contained some errors. Therefore after my deposition was completed and during the latter part of May and early part of June, [fol. 2199-50] 1963 I personally visited each discount house on which I had any information and corrected the list which I had previously prepared based upon my personal observation of those discount houses and their operations. I then prepared a new list, a copy of which is Exhibit AR. There are 37 discount houses with food departments named on that list. Each of the discount houses which I have listed has a grocery department and as indicated on the list many of them also sell meat and produce. If a discount store is described as having a complete food center it means

that it sells groceries, meat, produce and other products customarily offered for sale in grocery stores.

Each of the discount houses which I have listed is sufficiently close to at least one and usually several Von's stores to be in competition with them. On Exhibit AR, the discount houses named are listed by Von's supervisorial districts. The name and address of each discount house is set forth on the left hand side of the list, together with information concerning the type of food products sold at each outlet, whether the discount house is restricted to members only and the name of the operator of the food department (shown in parentheses) where that operator also operates conventional supermarkets.

On the right hand side of the list are the numbers and addresses of the Von's stores which are near the discount houses listed and in competition with them.

[fol. 2199-51] In addition, I procured an map of Los Angeles and Orange Counties on which each Von's store is located by a purple dot. I have pasted on this map stickers which show the name and location of each of the discount houses with food departments which are named on the above referred to list. These discount houses are also indicated by green dots if they have complete food centers and blue dots if they sell less than all the products usually found in grocery stores. This map is Exhibit AQ.

The attached list and the map referred to above show that Von's faces competition in many areas from discount food outlets. I know from my own observations and experience that the sale of food products in discount houses is a relatively new form of grocery retailing and that most of the discount houses which I have listed commenced operations after the merger of Von's and Shopping Bag, thus providing a new form and kind of competition both to Von's and other conventional retail grocery concerns in the Los Angeles metropolitan area.

W. D. Hayden.

Subscribed and sworn to before me, this 10 day of June, 1963.

Kathryn E. Hagerty, Notary Public in and for said County and State, [Seals.].

My Commission Expires June 22, 1963.

DEFENDANTS' EXHIBIT AX

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60 C

AFFIDAVITS OF DEFENDANT'S INDUSTRY WITNESSES WHO OPERATE ONE GROCERY STORE

* * * * * * *

AFFIDAVIT OF W. H. CRAWFORD

STATE OF CALIFORNIA,
County of Los Angeles, ss:

W. H. CRAWFORD, being first duly sworn, does hereby depose and state as follows:

I am the President of Modern Village Stores, Inc., which operates a grocery store and junior department store at 11850 Valley Boulevard, El Monte, California. Modern Village Stores, inc. also operates a junior department store in Monterey Park.

Our El Monte store began as a grocery store and has always featured groceries despite the fact that we sell a large number of non-food products as well. The area devoted to food sales is equivalent to that of a good sized supermarket.

I started in the grocery business in Los Angeles in 1933. In 1938, I acquired the El Monte location which Modern Village Stores still operates.

In 1957 and 1958, I served as President of the National Association of Retail Grocers of the United States (NARGUS), and I am still a member of that association's Board of Directors. In September, 1960, I was elected President of the California Grocers Association, a position I held for approximately one year. In recent months, illness has required me to give up many of my association activities, and I have for the same reason turned over most of my duties at Modern Village Stores to my son, Ray.

At the present time, there are a number of grocery stores run by both chains and independents and at least 3 discount houses with food departments in the vicinity of our El

Monte store. Directly across the street from us is a modern Market Basket. A large Food Giant store is located in a comparatively new shopping center less than a mile away. A Shopping Bag store is about a half mile away. I have often been asked if I could compete successfully against this sort of competition. My answer is and always has been that the question is not whether I can compete against them, but whether they can compete against me. I am sure that my store has always been the leading and most successful store in its vicinity. I am sure that my sales volume exceeds that of my competitors.

This has been accomplished through hard work and agressive merchandising and by exploiting the advantages I have over my competitors. A chain is, by its very nature, less efficient and more cumbersome to operate than a well-managed store owned by an independent. I am sure that I can move faster to meet local conditions and that with one store, I am more efficient than any of my chain competitors.

In addition, I am better known in the community than the chains. I have taken an active part in community affairs, and I have spent a great deal of time getting to know my customers personally. Prior to my illness, one could almost always find me in one aisle of my store and my son in another. We nod to people, stop and chat with others answer any question any customer may have. People appreciate this personal touch, and they come back for more.

I have also chosen my employees carefully, and on the whole, I seem to be able to get better personnel than the chains. I continually stress to my employees the necessity of extending courteous, friendly service.

We are almost always involved in some promotional activity or another. We advertise weekly in local media. Admittedly, we do not and could not profitably advertise in metropolitan newspapers as the chains do, but I think that the advertising we have is just as effective, if not more so. For example, our store serves a large Mexican community. We often run ads in both English and Spanish in order to because a large chain has to adapt its advertising to the attract this trade. This is something a chain could never do metropolitan area as a whole, while we concentrate on a single community.

Modern Village Stores, Inc. is a member of Spartan Grocers, a subsidiary of Certified Grocers of California, Ltd. Through Spartan we can buy groceries on terms comparable to the chains. I believe that cooperative buying is the single most important factor in the success of most independent grocers in Los Angeles.

I am aware that some independents have not developed successful businesses, but I do not believe that this is a result of any competitive disadvantage which befalls the independent. In my judgment, any single store operator who has the requisite experience and who is willing to work can compete with chains or anyone else and will develop a profitable business. Unfortunately, there are grocers who are inexperienced or lazy or both. Their chances of success are not very good.

Prior to 1960, NARGUS passed a resolution condemning all mergers in the retail grocery field which substantially lessened competition or tend to create a monopoly. I am in wholehearted agreement with the letter and spirit of that resolution, and I supported it at the time of its adoption. But I am firmly of the view that the Von's-Shopping Bag merger is not such a merger. I cannot see how it could possibly affect competition adversely, and so far as I can tell, it has not. By the same token, I cannot foresee any possibility that the grocery business in Los Angeles will become dominated by chains. Certainly, the merger of Von's and Shopping Bag does not raise any fear of such domination.

W. H. Crawford.

Subscribed and sworn to before me, this 24th day of December, 1962.

Juanita J. Lovin, Notary Public in and for said County and State, [Seal.]

My Commission Expires Dec. 19, 1965

STATE OF CALIFORNIA,
County of Los Angeles, ss:

AFFIDAVIT OF J. R. DAHL

J. R. DAHL, being first duly sworn, does hereby depose and state as follows

I am the owner and operator of the Arrow Market located at 8315 Santa Monica Boulevard in Hollywood. From 1957 to 1959, I was President of the Southern California Grocers Association, and I presently serve as that organization's Treasurer. Since 1957 I have been a member of the Board of Directors of the California Grocer's Association, and I am a member of the Board of Directors of Certified Grocers of California, Ltd. I am also an active member of the National Association of Retail Grocers of the United States (NARGUS).

My father and uncle operated a general store in Albert Lea, Minnesota, and so I more or less grew up in the grocery business. However, after graduation from college, I became the principal of a small high school in Montana. Later I went to work in Fresno, California for Rosenberg & Company, the world's largest dried fruit packers.

In 1927, I applied for a job with the then newly-formed Safeway chain in Los Angeles. I managed a Safeway store in the South Bay area of Los Angeles for 2½ years and was then transferred to El Paso, Texas.

Thereafter, I decided I wanted to return to Southern California, so I left my job with Safeway, sold some stock I owned in the company, and with the proceeds started a small store in Paramount, California.

In 1935, I sold that store and bought the Sunfax Market at the corner of Sunset and Fairfax in Hollywood. In 1938, I sold the Sunfax Market. Thereafter, I managed two stores for Carl's Ranch Markets, then a four store chain. In 1943, I purchased the Arrow Market, which I have operated ever since. The Arrow Market is considerably smaller than the average conventional supermarket, although we are now planning to remodel and expand the market. The building in which the Arrow Market is located is approximately thirty-five years old, and perhaps its principal drawback as a grocery store is the limited parking avail-

able. The small parking lot immediately next to the market can hold only 24 cars.

Despite the foregoing, the Arrow Market has been successful. My sales per square foot per week are nearly twice the national average for supermarkets. The success of my business may be attributed to many factors, including a good deal of hard work, but there are two principal factors leading to my success which stand out in my mind.

The first is my membership in Certified Grocers. Unless I was affiliated with a strong cooperative buying association such as Certified, I would have a distinct disadvantage as compared to chain stores in the prices for which I could purchase groceries. My membership in Certified, however, permits me to buy at prices which are as low as the prices offered by suppliers to direct-buying chains, since Certified buys in the same quantities and obtains for its members the same advantages of quantity buying and central warehousing as in the case of the chains.

The second main reason for my success is the personal relationship I have developed with the community and the customers I serve. It has always been my theory that if a small grocer takes an active interest in the people he serves and the community in which he does business, he will attract a good number of loyal customers. As a consequence, I have tried to make my store more than just a place in which to buy groceries. I have tried to make it a center of community affairs and a place people like to go. I have done this primarily because I have enjoyed doing it, and there is no doubt that it has enriched my life, but it has also contributed significantly to the success of my business. My employees are always friendly and polite. I, myself, spend time chatting with people in my store, becoming personally friendly with them. I live within a block and a half of my store, and I walk to and from work. I am known in the community.

I have installed a bulletin board in my store on which anyone can post any sort of notice without any charge. I always mail out various materials to my customers each week.

In addition, I am active in community affairs, where I have made innumerable friends and customers. I am currently President-elect for the year 1963 of the West Holly-

wood Kiwanis Club, a position I also held in 1955. I am the Director of Rehabilitation for the Kiwanis Crippled Children's Foundation. I have been active in the YMCA, the Boy Scouts, the Community Chest, the Red Cross, and for many years I have served on the Board of Directors of the West Hollywood Chamber of Commerce.

The personal contacts I have with my customers and my community have given me a tremendous advantage over my competition. A chain store, for example, cannot possibly become as closely allied with the community as I can, and a chain store manager simply does not have the opportunity to develop the close personal ties which I have with my customers and the community as a whole.

In addition to the foregoing, my success has also been contributed to by other factors, such as my knowledge and experience in the grocery business and the fact that I am right on hand to supervise personally my employees and to watch my costs.

In 1958, I was interviewed by a representative of Food Topics Magazine who asked me what opportunities were available to the single-store operator in Los Angeles. I replied in substance, "We've never had it so good. There's never been a time such as today when a medium-sized supermarket in the $1,000,000 to $1,500,000 [sales] bracket —could make so much money." Food Topics chose to quote my remarks in an article concerning the grocery business in Los Angeles which appeared in that magazine. What I said then accurately stated my opinion, and I am of the same view today. I still feel that a single-store operator can compete successfully and make a good profit in Los Angeles.

I do not think that the merger of Von's and Shopping Bag in 1960 affected the competitive opportunity of single-store operators or other small concerns in any way. The grocery business has always been keenly competitive in Los Angeles, and the merger has not lessened that competition or its intensity. It has not placed small operators at any competitive disadvantage so far as I can see. Furthermore, I am of the opinion that the existence of small concerns and the likelihood that they will prosper and grow in number

precludes any possibility of this market becoming dominated by a few large concerns.

J. R. Dahl.

Subscribed and Sworn to before me, this 6th day of Nov., 1962.

Elaine R. Klas, Notary Public in and for said County and State, [Seal.]

My Commission Expires August 13, 1965

AFFIDAVIT OF CECIL W. DOBSON

STATE OF CALIFORNIA,
County of Los Angeles, ss:

CECIL W. DOBSON, being first duly sworn, deposes and states as follows:

I am the President and principal stockholder of Dobson's Market, a corporation, which owns and operates Dobson's Market, a grocery store located at 4305 Degnan Boulevard, Los Angeles, in the Leimert Park area, near the Crenshaw Shopping Center.

I have had more than 30 years experience in the meat and grocery business in Los Angeles. I acquired my present store at 4305 Degnan Boulevard just about three years ago. At that time I was aware of the plan of Von's and Shopping Bag to merge and this did not deter me in the least from opening up my present store. As a matter of fact were and are newer and bigger stores of various chains, in the shopping area in which my store is located there and I knew I could compete and in fact have competed very successfully with them. I think I have a competitive advantage over all of them. I refer to the following supermarkets, all of which are located in what is generally known as the Crenshaw shopping district:

1. The Von's store at Santa Barbara and Crenshaw;
2. The Daylite store on Santa Barbara just a block or so west of the Von's store;

3. The Safeway store at 39th and Crenshaw;
4. The Boys store at Rodeo and Crenshaw;
5. The Ralphs store at Rodeo and Crenshaw.

There is also a Fox Market at 57th and Crenshaw and there are a number of liquor stores and drug stores in the area which, of course, sell many of the same products which are sold in my store.

I believe it is worth noting that the experienced single store operator who makes an effort to give personalized service to his customers has a great competitive advantage over the employee-operated store of any chain. Labor relations and being on top of the situation are the biggest factors in the operation of any store, and the individual operator has a great advantage in this respect. In my meat department, for example, I have four men who have worked for me for more than 20 years. I have taught them the business. I feature top quality meats and we render personal service to each customer. From my years of experience and my personal acquaintance with the meat packers, I know that I can purchase my meat at prices equal to those paid by the large chains and I get just as good or better quality at all times. Moreover, I can make a larger profit on meat than any of the chains because of my greater efficiency in cutting the meat. I estimate that because of my cutting proficiency and that of the men I have referred to we get from 4- to 5% more saleable meat than the chains do.

The same is true in produce also. My produce buyer is Japanese and he really knows quality produce. He goes to the produce market at 4:30 A.M. every day and he purchases only the select merchandise so that there is no waste through spoilage. The large chain, buying in large quantities, cannot be so selective and it necessarily gets some produce it cannot sell. By buying at the right time I am certain we do just as well if not better in price on our produce purchases as any chain, and much better on quality overall. We feature top quality produce and as a consequence our produce business has increased by 50% in the last year.

With respect to hard produce, such as potatoes, it may be that the large chains buying directly in carload lots can purchase at a somewhat better price than individual opera-

tors pay buying on the local produce market, but at the same time there is no doubt that those who buy in smaller quantities on the local market can be more selective as to quality, so there is no advantage to the large chain in this respect.

I am a member of Orange Empire Co-op and I get my groceries at just as good a price as any direct buying chain. I get all the advantages of advertising allowances and buying discounts that any large direct buying chain does.

I have stated that any individual operator who concentrates on personalized service and good relations with his employees can compete successfully with any chain store and do very well in the grocery business. My own store is a good example of the accuracy of this statement. Thriftimart had the lease on my store for ten years but it was not a profitable store for Thriftimart and it did not renew its lease when it expired. I believe Thriftimart never did as much as $1 million gross business at this store. Compare this with the $2 million gross which I did in the store last year.

After Thriftimart gave up the store, Patton's Markets took it over and for awhile did a good business by running a lot of hot ads. However, Patton's did not have the personal touch and the store was not successful under that management. Patton's sold the lease to a man named Ransom. Ransom was not a good merchandiser and was not successful, and so he sold to me. Naturally I take pride in the great success I have made of the store. I know that any individual operator with know-how who has good labor relations and is on top of the situation at all times can have similar success, and there are very many similarly successful individual operators in this area competing very effectively against stores of chains.

I have read the statements of the proposed government witnesses. I refer to the statements of Messrs. Bynum, Carpenter, Dick, Gertmenian, Irvine, Ledgerwood, Logue, Mekjian, Palmer and Swerdlick. All of these statements are virtually identical and I do not agree with any of them. I believe that the larger a chain gets the more difficulty it has in labor relations, in finding competent employees and in controlling individual store operations and the more vulnerable it becomes to the competition of individual opera-

tors like myself. The merger of Von's and Shopping Bag could not possibly have injured any individual operator and it certainly has not lessened competition in the slightest. I believe it is utter nonsense to think there is any danger that a few large chains will ever dominate this market. There are thousands of strong individual operators, small chains and larger chains doing business in Los Angeles and Orange County and based on my own long experience in the business I am sure there always will be. Competition in the grocery business is on a store-by-store basis and any aggressive and able operator like myself can outcompete the store of any of the chains because of personalized service, better labor relations, and being in personal charge of the store and seeing that it is run properly. The merger gave Von's no competitive advantage at all and it is impossible for any chain or group of chains to control this market.

Cecil W. Dobson.

Subscribed and sworn to before me this 8th day of February, 1963.

Kathryn E. Hagerty, Notary Public in and for said County and State, [Seal.]

My Commission Expires June 22, 1963.

AFFIDAVIT OF REYNOLD ELKIN

STATE OF CALIFORNIA,
County of Los Angeles, ss:

REYNOLD ELKIN, being first duly sworn, does hereby depose and state as follows:

William Tuckman and I are the sole stockholders of Penny Food Mart, Inc., which operates a grocery store at 935 North LaBrea Avenue, Inglewood, Los Angeles County, California. Mr. Tuckman and I formed our corporation in 1958. Since that time, I have been primarily responsible for the operation of our grocery business.

I have been in the grocery business in Los Angeles since

1939, when at the age of 13 I began working as a clerk in a market operated by Beach Grocery Co. In 1941, I was employed by Von's Grocery Co. and ultimately became an assistant store manager and relief manager for that company. I remained with Von's until 1951 (except for 3 years service in the Navy). I was hired in 1951 to manage the Fairway Market in Monterey Park. Three or four months later, that market was acquired by Raisin Markets. I stayed on and worked with Raisin Markets in a supervisory and buying capacity until 1958 when Mr. Tuckman and I formed our corporation and acquired our present market.

Mr. Tuckman also has had a number of years experience in the grocery business.

The store which we acquired and which we still operate is located directly across the street from a large Safeway supermarket which in 1958 was only about two years old. Our store is located in a building which is more than 40 years old. When we acquired our store and on many occasions since then, I have been reminded of something I learned from Wilfred Von der Ahe, now Executive Vice President of Von's, when I worked for that company. At the time to which I am referring, Von's had only 7 or 8 stores, and we learned that Safeway was about to open a new store right next door to one of Von's. When he learned of this, Will said, "The best place for a Safeway store is right next door to us." He was confident that Von's could out-compete this large chain store and that Von's could take trade away from it. He was right, and his axiom is just as true today as ever. Since we opened our store in 1958, our sales volume has increased by more than 400%. We have out-competed Safeway as well as the other markets in our area. There is a Von's store ½ mile away, a Thriftimart ½ mile away and a Fox market 1 mile away, as well as a few other independents. I wonder how much better we would have done if all of these stores were next door to us.

Our success can be attributed to the fact that we have exploited the natural advantages which *any* independent holds over *any* chain store. Will and Ted Von der Ahe are good grocerymen. So are Neal Ramsey (President of Market Basket), Robert Laverty (President of Thriftimart) and other chain executives, but they are not in their stores.

I am. I can personally oversee every aspect of my business. I can keep my store clean. I can create a personal, friendly relationship with my customers. I can provide them with service. I know my customers, not only in the sense that I can greet them, but in the sense that I know what they want, what they will pay for any given product and what appeals to them. In addition, my ability to make changes to take advantage of local competitive conditions is much greater than in the case of chain stores. I can walk across the street to Safeway, look around their store, see what they are doing wrong and where their operation is vulnerable, come back to my store and immediately institute changes which will take advantage of Safeway's weak spots.

Contrast my operation with the operation of a chain store such as Safeway. First of all, the store is run by an employee of Safeway. He does not have an ownership interest in the business, and it has been my experience that somehow a manager, no matter how good he is, is no substitute for an experienced and able independent who is operating his own business. The two are simply not motivated by the same considerations. Of equal if not greater importance is the fact that the chain store manager is not in charge of all aspects of his business. He has very little to say about what products will be sold in his store. He has almost nothing to do with the prices at which products are sold. He is also restricted by chain-wide merchandising policies. In order for him to institute the sort of change which I can make immediately, he must clear with the head office and then his proposed change may not be approved. Under these circumstances, I am confident that the independent has every opportunity to out-compete a chain, and that by taking advantage of these opportunities he is going to attract customers from the chain store.

One of the points I have mentioned above deserves further comment. I believe that the fact that chain stores must set a chain wide policy both in terms of the products they sell, the prices they charge and the merchandising methods they employ is a real and distinct disadvantage to them. This has been proven to me by my own experience. Approximately two years after we began operating our Inglewood store, we decided to try to branch out. We took

advantage of an opportunity that was made available to us to acquire the lease on a store in South Gate, which is also in Los Angeles County. We hired a manager to run that store, and we instituted policies which had been shown to be most successful in our Inglewood store. Our South Gate store was not as successful as we had hoped it would be. The reason was that the community which we served in South Gate did not want the same things as the community we served in Inglewood, and they responded to our policies in a wholly different way. We found that the people in South Gate wanted different products than the people in Inglewood. It had been our experience in Inglewood that price was of very little importance in attracting or holding customers. In South Gate, we found that the community we served was much more price conscious. Moreover, I was not able to spend a great deal of time in our South Gate store, and because I was not right on the job, I was not able to adapt our policy in South Gate to meet the needs and desires of that community, and while our store manager in South Gate was a capable, experienced man, it just wasn't the same as having the owner of the business on the premises, able to oversee every aspect of it and make the changes that were required. As a result, we did not renew our lease on the South Gate store, and I understand that it has since been leased to another independent merchant. Now if I had this problem with two stores, I imagine and I am sure that the chains must have the same problem, only more so, with a greater number of stores, and it is my belief that the larger a chain gets, the more aggravated this problem becomes and the greater become the opportunities for the independent to compete against chain stores.

I do not mean to leave the impression from my remarks that the success of our business has been easy. It has required hard work, careful attention and most of all, I do not think it could have been accomplished were it not for the fact that I knew the grocery business by reason of my experience as an employee of Von's and Raisin Markets. I know that there are a lot of independent grocers in Los Angeles who do not have that same experience, who do not have the requisite ability to run a grocery store, or who are unwilling to work as hard as is necessary to make a success of their business. For example, the man who operated our

present market prior to the time when we took over d
run a clean, up-to-date market, and he did not do nea
well as we have been able to do. I am sure that inc
tence, inexperience and laziness have led to a lot of fa
in the grocery business, and this goes for both larg
small concerns. I am sure that these failures will co
in the future, but I am just as sure that an able, hard
ing independent has got it made in Los Angeles an
the opportunity for independents who know what th
doing is wide open.

Attorney's for Von's Grocery Co. have asked me to
ine a document which purports to be the testimony
Adrian Bynum, who I am advised will be a witness
government in the case which has been brought to
the legality of the merger of Von's and Shopping
note that in paragraph 4 of that statement, it is stat
only chains with triple A financial ratings can get de
locations in shopping centers. At the present time a
this seems to be the case. However, I would like to po
that not all successful supermarkets are in sh
centers, and while a shopping center location may b
rable, there are many, many locations outside of sh
centers which are just as desirable. I know, as a ma
fact, that the chains even today are opening stores
of shopping centers in as great a number as those
are being opened in shopping centers and it is my
that there are locations available to independents
of shopping centers which can provide them with a b
a successful grocery operation. When the right time
in the future, I am sure that we will be interested
panding our business. We learned a good deal throu
experience in South Gate, and I think that there will
time when we will wish to expand by adding new
When that time comes, I am confident of being able
locations for successful stores.

I note that in paragraph 6 of Mr. Bynum's statem
stated that "single store operators and small chains
have their own highly developed distribution system
larger chains do. This is simply not the case.
member of the greatest purchasing and distribution
in the world—Certified Grocers of California, Ltd.
dependent who takes advantage of the services off

Certified or comparable cooperative buying groups such as Orange Empire Coop, can purchase groceries and get them on their shelves as cheaply as any chain. The fact that chains have their own distribution systems is evidence of the complexity of their business and the necessity for centralized control. It does not necessarily mean that chains have an advantage in these fields, and I a mconfident that they do not.

In paragraph 7 of Mr. Bynum's statement, it is stated that Certified does not handle dairy, meat and produce items. Nonetheless, it is my belief that I can do as well in purchasing those items as any chain. Mr. Bynum also points out that Von's belongs to a dairy cooperative known as Jersey Maid. I also know that Safeway owns its own dairy, and sells only Lucerne Milk which is produced by that dairy. I do not believe that this gives them any advantage. I deal with Foremost Dairies, which is many times larger than either Jersey Maid or Lucerne. Foremost has to sell its milk in competition with Jersey Maid and the Lucerne, and consequently, they are going to give me as great an opportunity to sell their products in my store as Von's and Safeway have in selling their dairy products in their stores.

Mr. Bynum also states that chains with their own distribution systems do not buy from Certified. I am confident that I can do and probably out-do the direct buying chains through my membership in Certified, just as I can do as much with the assistance of Foremost Dairies in the selling of dairy products as Safeway can do with Lucerne or Von's can do with Jersey Maid products.

In paragraph 12 of his statement, Mr. Bynum states that he has faced vigorous competition from Von's. So have I, and I have provided them with vigorous competition. As I said before, I only wish they were next door to me so that the customer would have the opportunity of a side by side comparison of my operation and Von's.

Finally, Mr. Bynum states in paragraph 14 of his statement that he believes that the merger of Von's and Shopping Bag "will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area." I could not disagree with him more. I do not

believe that the merger of Von's and Shopping Bag is in any way to the disadvantage of competition. In fact, I believe that that merger, in so far as it created a larger chain, enhanced the opportunity of independents to compete against Von's and Shopping Bag stores, and I do not see how that merger could have tended to create a monopoly in any conceivable way.

Reynold Elkin.

Subscribed and sworn to before me, this 11th day of January, 1963.

Kathryn E. Hagerty, Notary Public in and for said County and State, [Seal.]

My Commission Expires June 22, 1963.

AFFIDAVIT OF JOSEPH B. GOLDBERG

STATE OF CALIFORNIA,
County of Los Angeles, ss:

JOSEPH B. GOLDBERG, being first duly sworn, deposes and states as follows:

I have been in the grocery business in the Los Angeles area since 1496 when, upon my release from the Army, I went to work as a produce buyer for King Cole, Inc. I had had no previous experience in the business. King Cole, Inc. was started in 1946 by my brother Leo A. Goldberg, Earl I. Swetow and Max Berick, each of whom had worked for Jim Dandy Markets Inc., and who decided to start their own business. By 1961 King Cole, Inc. had grown to a six-store chain which did a business of about $12 million per year, and by that time I had become executive vice-president and general manager of the company. My brother Leo was President of the company.

In March 1961 my brother and Earl Swetow decided to retire from active supermarketing and enter the real estate field. They desired to sell their interests in the corporation and this paved the way for me and other executives and employees of the company to purchase the individual stores and operate our own separate businesses. I wish to make it

clear that the decision to break up King Cole was not because it was not doing well. Actually it was a very successful operation, but my brother felt he had made enough money to be comfortable and did not desire to continue in the business any longer.

As a result of the decision to split up the business I purchased the King Cole supermarket at 11203 East Washington Boulevard in Whittier. The unit at 2920 Los Feliz Boulevard, Los Angeles, was sold to P. T. Morse, who had been vice-president and liquor buyer for King Cole. The unit at 2511 Sunset Boulevard, Los Angeles, was sold to Sam Warner, who had been vice-president and director of store operations for King Cole. Sam Warner and some investors also bought the Glendale store at 1615 West Verdugo Avenue. The unit at 649 West Holt Street, Ontario, was sold to Ontario Foods Corp., which was organized by three King Cole supervisors named Stanley Able, James Exchnoz and Bernard Cinnamon. They were permitted to buy the store on a long-term basis with little down payment and they have done very well with the store. A newer unit at Lemon and D Street in Ontario was sold to Perry Burnside.

As for myself, I have been very successful. When I took over the Whittier store in March, 1961 it was doing a gross business of $2.9 million per year, and in the first year under my ownership and operation the volume of the market boosted to a $3½ million level and my profits also went up. I expect to do somewhat better than that figure in the coming year.

I was so confident of my ability to compete successfully that in August of 1961 I also took over the Anaheim unit which had been under construction for King Cole, Inc. at 300 North Beach Boulevard, Anaheim. I made a miscalculation on the Anaheim store. It was not a successful store and I have since closed it and it is now available for lease to some other operator. There are many things which account for the success or failure of a particular store and in part this store was not a success because I could not be present to give it my personal attention, and in part it was because there was not sufficient population in that area to support the store and I did not have sufficient capitalization to wait for the store to begin to pay off. Actually the store is in an

excellent location for the future and I have no doubt at all that before too long this will prove to be a profitable store for some operator.

I have been asked how I could increase volume and profits as an individual owner of the Whittier store which I had previously handled as an executive of a six-store chain. The answer is that my success not only focused the spotlight on deficiencies of King Cole, Inc. as a six-unit firm, but also on many larger chains in this area. My Whittier store operates within 100 yards of a large and newer Safeway and a big and newer Food Giant market. There are a number of other stores in the area, including a Shopping Bag store about a mile away. I do a better gross, and I am sure, a better net than any of these stores. Based on my own experience I can state confidently that any independent who is of a mind to personally supervise his store, merchandise aggressively, and maintain close relations with customers and store personnel, can out-operate any chain store.

The chains in this area are good operators but when they grow too large they are actually easier to compete with from an independent's viewpoint. If I had a choice I would rather operate a store near a chain unit than near another independent.

The flexibility of the independent is another important factor. As an executive of King Cole, Inc., I felt an obligation to go through channels, to make explanations of my decisions. Now if I decide to do something it goes into effect immediately. With a chain operation, management has to reach its stores through supervisors who contact store managers. I can go directly to the manager or, in some instances, right to the clerk. On-the-scene ownership gives the independent a tremendous advantage over the chain store.

The supermarket field is wide open to independents who make an effort to compete. Only in the area of financing is the independent at a disadvantage. It is easier for the chain to get into a shopping center but this is a fact of our life which was not changed in the least by the merger of Von's and Shopping Bag. Some other advantages of the independent are: Adjustability to competitive conditions, and the availability of stock movement analyses through Certified

Grocers of California, which provide records to show which items are best sellers and which are slow sellers. Purchases through Certified also assure the independent of buying his stock competitively.

I have given the foregoing opinions freely and without solicitation. As a matter of fact, they are taken virtually verbatim from an article in Supermarket News for August 21, 1961 in which the reporter Les Gilbert quoted my statements after an interview with me. The statements were made long before I had any idea that I would be asked to testify in the Von's merger case. The statements are true today as they were then.

I personally believe, based on my own experience and knowledge of the business, that it is ridiculous to even think that the merger of Von's and Shopping Bag did or possibly could lessen competition in this area, and it is equally ridiculous to say that this business in this area will ever be dominated by just a few or even a few hundred chains. No chain or group of chains can outcompete any independent who knows his business and is willing to work, and there are just too many of us who like to own and run our own business to think of us as a vanishing breed. The independent in this area is as strong and successful today as ever and I expect that he will continue to be so. Certainly the Von's-Shopping Bag merger has not harmed anyone and it has not lessened competition. If anything, in my opinion, it made Von's more vulnerable to competition from independents like myself.

I have been told that some of the government witnesses say that the independent can do just as well as the chains by buying through Certified Grocers or from Orange Empire, but they cannot do as well on purchases of produce and meat. I do not agree with them at all as to the meat and produce. Where a chain like Von's might buy 500 flats of strawberries, for example, I buy only 50 and the buyer of 500 flats simply cannot be as selective as my buyer is. The result is that we get higher quality with far less spoilage. As to meat, my buyer gets equal, if not better quality by buying in more selective smaller quantities and at prices competitive with those of any of the chains.

I have also been told that the government witnesses say that Von's has a competitive advantage as to milk because

of its membership in Jerseymaid. I am sure that the few owners of Jerseymaid do make a good profit from the operations of that company but who can say if it is any better profit than they would have received if they had invested the money in real estate or the stock market rather than Jerseymaid? Actually, Golden Creme Farms has even more stockholders who are grocers than does Jerseymaid. I am a stockholder in Golden Creme Farms and I get milk and bread through Golden Creme. I believe there are about 90 grocers who own stock in Golden Creme Farms and who buy milk and bread through that concern. There is nothing to prevent other grocers from purchasing some of the Golden Creme Farms stock and buying their milk from that organization. But while this might be a good investment for them it would not give them any competitive advantage just as Von's has no competitive advantage because of its investment in Jerseymaid. The fact is that the price at which milk is sold by a dairy to the grocer and the price at which the grocer can sell the milk to the consumer are both fixed by state law in California, so if there is any competitive advantage in milk, aside from drive-in dairy depots which by law can sell at a lower price, it would lie with the grocer who uses one of the better advertised brands like Arden, Carnation, Foremost or Knudsen.

I have read the prediction of one of the government witnesses that if the merger of Von's and Shopping Bag is not set aside there will be other mergers of big chains which will result in a few chains dominating the market and "accentuate the large chains' advantages over the small grocery." I do not have a crystal ball, but I regard this as specious reasoning and I do not agree with it at all. I am certain that the merger of Von's and Shopping Bag did not lessen competition at all in this area and in my opinion there is no danger in the foreseeable future of the demise of the aggressive and able independent and small chains.

Joseph B. Goldberg

Subscribed and sworn to before me this 20th day of February, 1963.

Kathryn E. Hagerty, Notary Public in and for said County and State, [Seal.]

My Commission Expires June 22, 1963.

AFFIDAVIT OF ALBERT GOLDSTEIN

STATE OF CALIFORNIA,
County of Los Angeles, ss:

ALBERT GOLDSTEIN, being first duly sworn, does hereby depose and state as follows:

I own and operate the Toluca Mart, a retail grocery store located at 4020 West Alameda Street, Burbank, Los Angeles County, California.

My experience in the grocery business goes back to the days when my brother, Joseph Goldstein, sold oranges from a small truck in the streets of Los Angeles. In the late 1920's, my brother and other members of our family began operating a grocery store which was called The Boys Market. I joined the business in 1933 at about the time when the second Boys Market was opened. During the next 25 years, I served in various capacities with Boys and participated in developing that business into a 9 store chain. Today, Boys has 23 stores in Los Angeles and Orange Counties.

In March, 1958, Theodore Cummings, President of Food Giant, offered me the position of Vice President and General Manager of that chain. I accepted and stayed with Food Giant in that capacity until October, 1962. During that period of time, Food Giant experienced a fantastic growth. In 1958, it had 19 stores; by October, 1962, it had 53 stores. In the few months since then, it has opened six new stores giving it a total of 59. In addition, Food Giant operates Unimart discount houses in the Los Angeles metropolitan area and has many other business interests in related fields.

The circumstances under which I left Food Giant are these. As an executive of Food Giant, I found that I was spending almost all my time on business matters which had little relation to the actual operation of grocery stores. I am a groceryman, and the on-the-spot operation of a grocery store is what interests me. I cannot say that I was really interested in other aspects of running a large diversified business. Also, the pressures which came with my job at Food Giant were terrific. As a result, I decided that I wanted to make a change. In 1962, we learned that Von's Grocery Co. was going to open a large, new supermarket in

a shopping center directly across the street from the Food Giant market on Alameda Street in Burbank. Prior to this time, the Food Giant in Burbank had had very little competition, but it was considerably older and smaller than the proposed Von's store. I knew from my experience in the grocery business that the new Von's would undoubtedly take a good deal of business away from this Food Giant store, but I felt that if a good independent operator took over the Food Giant market, he could operate it successfully despite the competition posed by Von's. Time and again, I have seen an independent take over an older chain store and make it a success. This seemed like the perfect opportunity for me to get back into a grocery store. I knew the Burbank area, having lived there for 15 years. Therefore, I asked Mr. Cummings to sell me the Burbank store, and he agreed to do so.

I purchased this store and began operating it on my own on October 22, 1962. The Von's store across the street had just opened and a week later Alpha Beta opened a new supermarket about 2 miles away. I wanted to change the name of the store to the Toluca Mart, but I had difficulty getting an appropriate sign for the store. As a result, for the first four weeks, I operated under the name Food Giant. Of course, during this period I was not able to run independent ads or institute other policies which I had in mind. It was just as if I was operating this store as a manager for Food Giant. During these four weeks, the sales volume of the store declined.

Finally, in late November, 1963, I got my new sign, began advertising under the name Toluca Mart and instituted the merchandising techniques I had decided upon. In a very short time, the sales volume began to increase. In January, 1963, the sales volume in the Toluca Mart was about the same as had been enjoyed by Food Giant at this location prior to the opening of the Von's store across the street. I am sure that my sales will increase in the future as my store and its policies become better known in the community.

This new venture of mine is founded upon my conviction that a good independent market operator can out-compete a good chain store any day in the week. The reasons why he can do so are these:

1. The independent, through cooperatives such as Certified Grocers, can get his groceries on his shelves for a lesser cost than the direct buying chain. Based on my experience with Food Giant, which purchased directly from suppliers and operated its own warehousing and distribution system, and based on my knowledge and experience as a member of Certified, I can state as a matter of fact that I can buy cheaper than a large chain.

2. The independent is in his store personally supervising his business. He does not have to rely on supervisors or store managers to do it for him.

3. The independent can introduce a personal touch into his business by giving his store a friendly atmosphere and by personally serving his customers.

4. The independent can direct all of his competitive effort toward the objective of luring customers away from the chain competition in his particular community. On the other hand, the chain must consider the effect of its policiies on all of its stores and in all the communities it serves. Also, by reason of its size, and the complexities of its business, it takes time for a chain to make changes in all aspects of its business. The independent is much more flexible and can make changes much more quickly. In this aspect of the business, there is no question that an independent holds a tremendous competitive advantage over his chain rivals.

5. The independent's costs of operation are lower than chains and he should be able to earn a greater margin of profit than the chain.

I am sure that I can operate the Toluca Mart more successfully despite Von's competition than the same store could have been operated under Food Giant, solely because Food Giant, being a large chain itself, has none of these advantages. This does not mean that Von's is any better than Food Giant. It means only that an independent can compete more effectively against a chain store than another chain can.

As a matter of fact, I believe that an independents' best possible location is directly across the street from or next

door to a chain store. With Von's directly across the street in a shopping center, I know that people will be attracted to this immediate area. Once they are here, they have a choice between shopping at Von's or the Toluca Mart. With the advantages I hold over Von's, I am sure I will get my share of the business, despite the fact that Von's name is well known and my store's name is not and despite the fact that Von's store is larger, newer and more attractive. On the other hand, if Von's had its store a mile away, we would be constantly tugging and hauling for customers to come to the vicinity of our individual stores. I would have no chance to attract those who went to the vicinity of Von's store.

I recognize that in obtaining shopping center locations, the chain has an advantage over the smaller concern. Shopping center developers prefer established chain names which are inevitably more attractive to lenders than unknown names. But this does not mean that a single store operator cannot expand his business. Not all of the good locations are in shopping centers. For example, I have been offered at least one other store which I decided not to buy because it was too far from my present store. I want to develop a small chain of stores, all of which are located in the same general area and close enough to each other to permit my personal supervision of them. I am confident of my ability to achieve this goal ultimately.

I have been asked by attorneys for Von's Grocery Co. to express my opinion of the merger of Von's and Shopping Bag. I do not believe that that merger has affected competition in grocery retailing in any way. I do not believe that it has given Von's any decisive advantage over its competitors. If I felt otherwise, I certainly would not have purchased the Toluca Mart directly across the street from a new Von's store. On the contrary, I believe that smaller grocery concerns have an excellent competitive opportunity in Los Angeles, and we are bound to see many of today's smaller concerns and many newcomers prosper and expand their businesses in the future. Under these circumstances, I have no fear that the food business in this area will become dominated by a few large concerns.

Albert Goldstein.

Subscribed and sworn to before me, this 20 day of February, 1963.

Kathryn E. Hagerty, Notary Public in and for said County and State, [Seal].

My Commission Expires June 22, 1963.

AFFIDAVIT OF HARLOS GROSS

STATE OF CALIFORNIA,
County of Los Angeles, ss:

HARLOS GROSS, being first duly sworn, does hereby depose and state as follows:

I am the owner and operator of Shopping Mart, which is a former Shopping Bag store located at 9476 East Las Tunas, Temple City. I purchased this store from Shopping Bag on April 7, 1953, and I have run it successfully and profitably ever since that time. I have had no desire to expand and build a chain. I am grateful to be a small operator.

Membership in Certified and A. M. Lewis, Inc.

I have membership both in Certified Grocers and in A. M. Lewis, Inc. Orange Empire Cooperative. Because of this membership I can buy my groceries just as cheaply as any chain and I can meet any competition, bar none, whether it is from stores of Apha Beta, Safeway or anyone else. Certified and Orange Empire do not handle meat or produce but I can do just as well as any chain on that. I emphasize quality and service both on my meat and my produce. I buy nothing but the best meat and produce and there is not any chain that can out-compete me.

Competitors in the Area

There are 17 grocery stores within a two-mile radius of my store. Within one mile of my store are stores of Apha Beta (just around the corner), Mayfair, Lucky, Safeway, A & P, and Market Basket. When I bought this market from

Shopping Bag in 1953 there were only 5 stores within a two-mile radius of it—now, as I stated, there are 17 and they have not hurt my business at all. My store did a gross of $600,000 the first year I had it and every year since it has done over $1 million a year. This has given me and my family a good living and I have made money. I have no doubt that this will continue.

Ability of the Single Store Owner to Survive

For many years I have heard it said that there is no place in the grocery business for the little man, and I suppose that despite our continued survival and success this will continue to be said. Of course, some small operators—and some chains have failed, just as there are failures in every business. Success or failure in this business is pretty much up to the individual. I have made myself a part of my community. I belong to Kiwanis, the Chamber of Commerce, I am on the school board and I have been active in Little League and the Boy Scouts. This has made friends for me, and I not only like it but it has helped my business. I think in this respect I have an advantage over the chain store whose manager may not live in the particular area. Moreover, I believe I am more cost conscious and more flexible in my operations than the chain manager. Of course, I am not opposed to the chains—they perform a very useful and necessary service to the public and afford employment to many thousands of people. But no able and aggressive operator need fear any of the chains, in my opinion, and there is plenty of opportunity for persons to enter the business and to prosper and grow.

Opinion as to the Effect of the Von's-Shopping Bag Merger

It seems to me that this merger has kept a local business in local hands, and I believe this is preferable to a local chain selling out to some national chain. Everyone that I know in this area in the grocery business has respect for and confidence in Mr. Hayden and Mr. Von der Ahe. They are tough but fair competitors and they were able to build their chains from scratch because of their hard work and self-sacrifice. If Mr. Hayden desired to realize a capital gain out of his years of hard work I believe he should be

permitted to do so. I have been told that the government attorneys claim that the merger may substantially lessen competition or tend to a monopoly. To my mind this charge is ridiculous. It could only be made by someone who does not understand the business in this area. Competition in the retail grocery business was strong before the merger and, in my opinion based on my knowledge of the business, the merger has had no effect on the competitive situation. Moreover, there are just too many people who are able to enter the business and run a successful single store or chain for anyone who knows the business to think there is a danger of this business being controlled by just a few operators. There are hundreds of successful competitors in this area and in my opinion there always will be. As for me, I am not afraid of any competition, anywhere. I can do well and so can anyone else who is capable of running the business and is not incompetent.

Harlos Gross.

Subscribed and sworn to before me this 25 day of October, 1962.

Walter T. Shatford II, Notary Public in and for said County and State, [seal.]

AFFIDAVIT OF PAUL A. HINES, JR.

STATE OF CALIFORNIA,
County of Los Angeles, ss:

PAUL A. HINES, JR., being first duly sworn, does hereby depose and state as follows:

My father and I own and operate a market under the name of Hines Grocery Company, at 780 E. Colorado Boulevard, Pasadena, Los Angeles County, California. My father, Paul A. Hines, Sr., started in the grocery business in 1919 when he and his brother borrowed $500 and added $250 of their own which they used to buy a small store in Pasadena. Thereafter, my father continued to operate stores in the Pasadena area and in Avalon on Catalina Island. In 1945, he purchased the store we now operate from

Thriftimart. I became active in the business in 194
1949, our Avalon store was sold and since that tim
have concentrated our efforts on our Pasadena store.

Under the management of Thriftimart, that store
been a consistent money loser, and when my father
chased the store, there were many of his friends an
quaintances in the grocery business who felt that he
making a mistake. Our records show that in the firs
month of operation, our store did a gross volume o
proximately $12,800. In December, 1962, the last full m
of our operation, our sales amounted to approxim
$200,000.

In recent years, my father has become less active i
management of the business, and I have become mo
tive, to the point where I am now primarily responsib
conducting the business.

In our store, we offer only top quality products, an
prices are somewhat higher than in the average gr
store. For example, we sell only meat which has
graded as U. S. Prime, while most grocery stores sell
grades of meat. We also offer our customers certain
ucts sometimes referred to as fancy foods, which ar
customarily offered for sale in the typical grocery sto
addition, of course, we offer a full assortment of food
ucts usually found in other grocery stores.

We provide our established customers with charg
counts, and I would estimate that approximately
our business is done on a charge account rather than
and carry basis. We do not offer a delivery service, b
will take a telephone order from a customer and h
ready when he or she comes in to the store.

We are members of Certified Grocers of California
and through that organization purchase grocery pro
on terms as favorable as in the case of the direct b
chains. Certified does not handle some of the product
as the fancy foods which we offer for sale, and tho
purchased through suppliers who deal in those typ
products.

The unique qualities of our store, we believe, att
certain type of customer, and we also believe that
tract and hold other customers through the personal
ice and attention which we give to them. My father

personally supervise all aspects of our business. We spend a great deal of time on the floor of our store where we meet our customers and get to know them personally. Our employees are also trained to provide the customer with courteous personal service. Seventy-five percent of our employees have been with us for 10 years or more, and during that time, they too have created friendly personal relationships with our regular customers, which, I believe, has enhanced our trade.

Despite the dire predictions for our store's future when it first opened, we have done very well, and we are most grateful for the success which we have achieved. I should also add that we have been successful despite the fact that we face vigorous competition from nearby chain and independent stores. Our competitors include a store operated by Jurgensen's about 4 blocks away. Jurgensen's is a company which operates stores similar to ours in that they, too, offer top quality products at somewhat higher prices than most grocery stores. In addition, we face competition from a Ralph's store about 3 blocks away, a Safeway store about 6 blocks away, a Pantry Market about 4 blocks away and an El Rancho Market 6 blocks away. In addition, there are other independent markets in the vicinity of our store, including a Gertmanian's market approximately a mile from our store. But this competition, as intense as it is, has not prevented us from getting our share of local business.

In my opinion, as long as there is a Certified or some such organization which can supply independents with grocery products at costs comparable to those paid by the chains, there will always be an opportunity for an independent to compete successfully in the Los Angeles area. Also, there is opportunity for an independent to increase his business by adding new stores. We have been approached on certain occasions with the idea of opening additional stores, and we have not chosen to do so because we are content with the operation of one store and do not wish to go into debt or to incur the added burden of a new store, particularly when we are aware that it would be impossible for us to give the same personalized service to customers if our attention was divided between two stores. However, it is obvious that many operators who have started in recent years with only one store have added additional stores and

apparently have succeeded. In our own vicinity, we have seen Pantry Food Markets expand from a one store operation in 1954 to a 10 store chain today. Another example is El Rancho Markets, which has recently become a 3 store chain. We face competition from stores operated by both Pantry and El Rancho, and we find them to be very keen competitors. In many respects, they are of greater concern to us than the stores of larger chains.

It is my impression that smaller chains have emerged and grown in the past 10 years at a rate greater than in the case of the larger chains. Under these circumstances, I cannot foresee this market becoming dominated by a few large chains, and I think we will continue to see the development and growth of smaller concerns in the years to come.

In my opinion, the merger of Von's and Shopping Bag is in no way offensive to competition. It has certainly not adversely affected our business, and based on my experience, I do not see how it could have any such effect on anyone else'ss business.

Paul A. Hines, Jr.

Subscribed and sworn to before me, this 10 day of Jan., 1963.

Kathryn E. Hagerty, Notary Public in and for said County and State, [Seal.]

My Commission Expires June 22, 1963.

I have read the foregoing affidavit and I concur wholeheartedly in all of the statements and views expressed therein.

Paul A. Hines, Sr.

Subscribed and sworn to before me, this 10 day of Jan., 1963.

Kathryn E. Hagerty, Notary Public in and for said County and State, [Seal.]

My Commission Expires June 22, 1963.

Affidavit of John H. Irwin

State of California,
County of Los Angeles, ss:

John H. Irwin, being first duly sworn, does hereby depose and state as follows:

I presently own and operate Irwin's Market, located at 1140 East Carson, North Long Beach, California. I am also the President of the Southern California Grocers Association, a position I have held for the past two years. I am the First Vice President of the California Grocers Association as well as Chairman of its Public Affairs Committee, and I am a member of the Board of Directors and Vice Chairman of the Finance Committee of Certified Grocers of California, Ltd. I am also an active member of the National Association of Retail Grocers of the United States (NARGUS).

I first came to Southern California from Oklahoma in 1936. Thereafter, I worked as a salesman for Mountain View Dairies, Di Carlo Bread and the Bohemian Distributing Company.

In 1944, Ralph Noble and I opened a small (4,000 square feet) market in Long Beach. Between 1944 and 1947, Mr. Noble and I opened two more markets, one in Hollydale and another in Long Beach, and in addition, we operated two liquor stores. My partnership with Mr. Noble was dissolved in 1947, and I took over operation of our Hollydale market on my own. In the next three years, I opened two additional markets in Long Beach.

In 1950, my brother and I decided to open a supermarket in Orange County, an area which was at that time experiencing a rapid growth. Our first store—Bob's Supermarket—was opened in Buena Park. In 1953, I bought my brother's share of the business and ultimately built Bob's Supermarkets into a seven-store chain, which included a large (19,000 square feet) store in Anaheim.

In 1958, Bob's Supermarkets was merged with Mayfair Markets, a retail grocery chain with stores in various areas of California and Arizona, and I became a Vice President of Mayfair in charge of its 19 stores in Orange County. In 1960, I was made Vice President and General Manager of

the Low Cost Division of Mayfair, which was opening a number of discount food outlets in the Los Angeles Metropolitan Area.

In July, 1962, I resigned from my position at Mayfair and purchased the market I now operate from Fox Markets. My son and I have enlarged and remodeled that store. We opened it for business under the name of Irwin's Market in August of this year.

I suppose it can be said that I have had experience in every aspect of the grocery business in Los Angeles over the last 26 years. I have operated single stores and small chains, large stores and small ones. I have been employed by suppliers, and I have been actively engaged in the business affairs of a large cooperative buying organization. I have been an executive of a large chain, and I have had experience in the sale of groceries through discount outlets. In addition, I have been an active member of a number of grocery trade associations.

As a result, I think I know something about food retailing in Los Angeles and Orange Counties. I am firmly of the view that while competition in that business is intense and vigorous, there is a place for everyone who is willing to work hard and who knows something about running a grocery store. It is in my opinion that in every community in the Los Angeles Metropolitan Area opportunity is available to both the independent and the chain store.

As the owner of a single store or a few small stores, I found that competition from the chains was intense, but I also found that the smaller concern can compete successfully and profitably and that it can expand. As a chain executive, I recognized that competition from independents and other chains was vigorous, but I found that a chain store can compete successfully. As one involved in the discount sale of food at a time when it was a relatively new method of food distribution in Los Angeles, I recognized that the retail grocery business is one in which competition may take new forms and that those willing to try innovations in merchandising have a good chance of success.

Single store operators, small chains, large chains and discounters each has its own unique advantages in this market, in my opinion, but none of them has a decisive advantage over the other. One of the reasons for this, one of

the equalizing factors in food retailing, is Certified Grocers and other cooperative buying organizations. A chain may buy directly from a supplier in carload lots, thereby realizing savings which flow from quantity purchases, but Certified likewise buys at the same prices and on the same terms for its members. In fact, Certified purchases are greater in quantity than in the case of any of the area's chains. Certified also provides the independent retailer with the advantages and economies of central warehousing and an established distribution system as well as aiding him with merchandising and advertising problems.

The question is sometimes asked why all chains do not buy from Certified and take advantage of its services. In this connection, it has been pointed out that some chains, as they grew in size, decreased their reliance on Certified, built their own warehouses and operated their own distribution systems. My experience has been that in the case of most chains there comes a time when their size requires them to take over direct control of purchasing, warehousing and distribution in order to grapple directly with the problems that arise in supplying a number of stores. In other words, the complexity of food distribution is magnified as the number of stores being served by any chain increases, and the problems which arise become such that the more efficient and successful way to deal with them is to take buying, warehousing and distribution functions away from an intermediate such as Certified and place them under the watchful eye of experienced personnel within the chain's own organization. But the fact remains that Certified provides the independent with buying, warehousing and distribution advantages comparable to those enjoyed by any chain.

I have already mentioned that independents, chains and discounters each has unique advantages. The chain, for example, has advantages which flow from the ability to allocate costs to a number of units. A chain also has the opportunity to create and exploit a name which may become familiar to a vast number of customers or potential customers and which is therefore more likely to gain quick and favorable customer response, even in new areas where it opens stores. Also, I have found that many customers believe that chains have lower prices. This is not true gener-

ally, but the fact that some people think it is true is an advantage. Also, the larger chains can afford to advertise in metropolitan newspapers with the assurance that because of the number of communities served by its various stores, such advertising will not be wasted on a vast number of people who would have no opportunity or inclination to shop at their stores. This, of course, the small concern cannot afford to do, and it must confine its newspaper advertising to community papers for the most part.

The discount outlet offers the customer lower prices made possible by lower costs of operation. Also, discount food outlets are usually found in discount houses which offer a wide variety of consumer products, and hence offer the customer the advantages of one-stop shopping.

The independent, on the other hand, has a smaller business, and as a result is able to pay close personal attention to costs and other variables. Being smaller, he is also more mobile than a chain so that he can move quickly to meet local competitive conditions or he can take the initiative in competition while his chain competitors are framing chain-wide policy or solving area-wide problems which may or may not have any particular relevance in the community which the independent serves. Finally, I am of the opinion that a smaller concern can gain advantages over chains because of a great ability to form personal contacts with his customers and his community.

The importance of personal contact and service was never more apparent to me than when I was operating Bob's Supermarkets in Orange County. This was an area in which a whole new series of communities was being formed and to which new residents were flocking, ready to occupy new homes and acquire new shopping habits. Right behind them came grocery stores operated by a host of chains and independents, all vying for this new business. It was apparent to me that in this highly competitive atmosphere, customer loyalty was going to be doubly important. For this reason, Bob's had a policy which emphasized the personal touch. For example, we maintained butcher service meat departments while many other stores were offering prepackaged meats. Our meat business was particularly successful, and I think the reason for our success in that respect was directly attributable to the personal relation-

ships which our butchers were able to maintain with our customers. I really believe that this personal relationship convinced many shoppers that they were getting better meats.

Bob's also published a weekly, twelve page magazine entitled, "The Square Dealer," in which we gave away free classified advertising space, and for which, incidentally, I wrote a weekly column.

In my opinion, the importance of personal service in grocery retailing is more important today than ever before. I feel that people are hungry for good personal service, the type of service the chains often do not seem to give. One of the principal reasons for my decision to leave my position at Mayfair and open up a single store was that I enjoy being in a grocery store, meeting, people, dealing with my customers directly, and I am convinced that a single store operator can succeed by stressing personal service. Therefore, I have chosen employees who were outgoing and friendly, and I am careful to see that they are always courteous to customers. We have a butcher service meat department. We also have a urn of coffee brewing at all times, and anyone can stop and take a cup whenever he wishes. I chat with my customers, become friendly with them. As a result, I believe Irwin's is a store which people will like to come to.

Since we opened the doors at Irwin's in August, business has been good, and I am confident that it will get better as we become better known in the community. Already, however, our sales exceed by 20% or 25% the sales which were being experienced in this same store when it was operated by Fox Markets.

I chose my present location despite the fact that I was aware that I faced competition from stores operated by Von's, Ralph's, Shoppers, McCoy's and a number of good independents. I did not them and I do not now fear that competition, and I am sure that I will get more than my share of the business.

Obviously, I would not have embarked on this new venture if I thought that the independent could not compete effectively with chain stores, and I would not have purchased a location in competition with a store operated by Von's if I felt that a Von's store had a competitive advan-

tage over me, whether by reason of the merger with Shopping Bag or otherwise. In fact, it is my view that that merger had absolutely no effect on competition or the ability of the independent to compete. In my judgment, it is no more difficult to compete against a Von's or Shopping Bag store now than it was before the merger.

In addition, I have no apprehension that the Los Angeles Metropolitan area will ever be dominated by a few large grocery chains. There are too many able and agressive independents and smaller concerns, too many people like myself, willing and able to open up a grocery store, and competition is just too intense, too vigorous, too many-sided to permit the domination of the grocery business in this area by a few large concerns.

John H. Irwin.

Subscribed and sworn to before me, this 9th day of Novenber, 1962.

J. B. Sullivan, Notary Public in and for said County and State, [Seal.]

My Commission Expires Sept. 21, 1966.

AFFIDAVIT OF O. W. RICHARD

STATE OF CALIFORNIA,
County of Orange, ss:

O. W. RICHARD, being first duly sworn, does hereby depose and state as follows:

My Grocery Background

I am President of Richard's Lido Market. For several years I have served as a member of the Food Employers' Council of Los Angeles. I have been a director of Certified Grocers of California, which is well known in the industry. Certified is a co-operative food distribution center, supplying the food needs for approximately 1500 markets in the Southern California area, and it is known as one of the

largest of its kind in the world. I have also served as a Regional Director of the Supermarket Institute of America, which in many respects is international. The purpose of this institute is to regulate, develop and guide the destiny of the supermarket business in the United States of America. I am a member of the Retail Grocers of America Research and Education Committee. This group is comprised of merchants from every state of the Union. The purpose is to create a better way to distribute food to the American people.

I have been constantly in the grocery business since I started with Safeway Stores in Belmont Shores, south of Long Beach, in 1933. I was with Safeway about fifteen months. I worked as a clerk and trainee for management. My hope was to learn the business. When I left Wisconsin in 1933 I was an instructor of Economics in a private school in Oshkosh. We came to California during the terrible thirties and thought that it would be a nice opportunity to start over completely in a new way of life, because almost everybody had suffered some of the effects of the crash, and we were pretty well equalized. The food business offered the greatest challenge, to my way of thinking, because it lacked so much that seemed important to me,—good displaying, clean stores, trained personnel, and general business knowledge application. So, Mrs. Richard and I gave up everything and started all over in the food business. $11.00 per week was my salary for a full week's work.

After leaving Safeway, I went to work in a little store in Newport Beach as a clerk and manager and bookkeeper and buyer. This was in March, 1935. I stayed in this particular spot for thirteen years—from 1935 to 1947, both inclusive. That was during the war. The opportunity to branch out into one's own way of life was, during those years, limited. My little market was a key market in the community at that time. Naturally, everybody strikes out in any venture with the hope and dream that he can have his own business some day, and I wasn't unusual in that respect, so I dreamed about my own market, and the opportunity eventually came, and I was in business.

When Lido Isle was under development, the whole area began to take on a new look to some of us in the community. And that spot was, in my opinion, a good place for me to

start my own business. So we hurried around to find out whether or not it would be possible for us to have this location. We cultivated many friends in the twelve or thirteen years in which we were in the community. These friends were men of substance, some of them, and it didn't take too much to have them develop a feeling of confidence in me to the extent that they allowed me several hundred thousand dollars with which to go into business. This was a great challenge. The location was decided upon. Mr. Griffith, the owner of the land, not only provided this location, but also provided the necessary capital. Since then fourteen years have passed and many wonderful experiences have been mine in this business, and I suppose that in many respects my market now is recognized as one of the top ten markets of the world because of its individuality, its operating philosophy, its dedication to service and its dedication to the principles of free enterprise.

My Experience With and Views on Competition

I found it necessary to incorporate, for the usual reasons. We needed to have the protection that the corporation gives in many areas, principally tax-wise. I think that was the principal reason. The stock is owned only by my family, just three of us. Fourteen years ago when I started, my first annual sales amounted to about $1,200,000.00. This last year they were just short of $4,000,000.00 in the food section alone.

We have just one grocery store. There was never any need, in my opinion, to go out and develop more markets. This one market provided all the substance we needed and it answers all of the requirements of a normal challenge for a business man. You go into business for several reasons: The principal reason is to make money; the second is to satisfy the natural desire to own your own business; the third one might be to create a kind of business that you can be proud to pass on to your progeny; another reason is that it gives a man an opportunity to prove that if a person operates according to a basic philosophy, and this philosophy is an expression of an individual, then nothing actually can happen to destroy the progress of this business, whether it be competition, hard times, or any of the other normal vicissitudes of a man's normal business experience.

I think that anybody can compete today in any kind of a business, providing however, that the requirements of a business man are measured up to. I don't think money is the prime requisite. I don't think location or the size of a business is an important issue. I think that when a man goes into business, he goes into it with the idea that he is going to succeed, and if he establishes a policy and stays with it year after year, it really makes very little difference where he locates or what the environment for the growth of this business is, as long as he maintains a set of standard rules acceptable to the people who are his customers. We have all types of supermarket operators near our place. We have Market Basket right across the street from us, about a block up. Alpha Beta is within a radius of one mile of our place, and Fox, Mayfair, Safeway, Food Giant, Thrifty Mart, and many independents, and all are within a radius of three miles. I am in a spot where I draw my business from inland. Most of my customers have to pass these named markets to get to my place. I would say that a good 25% to 30% of my business will pass other businesses to get to my place of business. They prefer to shop in my store because I give them the merchandise and service they want and need. Almost all of these stores have started in since I did. Alpha Beta was there but they have enlarged their market twice since I have been there. Safeway has moved three times since I have been there. All American was my nearest competitor at that time. They built two additional markets in the community during this period of time.

Actually my competition, and competition generally, increases every year. I don't think Von's-Shopping Bag merger, or any other merger, or any other market of any kind would have a tendency to decrease the competitive factor in my market. The same condition of competitiveness exists today that it did fourteen years ago. I don't think there is any difference. I think competitive advantages are a very personal thing. I mentioned before that the merchandise, the location, the size of your market,—these things do not give you a competitive advantage. Even price will not give you a decided competitive advantage. I think the success of any market depends entirely upon the personnel of the store, the willingness on the part of the mer-

chant to face up to the demands of a trading area, the
gree to which personnel are trained and schooled to ha
all situations that have to do with selling.

It is most apparent that the businesses who survive
those who are anticipating the needs of tomorrow and
justing to them immediately, and in every respect an i
pendent operator can do this three times faster tha
chain operator can, principally because he is sitting on
moving, living enterprise every day and he is able to de
mine when his business is slacking off or when the de
value is dropping out. Any independent merchant who
not face up to the demands and the changing of the t
will always try to find an outside reason for this. We
seldom will punish ourselves or blame ourselves for s
thing that we are not able to cope with, but the trut
that this is where it belongs,—in the management's lap
decisions are made in the owner's little office. And it
comes a terrific challenge every day to be able to say "
a one store operator and a good one, and competition
made me this way." I am not big enough to be able to a
the high-priced consultants and supervisors and exper
my business, but if I am alert I can learn from the mist
of the big chain operators and adjust my business qu
to these needed changes. This is the terrific advantage
an alert independent has. The cost of doing business
an independent is much less in many respects, than
multiple unit operator, because you don't pay for a l
extraneous supervisory help. I found out a long time
that the most important area of improvement in any
ness is people, and a small independent merchant knows
better than anybody else. It is your relations with p
that make the difference. One of the greatest advantag
independent has is the co-operative buying aids suc
Certified Grocers. Our cost of merchandise is never
than any of my competitors have to pay. Fresh produ
something else again. Meats and produce—we call any
that is perishable "perishable produce" the produce de
ment gives the independent one-unit operator a terrif
vantage, because we are not buying for 20, 50 or 100 st
We are buying for particular customer demands. So
we are selecting our strawberries, our meats and
tables, we are looking for the best for one select outfit.

Now you have asked me how I support my business against competitive practices. The smartest way to do it is good customer relations. Good customer relations are made up of a whole panorama of things. We think that we have to have good competition to begin with to make us productive customer-wise, because you get to the point where you know you can't have all of the business in the community. Then you begin to zero in on the type of customer you want to serve, and I don't care how different a merchant is, one from another, if he patterns his service in accordance with his personal philosophy, he can get all the business he needs to sustain himself. The thing that disturbs so many small merchants is that they always want to be copiers instead of leaders. Store A puts in trading stamps, so Store B puts in trading stamps. He thinks this must be the way to build business, but it isn't. These are the things that your competitors will do to try to outsmart you in their efforts to be a better merchant. But the facts all boil down, as I see it, to providing the customer with the things that she insists on having, and when you get customers trading in your place because you have a better personnel program, a better diversification of merchandise, a cleaner shop and a steadfast policy of service, and if you are willing to give more than a little bit, then I don't think anybody can take away a customer. Because if you lose a customer for any reason, it is so easy to find out why you lost him, and it usually reverts back to the fact that the merchant failed to fill the customer's need. Find a need, and then fill it. That is the secret of success. And this is the way I feel about it. We can talk about mergers hurting small operators or large operators, but this isn't the truth. I sincerely believe that whether a merger in my community takes place and makes fifty stores out of twenty-five, or one hundred stores out of eighty, they are absolutely no different than the existing competition which already has 220 stores in its chain.

I don't think it is ever possible for any national chain or any local chain to get so big that it will completely destroy the desire to be merchants, on the part of men who are born to be merchants. I started off in a chain store. I would not be in this position today if it hadn't been for a large national chain store, and I suppose I can honestly say that 25% of the merchants I know today started off with a chain store.

They learned the trade and then their desire to be independent merchants fired them into action. When you start this way, nobody can stop you.

Naturally, we have a lot of people going out of business, and I have to say this, that a lot of them should go out of business, because they refuse to keep up with the times and to be good merchants, and when the first challenge comes along, they give up. This is not a lessening of competition. I think from my experience that most of these people who are quitting the business are selling out to other business and joining with them in building a better shop in which to trade. This does not mean that a large chain is destroying another market. I would say it is a matter of offering a better service that would enhance the value of these other markets and improve the community as a result—offering a better opportunity for a good merchant to become a better citizen because of the balance of timing, the ability to balance his time. I have a standing offer of better than one million dollars for my name only, and a lifetime tenure in one of several chain operations. When a one-unit operator becomes something to be desired in a community because of the individual application of a personal philosophy, then I would say that the chain operator himself is sorry today that he isn't a one-store operator, because so many of the advantages of a one-store operator are lost in his multiple, remote control operation.

Now, consider the growth factor in Los Angeles and Orange Counties. We have over 800,000 people in Orange County today. Ten years ago we had 200,000 people. Well, naturally everybody in business knows that five years from now this is going to be a good place to be in business. People with judgment and foresight are going to move into this area, or they are going to join hands so that the management team of a combined operation is better equipped to supply the needs of a community based upon the growth of the people in that area. I couldn't possibly take care of the business in my community today if there were no more stores in my community today than five years ago. I would be forced to expand. Now I don't want to expand. If I don't want to expand, I have to pay the penalty for standing still. But my business has never decreased in dollar value or in profit potential. Every year has been better than the year

before; always more exciting and more demanding of a challenge. I want the world's finest store, if it is possible, and the world's finest store in which to work. The price I have to pay is to erect a stronger competitive policy in order to hold my little island. And if I use all of the talents that have been given me, and if I am willing to read, study, and learn something more each year, I can face a stronger and better competition. And competition is increasing every year.

Von's Merger Has Not Changed the Competitive Picture

Based upon my many years of experience in the grocery business, I can say positively that the merger between Von's and Shopping Bag has not lessened competition in any respect, either for me or any other grocer in our rapidly expanding community. Under our free enterprise system, the door is wide open to anyone who has a strong desire to be a grocery merchant and who will do enough work to find a need for his services and then fill the need.

O. W. Richard.

Subscribed and sworn to before me this 14th day of February, 1963.

Alfred J. Cusolito, Notary Public, State of California—Principal Office, Orange County, [Seal.]

My Commission Expires Jan. 16, 1966, 3433 Via Lido, Newport Beach, Calif.

AFFIDAVIT OF LEILA M. ROBERTS

STATE OF CALIFORNIA,
County of Los Angeles, ss:

LEILA M. ROBERTS, being first duly sworn, does hereby depose and state as follows:

I am the owner of Roberts Market, located at 14 E. Sierra Madre Boulevard, Sierra Madre, California. I have had 35 wonderful years in the grocery business at this location. My late husband and I started the business, selling

only produce at first, and then later we added the meat, grocery and delicatessen departments.

This is a highly competitive business and I am on the job every day to see that my store is operating properly.

I believe that an independent such as myself has certain advantages over the stores of any of the chains. We get our groceries just as cheaply as any of the chains that buy direct, because of membership in Certified Grocers of California. And most of the chains sell off-brand private label merchandise. Most of the customers just won't stand for off-brands and for that reason we have always used only the nationally advertised top brands.

I have a few more employees than the average chain store and I can and do see that my customers get plenty of service from courteous employees. This policy has proved successful and I expect that I will continue to operate a very successful market.

I do not see how the merger of Von's and Shopping Bag hurt anybody in the business. I am sure it did not lessen competition and I do not think there is any possibility that there will ever be a monopoly in the grocery business in this area. I know the able independent who works hard can compete successfully with any of the chains.

Leila M. Roberts.

Subscribed and sworn to before me this 19 day of February, 1963.

Nina Neale, Notary Public in and for said County and State, [Seal.]

My commission expires: April 26, 1965.

Affidavit of Robert Sherry

State of California,
County of Los Angeles, ss:

Robert Sherry, being first duly sworn, does hereby depose and state as follows:

A partnership consisting of Louis Amen and myself own and operate the Vernon and Vermont Market located at 4375 South Vermont Avenue, Los Angeles, California. I have operated a retail grocery business at that location for the past 17 years.

In 1934, I graduated from Loyola University. I took a position shortly thereafter as a salesman for the Kellogg Company. In 1943, Ernest Van De Grift offered to enter into a partnership with me whereby he would finance the operations of a market, and I would manage and operate it. The location we chose was the Vernon and Vermont Market which I still operate. A few years later, I had acquired enough capital to buy Mr. Van De Grift out. Some years later, I took Mr. Amen into the business as a partner. We operate everything but the liquor concession in our store.

The Vernon and Vermont Market is located in an old building in an older section of Los Angeles. The community we serve is populated predominently by colored people. Our store faces competition from a Ralph's Market (I am sure this is one of their better stores), a Foods Co. Market (a very agressive competitor), a Better Foods Market (which is open 24 hours a day), a Von's Market (I believe this is one of Von's poorer and older stores), and a number of good to marginal independents. Wonder Market, another independent, is located only a few doors away from our store.

The development of my business was not easy. It required a lot of hard work and constant attention. But I believe that I can say that we have made our store a success. I also believe that any single store operator can succeed in the grocery business. Anyone who says that he cannot compete with chains or other grocers should find another way to make a living, since it is obvious in my opinion that he must either be inexperienced, incompetent or lazy.

I know from my own experience that any independent can succeed. In many respects, he can out-compete a chain store. For example, I personally am able to watch my costs, and Mr. Amen and I are working toward lower costs every day. In a chain operation, the problem of costs is much more complex. No one man can be in charge of all items of expenditure. Total costs per item are influenced by many factors, including how well a buyer, a warehouse superintendent and a store manager are doing their jobs. In my case, I personally take care of all of these aspects of my business. As a consequence, I can show a profit on annual sales which I estimate to be less than half of the sales which many chain stores have to reach just to break even.

The fact that I operate only one store also makes me more flexible than a chain store. I can adapt my prices to meet and beat chain competition on a limited number of key items, and I can do this in a matter of minutes. The chain store manager has to check with his superiors, and he may wait days before being able to institute a desirable change. It has also been my experience that I can often stock my shelves with a new item and be selling it like hotcakes two weeks before the same item even appears in the chain store.

Also, I can become better known in my community. Church and other groups often come to me for food donations for particular purposes. I am happy to accommodate them and in that way I believe I make friends and customers.

Finally, I am a member of Certified Grocers, and as a result, can buy groceries as cheaply as any chain. Certified also provides other services to its members which are of extreme value. The importance of these services is frequently underestimated, I think. From my own experience, I know that Certified employs some very able and hard working men who do nothing but assist independent grocers with merchandising problems. These men know what they are doing, and when they make a recommendation, I follow it, as I am sure other members do.

In my opinion, the merger of Von's and Shopping Bag has not affected competition in any way, nor do I see how it could, in view of the fact that it involved two companies who between them had only about 8% of the market. Nor do I foresee the possibility of a few chains dominating the

grocery business in Los Angeles. As long as there is opportunity for a single store operator—and there is—chains are not going to reach a position of dominance. Ever since I got into this business, I have heard some people say that they feared that the grocery business would soon be controlled by the chains. But this has never happened in Los Angeles, and so far as I can see, it never will.

Robert Sherry.

Subscribed and sworn to before me, this 19th day of December, 1962.

Kathryn E. Hagerty, Notary Public in and for said County and State, [Seal.]

My Commission Expires June 22, 1963.

DEFENDANTS' EXHIBIT AY

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60 C

[Title Omitted]

AFFIDAVITS OF DEFENDANT'S INDUSTRY WITNESSES WHO OPERATE FROM TWO TO NINE GROCERY STORES

AFFIDAVIT OF EUGENE GELSON

STATE OF CALIFORNIA,
County of Los Angeles, ss:

EUGENE GELSON, being first duly sworn, does hereby depose and state as follows:

I am the President of Encino Market Company, which operates a supermarket under the name Gelson's at 16450 Ventura Boulevard in Encino (Los Angeles County). My father bought a small, 3,000 square foot market in Monteket Company. In addition, a partnership consisting of my brother, myself and other members of my family operates another Gelson's supermarket at 3525 West Victory Boulevard in Burbank (Los Angeles County).

I was literally raised in the grocery business. My father, J. M. Gelson, operated a small grocery store in Souix City, Iowa. I began working in the store when I was only 6 years father bought a small, 3,000 square foot market in Monterey Park (Los Angeles County). Later, he sold that store rey Park (Los Angeles County). Later, he sold that store and purchased a 7,000 square foot market in Tujunga (also in Los Angeles County). This store was operated by my father, my brother and me until 1941 when Bernard and I entered the service. During the war, I was a B-24 pilot.

My father died during the war years, and in 1946, when my brother and I returned to Los Angeles, we pooled all of our resources, which amounted to approximately $5,000,

and purchased a 700 square foot market in the North Hollywood community. Our business was successful, but we soon perceived that the trend in grocery retailing was toward larger supermarkets, and we decided to try to take advantage of the public's enthusiasm for this type of store.

Consequently, in 1951, we sold our North Hollywood store and with the proceeds and the aid of additional financing, we opened our Burbank store, which is 26,000 square feet in size. This store was a great success, and we later were able to acquire a parcel of property at the corner of Ventura Boulevard and Havenhurst Avenue in Encino, on which we built a 33,000 square foot store. The acquisition of this property and the construction of our store was made possible through profits we made from our Burbank store supplemented by additional financing. Our Encino store opened for business in March, 1960, and I believe that it has proven to be the most popular and successful store in the Encino area. We have enjoyed annual sales of approximately $6 million at the Encino location in each of the years since it opened. In addition, our Burbank store continues to prosper.

In Encino, our store faces competition from a number of stores operated by chains. Ralph's has two stores, one approximately 1½ miles and the other approximately 2½ miles from our Encino store. Safeway operates two stores within 2 miles of us. Thriftimart also has two stores nearby, one being approximately 2/10 of a mile and the other approximately 8/10 of a mile away. Also, a Hughes, a Fox and a Von's store are on the outer fringe of our trading area. In addition, we face competition from small chains such as Piggly Wiggly, which operates a new supermarket 1/10 of a mile from our Encino store, and Westward Ho, which operates a store approximately 1 mile away. Our Burbank store is located in an area served by stores of almost all the major chains, including Von's and Shopping Bag, and a number of smaller chains and single stores. In all, there are approximately 12 supermarkets near enough to our Burbank store to be in competition with it.

It has been our experience that we can compete effectively with both large and small rivals. Our success in this respect is attributable to many factors, but perhaps the

most important is that we assert a tremendous effort to make our stores attractive, convenient places to shop, in which the customer always receives maximum service.

Our stores are up-to-date in every respect. I believe that their exterior and interior appearance is unique and outstanding. We have put a lot of money and effort into architecture and design (an architectural rendering of our Encino store is attached hereto and marked Exhibit A). We provide ample parking immediately surrounding our stores. Once the customer is inside, he will find that our aisles are considerably wider than in most supermarkets. We do not permit the storage of any merchandise in the aisles. We offer the customer a selection of approximately 1,500 more items than in the average supermarket.

We spend more money than most grocers for janitorial service in order to keep our stores spotlessly clean at all times. Our employees also see to it that the merchandise on our shelves is always kept in an orderly fashion and that it is displayed in the most attractive possible way. In fact, customers still remark that Gelson's markets maintain a grand opening appearance on every shopping day. I think that our produce department is the best example of this type of merchandising. We receive countless compliments on the especially attractive way in which we maintain our produce department. We offer only the highest quality produce for sale, but quality doesn't attract customers unless it is apparent to them. I believe that our display of produce makes the quality of our produce stand out.

In fact, we try to offer quality products in all of our departments. We stick with brand names which have good consumer acceptance. For example, we have been invited on several occasions to join and buy dairy products from Golden Creme, a dairy similar to Jerseymaid, which is owned by a number of retail grocers including Food Giant, Foods Co., Better Foods and many others. We have declined to do so since we wish to handle Knudsen dairy products which we believe our customers prefer. In so doing, we realize that we are giving up profits which others in Golden Creme are earning, but on the other hand, we believe we are gaining customers for our store by offering them the products they want.

We also stress personal service. It has long been my belief that service is of the greatest importance in attracting

and holding customers. Service is also an aspect of grocery retailing in which an independent, in my opinion, can always outdo a chain store. We hire employees who can fulfill our demands for courteous, friendly service, and we are willing to pay more for their time than in the case of most chains. My brother and I personally supervise their work and assure ourselves that the type of service we want our customers to receive is being extended. For example, if any customer asks the location of any item of merchandise, our employees are instructed not merely to tell the customer where it can be found, but to escort him personally to the shelf where he will find the item he has requested. This impresses people. They like it, and the next time they will come back to Gelson's to do their shopping.

From what I have previously said, it is obvious that our effort to provide an attractive shopping surrounding and first class service costs money, particularly in the compensation of our employees. I believe our costs are therefore higher than in the case of most chain stores. However, since we can buy our groceries as cheaply as any chain, our prices are no more than 1% higher than in the case of chain stores. This 1% pays for the added services we offer and the better personnel we employ. Yet, it costs the housewife only a few cents more. Even if a customer were to spend $100 a week for groceries, the added cost to her resulting from our superior service and layout would be only $1 a week. These higher prices have not resulted in any loss of trade so far as we can tell.

The success of our business and the success of other independent grocers in Los Angeles is proof of the ability of independents to compete successfully with chain stores. There is no question in my mind but that a hard working single store operator can succeed in this business, and I do not know of any development in grocery retailing which has or is likely to change this.

The only disadvantage that I can see which an independent faces is in the acquisition of first rate locations, particularly in shopping centers. Most of the better locations today are developed by property owners or developers who need to borrow money in order to finance the construction of stores or other facilities on their property. They can usually obtain better terms from lending institutions if they can show that they have leased space to concerns with

triple A financial ratings. This means that the larger chains are favored tenants in shopping centers and smaller concerns with two or three stores are not usually offered the better shopping center locations.

This is a problem for which I have no ready solution. Perhaps it would be desirable to have the federal or state government guarantee leases of smaller concerns, thereby making their credit ratings as good as in the case of the chains. Perhaps there are other ways in which this problem might be solved. But I am sure of one thing. The merger of Von's and Shopping Bag did absolutely nothing to create or aggravate this problem. Both of those firms had triple A financial ratings prior to the merger and were able to acquire good locations. Von's is able to do so now. Moreover, I do not see how the dissolution of Von's and Shopping Bag could in any conceivable way improve the small concern's ability to obtain new locations. In short, the merger of Von's and Shopping Bag just has no relation whatever to the new location problem.

Additionally, in my opinion, the Von's-Shopping Bag merger is completely inoffensive in every way. It has not affected the vigor of competition. It has not put the independent at any competitive disadvantage, and I do not see how it possibly could. In fact, it has been my experience that the larger a chain gets, the easier it becomes for an independent to compete effectively against its stores. As a chain adds new stores, it seems to pay less attention to any single unit. Under these circumstances, the independent who can personally supervise his business gains an additional competitive opportunity. In short, it is my firm view that the merger of Von's and Shopping Bag has not and will not in any way substantially lessen competition or tend to create a monopoly in grocery retailing in the Los Angeles metropolitan area.

Eugene Gelson.

Subscribed and sworn to before me, this 8th day of Jan., 1963.

Kathryn E. Hagerty, Notary Public in and for said County and State, [Seal.]

My Commission Expires June 22, 1963.

AFFIDAVIT OF NATHAN GILBERT

STATE OF CALIFORNIA,
County of Los Angeles, ss:

NATHAN GILBERT, being first duly sworn, does hereby depose and state as follows:

William Fredrick and I are partners in Supreme Foods Company, which operates Bill's Ranch Market at 1028 San Fernando Road, Burbank, Jack's Ranch Market at 5399 S. Sepulveda Boulevard, Culver City, and the grocery concessions in White Front discount houses in Covina and San Bernardino. In addition, within the next month or two, we plan to open a new supermarket to be known as Ted's Ranch Market at Hobart Avenue and Santa Monica Boulevard in Los Angeles, as well as the grocery concession in a new White Front discount house in Torrance. All of our outlets, except the White Front store in San Bernardino, are located in Los Angeles County.

I have been in the grocery business for the past 40 N.G. years. In 1937, I became the manager of the Hollywood Ranch Market located at 1248 Vine Street, Los Angeles. At that time, this market was owned and operated by a partnership composed of William and Lawrence Fredrick and Theodore Weiner. In about 1947, I purchased Mr. Weiner's interest in the market. Shortly thereafter, the partnership acquired an old garage in Burbank and converted it into what is now Bill's Ranch Market.

In 1957, Lawrence Fredrick died. His son, Lawrence Fredrick, Jr., wanted to operate the Hollywood Ranch Market on his own. Therefore, that store was turned over to him. William Fredrick and I formed our present partnership to operate Bill's Ranch Market in Burbank. In September, 1958, we opened the store which is now Jack's Ranch Market in Culver City. In August, 1962, we opened our first discount outlet in the White Front store in Covina. Shortly thereafter, we commenced operating the food concession in the White Front discount house in San Bernardino, and as I have said, we plan to open another conventional market and another discount concession within a few weeks.

San Fernando Road in Burbank, where Bill's Ranch

Market is located, is a street on which many new and used automobile dealers have their places of business. It is Burbank's "automobile row," being similar in many respects to other areas in Los Angeles County where the predominant business conducted is the sale of automobiles. Experience has shown and it has long been believed by grocerymen that no grocery store could succeed on any "automobile row," primarily because there is usually very little foot traffic in such areas. Indeed, almost all of our customers come to our store by automobile. Bill's Ranch Market does not even have an entrance on the street, and access can be had to the store only from the parking lot behind it. Despite these factors, Bill's Ranch Market has been a great success. The store, as I have said, was a converted garage which initially was quite small. We have remodeled and expanded the store on several occasions in the past.

Our principal competition in Burbank consists of a Cracker Barrel Market (a two or three store concern) in a nearby shopping center and an Alpha Beta which is also nearby. Until recently, Ralph's operated a store one-half mile north of us on San Fernando Road, but that has now closed its doors. Presumably, Ralph's was not operating profitably at that location since I cannot conceive of any other reason for the store being closed.

Jack's Ranch Market in Culver City has also been a successful store for us. This is a comparatively small store which was operated unsuccessfully by a series of grocers before being taken over by us. It faces competition from stores operated by Mayfair, Safeway and Alpha Beta, and from a Unimart discount house operated by Food Giant.

Our discount house concessions face competition from stores operated by almost all the major chains, numerous independents and other discount houses. In fact, there are five other discount houses with food departments in the Covina area alone.

Our contemplated store at Hobart and Santa Monica Boulevard will face competition from stores operated by a number of chains and independents. This store was formerly a grocery store operated by Yor-Way Markets, a 17 store chain which went out of business in 1961. We have expanded and remodeled it, and expect to do very well at this location.

Despite the vigorous competition which characterizes each of the areas served by our stores, we have been very successful. The keynote of our policy in our conventional markets is that we stay open 24 hours a day, 365 days a year. This policy was instituted in the Hollywood Ranch Market many years ago and contributed significantly, in my opinion, to the acceptance and favorable reputation of that store, not only in Hollywood but all over the Los Angeles area. Each of our conventional markets is located near defense plants, airports and other businesses which operate around the clock. People who work in these businesses during the night patronize our store because they can shop there on their way to or from work, and they never have to think twice about whether or not they will find our stores open. Also, we try to make our stores interesting by offering a large variety of products and special services which our experience shows are likely to attract customers.

In all of our locations, we have competed successfully with stores operated by this area's larger chains, and I believe that any smaller concern can compete successfully with the chains. Two examples, I think, will demonstrate this. First, I have mentioned that a Ralph's store one-half mile way from our Burbank store and on the same street recently closed its doors. Both this Ralph's store and our store had the same competitive opportunity to serve the same customers. Our physical plants, parking facilities and the like were comparable. If anything, the Ralph's store was more modern than ours. Our Burbank store is successful and continues to achieve higher sales volumes as time passes. The Ralph's store apparently was not successful. If Ralph's had any decisive advantage over us by reason of the fact that it is a large chain, or otherwise, our success and Ralph's failure in the same community would not have occurred.

Second, the Mayfair Market near our Culver City store is a large, modern and attractive supermarket in a shopping center. In terms of its physical plant, location and available parking, it is far superior to our store. Mayfair kept this store open until only 9:00 P.M. or so until we commenced operations on a 24 hour a day basis nearby. Ultimately, Mayfair switched to a "We Never Close" policy in its Culver City store. I am sure this move was made because

we were taking potential business away from Mayfair and they found it necessary to meet the competition we were offering by imitating one of our chief competitive attractions. However, we have experienced no decline in business since Mayfair instituted their present policy.

Many other examples could be cited not only from our experience but from the experience of many other, smaller grocery concerns in Los Angeles. There is just no question in my mind that smaller concerns can and do compete effectively against chain stores.

One of the principal reasons for this is the existence of buying cooperatives such as Certified Grocers and Orange Empire Co-op. We are members of Certified and through it can buy groceries as cheaply as any chain. I have read the statement of the testimony of Lloyd E. Allen, who I have been told will be a witness for the government in connection with its action against Von's and Shopping Bag. I note that Mr. Allen apparently believes that some chains have an advantage in buying and distribution because they operate their own warehouses and distribution systems. It is my opinion that they hold no such advantage and that my company's groceries are placed on the shelves of our stores at no greater cost to us than in the case of direct buying chains. I believe that some larger chains operate their own warehouses and distribution systems because their size and number of stores create problems in buying and distribution that are so unique and complex that they must be dealt with directly by the chain, rather than through a buying cooperative. But smaller concerns do not have these problems, and Certified can very adequately serve them at no greater cost than the chains must ultimately pay. If an example is needed to support my contention in this respect, I can point to the fact that the groceries which we profitably sell in White Front discount houses at prices below those charged by chain stores are purchased by us from Certified.

I also note that Mr. Allen states that chains with their own warehouses and distribution systems have an advantage over smaller concerns "in terms of inventory control." All I can say to this is that if any grocer with one, two or three stores can't control his inventory, he shouldn't be in the business. The larger chain needs highly developed inventory control systems to deal with the problems which

necessarily arise in a large organization but which smaller concerns never should have to face.

Smaller concerns also have advantages over chains in that the small grocer can personally supervise his business. He does not have to run his business through supervisors or by bulletin. From my own experience, I know that I can make some changes in my store in one day which it would take a chain 3 to 5 days to make. I can also get key products on my shelves more quickly than in the case of a chain.

Also, if the Boy Scouts or some other organization in Burbank or Culver City wants to ask our help in connection with some project, they have only to knock on our door. On the other hand, if they want Von's help, they have to go to the company's general offices in El Monte or if they want to contact Alpha Beta, they have to go all the way to Orange County. Therefore, they almost always come to us, and through these contacts and by helping them out, we gain friends and customers.

The statement of Mr. Allen's testimony also contains remarks concerning the inability of smaller concerns to get into more desirable shopping centers. This may be true, at least in many instances. But I am personally of the view that shopping center locations are not always the most desirable market locations. We are doing all right, and we do not have any stores in shopping centers. In fact, every one of our conventional markets is located in an old building and either was unsuccessfully operated under another management or would be regarded by most grocers as being undesirably located. There is no doubt that our stores are not in the best locations, but we have overcome disadvantages of location by good merchandising and hard work. Moreover, if in the future we desire to expand our business by opening new stores, I am sure that we can find adequate locations from which we can conduct a successful business, and I am also sure that other small concerns can do the same.

There is another aspect of Mr. Allen's testimony which strikes me as being worthy of comment. Mr. Allen's remarks seem to me to be an attack on chains in general. Mr. Allen is apparently concerned with possible future mergers, possible dominance of the area by chains and what he regards as a tendency to monopoly. In my judg-

ment, Mr. Allen's apprehensions are entirely misplaced. I know for a fact that an independent can compete successfully with the chains because it's been done. I've done it myself, and I didn't work any miracles, I just worked hard. Chains and mergers such as the merger of Von's and Shopping Bag should not be feared by any small grocer who knows what he is doing. And as long as this ability to compete and the opportunity to succeed exist for the small concern, as it does, I do not see any possibility of monopoly or any sort of domination of this area's food business by one or more large concerns.

Finally, Mr. Allen's testimony does not make any reference to discount houses, and I believe that this is a significant omission. In 1960, there were very few discount houses selling food in Los Angeles and Orange Counties. Today, I would estimate that there are at least 35 N.G. of them. In my opinion, the emergence of discount houses with food departments may well mark the commencement of a now era in food distribution, an era which may result in as many changes in food retailing as occurred with the advent of the supermarket. The discount sale of food has already been successfully undertaken by many conventional supermarket operators, including my company. The discount house offers a whole new area of opportunity for both large and small concerns.

Like most successful merchandising techniques, the discount houses have a simple and direct appeal. They sell food cheaper than most supermarkets do. By eliminating trading stamps, overtime labor and other overhead costs, a discount food operator can afford to sell his products at prices which are 4 to 5% below prevailing supermarket prices. This attracts price conscious customers. Today, most discount houses are divided up into independently operated concessions. In most cases, the food department is run by one company, hard goods are sold by someone else and soft goods are sold by anther, all under one roof. The time will come, as it did in the case of conventional grocery stores, when one company will operate all the concessions. These and other changes are undoubtedly going to occur in discount merchandising, and because this new form of competition is already and will be in the future a cause for genuine concern among conventional grocers, we can expect

changes to occur in their methods of doing business in order to meet the competitive threat of discount houses.

These foreseeable changes will undoubtedly give rise to new opportunities, new problems and new faces in the grocery business. It seems to me that today's grocer must stop worrying about a merger such as Von's and Shopping Bag's, which in my opinion cannot possibly effect his business, and stop worrying about monopolies or chain domination, which is not going to occur anyway, and start planning now to meet and take advantage of the changes and widening opportunities which have characterized the grocery business in the past and which most certainly will exist in the future.

Nathan Gilbert

Subscribed and sworn to before me, this 18th day of February, 1963.

William Barr, Notary Public, for the County of Los Angeles, and State of Calif., [Seal.]

My Commission Expires August 29, 1966, ——Western Ave., Los Angeles 4

AFFIDAVIT OF MARCUS L. GODFREY, JR.

STATE OF CALIFORNIA,
County of Los Angeles, ss:

MARCUS L. GODFREY, JR., being first duly sworn, deposes and states as follows:

I am the president of El Rancho Markets, Inc. which owns or leases and operates three supermarkets located, respectively, at 1101 W. Huntington Drive, Arcadia, California, 1401 Huntington Drive, South Pasadena, California, and 320 West Colorado Boulevard, Pasadena, California. My company opened the Arcadia market in 1948, the South Pasadena market in 1960, and the Pasadena market in late 1962. Each of these markets is large and attractive, and in each of them we stress convenience to the customer, attractive display, good quality foods, fair prices and friendly service.

I got my start in the grocery business by acquiring the grocery concession in a grocery store in the City of Long Beach in 1939. I sold this interest in 1941 after opening up a grocery store in Huntington Park. After 1950, my associates and I operated a grocery store in Pomona, California, and the grocery concession in Farmers Market in Pasadena, California, all of which we have since sold to others.

The business of our company has been and I fully expect that it will continue to be successful. We have been able to and we expect to continue to compete successfully with the stores of the various larger chains. For example, in 1960 Safeway opened a new store at Rosemead and Huntington, three blocks west of our Arcadia store, and in 1961 Ralphs opened a new store at San Gabriel and Huntington, about one mile west of our Arcadia store. Obviously any new store opening in the trading area of another store takes some business away, but at the same time the population in the area of our Arcadia store has been increasing, and our style of operation has individuality, so that the sales of our Arcadia store have increased.

Our South Pasadena store faces competition from, among others, new stores of Pantry, Market Basket, Safeway and Von's. Nevertheless the sales of our South Pasadena store are reasonably satisfactory and profitable.

Because of the existence of Certified Grocers of California, the largest retailer-owned cooperative grocery buying organization in the world, in our area the single store operator or small chain, such as ours, can obtain his groceries laid into the store at prices just as good as those obtained by the large direct-buying chains. Certified does an outstanding warehousing and distribution job so that the Certified member does not have to do much warehousing of his own. I have no doubt at all that if it were not for the existence of Certified the single store operators and small chains in this area would find it difficult to compete and would tend to go out of business.

Certified does not handle produce or meat. I do not know whether we buy our meat as cheaply as larger chains, but I doubt that the larger chains obtain much, if any, price advantage on such purchases. I believe we do better than the larger chains in the purchase of produce, because we buy in

the Los Angeles produce market, whereas the larger chains with their much larger requirements must field-buy and contract in advance for their produce needs. The Los Angeles produce market is a fluctuating market and we have skilled buyers who get us the best price and quality and make good use of our large refrigerated storage facilities to handle advance purchases. I believe our three-store chain is a good size for produce buying and competing. We can, for example, buy 100 lugs of tomatoes, a quantity which would mean nothing to a large chain, at the right time and do very well from a price and quality standpoint. Quantities of this type are often available on the Los Angeles market at advantageous prices.

The large chains do have an advantage in getting choice sites in new shopping centers, because the developer can get better financing with a tenant with an AAA credit rating. I am sure that Von's and Shopping Bag both had such ratings, so the merger did not give Von's any advantage in this respect. I believe the merger of Von's and Shopping Bag was a compatible one and in my opinion it poses no threat to competition or the existence of the many other grocery concerns doing business in this area.

Marcus L. Godfrey, Jr.

Subscribed and sworn to before me this 22nd day of January, 1963.

Melvin J. Meier, Notary Public in and for said County and State, [Seal.]

My Commission Expires March 5, 1966.

AFFIDAVIT OF JOE B. GOODNIGHT

STATE OF CALIFORNIA,
County of Los Angeles, ss:

JOE B. GOODNIGHT, being first duly sworn, does hereby depose and state as follows:

I am the President of an independent supermarket grocery concern which is named Michael's Markets, Inc. I caused this corporation to be organized in December 1959. Its first grocery store was constructed in 1960 and it opened for business at 764 North Tustin Avenue, Orange, California, on July 28, 1960.

1. Prior Experience in the Grocery Business

I am 44 years of age. In 1939 at the age of 21 I was employed by Alpha Beta Food Markets, Inc. as a butcher in the meat department. I remained in the employ of Alpha Beta until late in 1959 when I voluntarily resigned in order to start my own grocery business. During my employment with Alpha Beta I held successively the following positions: butcher, meat department manager, store manager, packing plant manager, general sales manager, and finally assistant to the president. The long training and experience I obtained as an employee of Alpha Beta have proved invaluable to me in making a success of my own business. Mr. Edwards, the President of Alpha Beta, while expressing regret at my resignation, nevertheless greatly encouraged me in my desire to start my own business. I am only one of a number of independent grocers in this area who have "graduated" from employment with Alpha Beta (or one of the several other major chains) into ownership of our own business. The training and experience gained in such employment makes it possible for one, such as myself, to become a successful independent operator.

2. Growth of my Company

My first store (and headquarters offices) was opened July 28, 1960. This store, located at 764 North Tustin Avenue in Orange, California has a total of 15,020 square feet,

with 9,500 square feet in sales area. Our offices have since been moved to 436 South Glassell Avenue in Orange. In August 1961 my company commenced construction of a second store which was opened November 14, 1961 at 3400 East Chapman in Orange, California. In September 1961 my company purchased a market at 1008 East 17th Street in Santa Ana, California, and in February 1962 we purchased the Low Cost Market at 330 South Main Street in Orange, California. We opened our fifth store July 18, 1962, located at 611 East Grand in Corona, California. We were able to purchase the Santa Ana market and the Low Cost Market because they were offered to us, and because they were not profitable for the former owners. On October 15, 1962 we also purchased Grand Groceries, Inc., who operate two stores in Riverside, California. This company was offered to us because of the age and health of the former owners. Since 1960 we have been able to build or acquire a total of seven supermarkets, and we are now operating at a profit.

3. Competitors in the Area of my Company's Stores

Name of Company	No. of stores in Our Area
Alpha Beta	6
Safeway	3
All-American	1
Food Giant	1
Patton's	1
Walker's	1
Market Basket	3
Smith Bros.	1
Alexander's	1
Stater Bros.	5
Sage's Complete Markets	2
Mayfair	2
Ralphs'	1

Plus a host of small "Mom & Pop" markets.

4. Ability of the Single Store Operator or the Small Chain to Compete

My company is a member of the Orange Empire Co-op which, although slightly smaller than Certified Grocers, another local cooperative buying organization, gives me all of the purchasing advantages enjoyed by any of the larger, direct buying chains, such as A & P, Safeway, Ralphs, Alpha Beta and Von's. As strange as it may seem to an outsider, the fact is that, by virtue of my membership in Orange Empire, the larger chains have no price advantage over me. And this is also true as to any other small operator who is a member of either Orange Empire Co-op or Certified Grocers, whose combined annual volume exceeds $750,000,000.

On the basis of my twenty years of experience with Alpha Beta I concluded, and in my own operations since 1960 I have been able to demonstrate, that the able and aggressive single store operator or small chain can out-compete the large chain and has a distinct advantage over the large chain in flexibility of decision, opportunity to establish friendlier and closer ties with the customer and the community, and control of costs.

It is true that Orange Empire does not handle meats or produce, but the intelligent and able single store or small chain operator is not at a disadvantage in the purchase of these commodities. We can and do purchase meat just as favorably as any of the chains in terms of both price and quality. This is because we do not have to buy in large quantities and we are therefore in a position to help out the meat packer who is frequently left with a small quantity, such as 50 rounds, for example. A large chain would not be interested in purchasing such a small quantity and the packer will usually make us a favorable deal so as to dispose of the meat. This is likewise true in produce—for the same reasons. We can and do purchase produce at prices and quality every bit as favorably, if not more so, as any of the large chains can purchase its produce.

5. The Von's-Shopping Bag Merger

Obviously the Von's-Shopping Bag merger in March of 1960 did not discourage me from opening my first store in July of 1960 or from thereafter expanding, nor could it. Actually it is my personal opinion that the larger a chain becomes, the softer a touch it becomes for the aggressive small operator. Competition in the retail grocery business consists of many things, including price, courtesy, friendliness, convenience and flexibility. The merger did not give Von's any advantage over its many rivals in any of these aspects of competition. There is no doubt in my opinion that my company and as well any of the hundreds of other chains and strong independents can compete very successfully with Von's. From my own experience in the grocery business I am absolutely certain that the merger has not had and will not have an adverse effect on the very vigorous competition which has prevailed and still prevails in the grocery business in this area. I am equally certain that because of the existence of strong cooperatives such as Orange Empire and Certified Grocers there will continue to be for the foreseeable future many hundreds of strong independents and small chains to compete successfully with the several larger chains for the consumer dollar in this expanding market. There is no possibility whatsoever, in my opinion, of any undue concentration or of any chain or any group of chains dominating this market area. Anyone who would say otherwise just doesn't know anything about the grocery business in this area, in my opinion.

Joe B. Goodnight.

Subscribed and sworn to before me this 26th day of October, 1962.

Loisann Derr, Notary Public in and for said County and State, [Seal.] My Commission Expires Nov. 12, 1965.

Affidavit of Yoshi Inadomi

State of California,
County of Los Angeles, ss:

Yoshi Inadomi, being first duly sworn, does hereby depose and state as follows:

My father and I operate two retail grocery stores in East Los Angeles under the name JonSons Markets.

In 1923, my father, John Inadomi, opened a grocery store in Fillmore, California. Prior to World War II, the firm expanded and operated grocery stores elsewhere in Ventura County, California. I began working in these stores at an early age. Later, I attended the University of Southern California and Drake University in Des Moines, Iowa, where I graduated with a degree in marketing and economics. Following my graduation, I spent two years in the Army.

I returned to Los Angeles in 1946. My father, my uncle and I purchased a small grocery store called the Brooklyn and Ford Market at 4500 Brooklyn Avenue in East Los Angeles. In 1952, we opened a second store, the First Street Food Center, at 3650 East 1st Street in East Los Angeles. My father, my uncle and I still have an interest in those two markets which are, comparatively speaking, quite small.

In 1959, however, my father and I decided to branch out on our own and with the profits we had made from our two small markets, and the aid of outside financing, we acquired the land at 2432 Brooklyn Avenue in East Los Angeles and built a 13,000 square foot supermarket at that location. This was the first new building erected in the Boyle Heights area of East Los Angeles in approximately 30 years, and it marked the beginning of JonSons Markets. In 1960, JonSons Markets, Inc. acquired a market from Alpha Beta at 4831 Whittier Boulevard in East Los Angeles. That market is 20,000 square feet in size. It is my belief that that store was not doing a profitable business under the management of Alpha Beta, but since we have taken over the store, we have done quite well, and our business is a profitable one.

We are members of Certified Grocers of California, Ltd., and I credit our membership in that organization as being one of the principal factors leading to our success, since through Certified we are able to obtain grocery products on terms as favorable as any of the direct buying chains. Also, we have taken advantage of other services extended by Certified. Certified has developed a data processing system which we have installed in our store, and which I regard as an invaluable asset. It provides us with reliable statistical information from which we can determine how our business is operating, and what direction our efforts should take in the future. We rely upon these statistics very heavily since I am of the view that the control of any business with the aid of an analysis of statistics is an essential to success these days.

Our stores face competition from many of the major chains in this area, most notably, Safeway, Food Giant and Von's. We also face aggressive competition from a number of stores operated by independents. We have been able to meet this competition and to succeed. I believe that we are aggressive competitors and that our merchandising techniques are sound. Most of our personnel have been trained by us personally. Many of them have begun with us as box boys.

We have instituted and maintained a more or less aggressive advertising campaign. We advertise in community papers, and we place advertisements on benches and bus cards as well. Because our markets serve a large Mexican population, we also advertise on local Spanish speaking radio stations.

JonSons Markets, Inc. is a shareholder in Golden Creme Dairies. Golden Creme is a corporation whose stockholders are retail grocery concerns in the Los Angeles metropolitan area. I serve on the Golden Creme Board of Directors. In all, Golden Creme has approximately 80 shareholders ranging in size from Food Giant, which operates approximately 50 stores in the Los Angeles metropolitan area, to a number of single store operators. JonSons Markets feature Golden Creme products. Golden Creme is an organization not unlike Jersey Maid, although Jersey Maid is a dairy owned by a fewer number of retail grocery concerns.

Based upon my experience, I am of the view that any hard working and able independent grocer can compete successfully with the chains. About the only handicap or disadvantage which an independent faces is in terms of capital. Naturally, the larger chains, and I think specifically of the national chains such as Safeway, have tremendous financial resources at their command, which they can use in the acquisition of new locations and otherwise. The independent on the other hand, has a very difficult time accumulating capital. For every dollar that he makes and wishes to put away, the government takes 50¢ of it by way of taxes. As a result, it is very difficult for an independent to expand to the point where he can afford to acquire good new locations. Also, it is difficult for an independent to acquire a shopping center location because developers have found that they can obtain much better financing terms if they rent their store space to a larger concern with triple A financial ratings. Perhaps this disadvantage could be eliminated if the government were to guarantee the leases of smaller concerns which had, through the operation of smaller stores, demonstrated a proven ability to establish and maintain a successful grocery business.

I have been asked by the attorneys for Von's Grocery Co. to express an opinion as to the effect of the merger of Von's and Shopping Bag on various aspects of the retail grocery business in the Los Angeles metropolitan area. Personally, I am of the view that the merger has nothing whatever to do with the disadvantage at which an independent finds himself in the accumulation of capital or the acquisition of new store locations. There is simply no relationship so far as I can see between the merger and this situation. Secondly, I do not believe that the merger of Von's and Shopping Bag has affected competition in any way. It has neither decreased nor increased competition. Our stores are in competition with stores operated by Von's, and so far as I can tell, there has been absolutely no change in the nature or character of that competition since the merger. In short, the merger of Von's and Shopping Bag, in my view, has not and could not adversely affect my business or competition generally in grocery retailing.

Yoshi Inadomi.

Subscribed and sworn to before me, this 11th day of Jan., 1963.

Kathryn E. Hagerty, Notary Public in and for said County and State, [Seal.]

My Commission Expires June 22, 1963.

AFFIDAVIT OF ARTHUR C. JONES, JR.

STATE OF CALIFORNIA,
County of Los Angeles, ss:

ARTHUR C. JONES, JR., being first duly sworn, does hereby depose and state as follows:

I am 41 years of age and President of Piggly Wiggly California Company. I am also President of Southern California Grocers' Association, and the President of National Piggly Wiggly Operators' Association, comprising 1600 stores in 38 states. My father, Arthur C. Jones, Sr., now deceased, held this same post 35 years ago. I grew up in the grocery business under the instruction and direction of my father. I started stocking shelves when I was 11 years old, in one of Dad's markets on 44th and Western Avenue in Los Angeles. Dad paid me 25¢ a day, and because my grandmother thought I wasn't being paid enough, she gave me another 25¢ per day. This "under the table" payment was necessarily kept secret from Father, who was never accused of over-paying anybody. I succeeded my father as President of Piggly Wiggly California Company in 1957.

Father had started in business in 1920 with one store in Los Angeles. He built this up progressively to a chain of 220 stores by February of 1929. He sold all of these stores to Charles Merrill, who subsequently sold them to Safeway. I believe this was the time when Safeway commenced doing business in California, at least in the Los Angeles area. After that, Father owned and operated the Chapman Ice Cream Company for about three years; then he went to New York as President of the Ridgeway Tea Company. He

also became President of James Butler Grocery Company of New York, which operated 485 stores. During Father's tenure of office, most of these stores were sold to store managers and thereafter operated as individual stores. Father was also President of Bob White Frosted Foods, Inc., and during the last war, served with the Government as O.P.A. Director in Dallas, Little Rock and New Orleans. He started the present Piggly Wiggly California Company in 1949 and had opened up and was operating five stores at the time he passed away in 1960. I have succeeded to substantial ownership of the business and now operate eight stores and hope to open two more in the next year and a half.

Competition With Von's and Others

At the present time we have five stores in the San Fernando Valley in direct competition with either a Von's or Shopping Bag store. These five are in Tujunga, Sunland, San Fernando, Reseda and Van Nuys. Two of the five Piggly Wiggly stores were in operation before the Von's merger, and the other three were acquired subsequent to the Von's merger. Both before and since the Von's merger, I considered Von's and Shopping Bag normal competitive operators. Competition between my stores and Von's has not increased or decreased since the merger; the merger has simply not affected my business in any discernable respect. Since the merger, my business has been affected and competition has increased by reason of new stores and other competitors moving in, but the Von's merger had nothing to do with it. The new Gelson store, a few blocks from me on Ventura, is the toughest competition I have. I have plenty of worries over what this two-store outfit is doing. But they had better worry about me too, for I am operating a supermarket near them, that is in my opinion the finest supermarket in the United States of America.

New Entrants Into the Grocery Business

The attorneys for Von's have asked for my opinion as to whether or not independent operators can get started in the grocery business in the Greater Metropolitan Area and thereafter compete successfully with the chains. My opinion is that they can get started providing the new-comer is

smart enough to pick a good location for a modern store. By "modern store" I am referring to the phenomenal small markets like Speedy Marts, as well as the supermarkets. The new-comer, having then established himself in a modern store, is in an excellent competitive position in so far as chains are concerned, for the following reasons: He becomes personally acquainted with a large number of his customers; he becomes a better merchandiser; he generally can and does work longer hours; being constantly on the job, he is able to make decisions on the spot and is able to better control his help; he is always completely in touch with what his competitors are doing in the immediate neighborhood and is able to make day to day changes in his operation to keep abreast of this competition; he draws all his trade from this immediate neighborhood and doesn't have to concern himself with what stores are doing on the other side of the county; having personal acquaintance with his customers, he can tailor his operation to the individual customer, whereas chains cannot do this nearly so well, and certainly not as quickly.

In the last five years I have seen a large number of small markets start up like Speedy Marts. They are absorbing an increasing volume of business, and have some additional competitive advantages. They occupy about 2200 square feet or less. They open at 7:00 A.M. and run until 11:00 P.M. Generally they are a family operation, and they can select locations in crowded areas convenient to apartment dwellers, which locations are not available to chains operating stores of the supermarket variety. Rents are materially lower in comparison with supermarkets. They do not handle fresh meat or produce. They can and do, as members of a co-operative, buy at prices as favorable as can be obtained by chain operators. One big advantage is that they have no union labor and no labor troubles. These markets are one area in which independents with limited capital have a wide open opportunity to establish a profitable business. I have been informed that there are over 100 of these markets in the City of Dallas, Texas and they are spreading rapidly in all great population centers. Some of them do as much as $10,000.00 per week. It is the new modern version of the old "Mom and Pop" grocery store. Indi-

vidually and in the aggregate, they are destined to become big time competition in the grocery business.

In conclusion, I can flatly state that it is my opinion that the Von's-Shopping Bag merger has had no effect whatsoever on my business and that the merger has neither increased, decreased nor changed competition between us in any respect.

Arthur C. Jones, Jr.

Subscribed and sworn to before me this 19th day of January, 1963.

John DeBellis, Notary Public in and for said County and State, [Seal.]

My Commission Expires Dec. 4, 1966.

AFFIDAVIT OF A. J. MILLER

STATE OF CALIFORNIA,
County of Los Angeles, ss:

A. J. MILLER, being first duly sworn, does hereby depose and state as follows:

I am president of Tiny Tim Markets, Inc., a retail grocery concern operating three small grocery stores in Orange County, California. Also, I am a past vice president of the Southern California Retail Grocers Association.

I have been active in the grocery business from time to time since the days when I was a school boy working in a grocery store in Hammond, Indiana. In later years I worked for Jordano Brothers, a retail and wholesale grocery concern operating in Santa Barbara, and I later worked for Haas-Baruch Co. and Crown Products Co., both of whom were suppliers of grocery products.

In 1948, I entered into a partnership with Joseph Eannareno and we opened up a grocery store called the Grand Market in Santa Ana. This market was successful enough to permit us later to open a second market called the Value Market in Anaheim. In 1952, Mr. Eannareno purchased my

interest in the partnership, and I formed another partnership to operate the Certified Market in Santa Ana.

The Certified Market was a tremendous success. We remodeled and expanded the market on two occasions between 1953 and 1958. I sold my interest in this market in 1958 in order to commence my present business, the operation of Tiny Tim Markets, as sole owner.

Tiny Tim Markets began in 1958 with one small store at the corner of Newport and Irvine in Tustin, California. We later built two additional stores in small shopping centers in Santa Ana. Recently, we have acquired a fourth store in Buena Park, which we will convert into a Tiny Tim Market.

All of the Tiny Tim Markets are so-called superettes in that they are smaller than a supermarket. On an average, they have about 4000 square feet of selling space as compared to the Certified Market, for example, which had 15,000 square feet. However, we carry a full selection of grocery products in Tiny Tim Markets.

The keynote of our merchandising policy at Tiny Tim has been cleanliness, courtesy and friendly service. I have always tried to let the customer know of my gratitude for his patronage. When I was operating Certified Markets, I would often stand at the door, shake the hands of my customers as they entered, make a point to call them and their children by name, and personally thank them for coming to our store. I tried, and still do, to play a real part in my customers' lives. Whenever I would learn of a new addition to the family of my customers, I would arrange to have flowers sent to the mother's bedside in the hospital; and while a continuation of this specific policy now that I am operating three stores is impossible, I still stress to my employees, and practice myself, the philosophy of courteous, friendly, personal service.

The employees we have chosen for Tiny Tim Markets are, I believe, of the highest caliber. I believe that in the last analysis it is the people working in a store who attract the customers. I will not tolerate any employee who demonstrates in any way a lack of integrity or who does not maintain a good personal appearance, or does not extend the sort of courtesy and friendliness which is required. Our male employees all wear red vests instead of aprons in our

stores, and we try in any other way possible to make Tiny Tim Markets a pleasant and attractive place to shop.

When I went into the Tiny Tim Markets venture, I was convinced that there was a place for smaller grocery stores in Orange County. I am confident that there are a significant number of people who prefer to shop in a smaller store as opposed to a large supermarket. Some other operators who have superettes or bantam stores feel that they can attract only those customers who wish to make a quick purchase of an item which they have run out of at home, and they believe that the same customer will go to a supermarket to make her large purchases. I disagree with this point of view. I think there are many people who prefer to do all of their shopping at a clean, attractive smaller store. The success of Tiny Tim Markets has, I think, demonstrated the correctness of my views.

I also feel strongly that a grocer owes a duty to the community he serves to become active in community affairs. I believe that community service brings in customers who learn to know and appreciate the fact that here is a business man who is really a part of their lives. I have been active in the Boys Club of Santa Ana, a member of the board of directors of the Orange Empire Boy Scouts, a past director of the Boy Club of America of Santa Ana, Chairman of the underprivileged children's committee of Kiwanis of North Santa Ana, a trustee of the Santa Ana Board of Education, first commander of the Ambassador Club of the Chamber of Commerce, chairman of the membership committee and a member of the board of directors of the Chamber of Commerce, a member of the National Chamber of Commerce, a past member of the Santa Ana Rotary Club, a member of the Elks and Knights of Columbus, and President of the Americanism Educational League. I have received the Golden Neighbor Award in Santa Ana, and in 1956, I was named Kiwanian of the Year. My activities in community affairs have greatly enriched my life. They have also made my name and the name of my stores well known in Santa Ana.

I believe that there is a tremendous competitive opportunity available in this area for independents and smaller grocery concerns, whether they operate supermarkets or superettes. Through membership (which we have) in co-

operative buying groups such as Certified Grocers of California, the smaller concern is able to buy its groceries as cheaply as any chain, and by stressing merchandising techniques adapted to fit the needs and desires of the particular community which he serves, the independent can do just as well as anyone in the food industry.

The proof of these statements can be found in the success of countless independents in Los Angeles and Orange Counties and elsewhere. For example, I think immediately of a man named Fred Walker, who operates a small grocery store near the corner of 17th Street and Tustin Avenue in Santa Ana. Mr. Walker had operated this store for a number of years quite successfully. A few years ago, Alpha Beta opened a huge supermarket in a very large shopping center almost directly across the street from Mr. Walker's store. As the Alpha Beta was being built, I heard many people say that Mr. Walker's days in the grocery business were numbered, at least at this location. But Mr. Walker is a very good grocery man and he did not quit. I know for a fact that today Mr. Walker is doing just as well, if not better, than before the Alpha Beta Market opened across the street from him.

There is also a tremendous opportunity for small concerns to grow. Tiny Tim Markets is an example of the ability of smaller concerns to expand. Another very good example with which I am quite familiar is Michael's Markets. Joe Goodnight, the founder and president of Michael's Markets, was for a long time an employee of Alpha Beta. He is one of the best grocery men I have ever met. In 1959, he branched out on his own and commenced the Michael's Market chain. Today, Michael's Markets is a 7 store chain operating very successfully in the Orange County area.

There is no doubt in my mind that competition is intense in the grocery business in Los Angeles and Orange Counties. Indeed, I think "intense" is probably an understatement of the vigor of competition in this business. But I, for one, like the grocery business just he way it is. I am stimulated and exhilarated by competition, and I believe that I have the ability and experience to compete successfully against independents or chains. I am sure there are many people operating smaller concerns who have the same feeling. Under these circumstances, I do not see how the chains

ever dominate the grocery business in Los Angeles, and I certainly see no threat of monopoly.

I understand that the Federal Government has commenced an antitrust suit challenging the legality of the merger of Von's and Shopping Bag. In my opinion, that merger had absolutely no adverse effect on competition. I also understand that the Government has contended in this case that smaller concerns are at a disadvantage in obtaining desirable shopping center locations. It may be true that in some instances the small concern has a more difficult time than a larger chain in finding a shopping center location, but in my own experience, I have had no such difficulty. Today, the chains seem to be interested in the very large shopping centers, and there are many sites available which do not meet their requirements and which, I have found, are available to a grocer who wants to operate a smaller store in a smaller shopping center. Two of my three stores are in shopping centers now. Just last week, a friend of mine who owns a good deal of property in Orange County asked me to look at some of his property to determine whether or not any of it could be developed into shopping centers, in which incidentally, he wanted Tiny Tim to operate a grocery store. We spent one day looking at his property. We saw no less than eight separate sites which could very well be adapted to a shopping center development. The one which was the most attractive to me was at the corner of Valley View and Chapman in Garden Grove, directly across the street from a larger shopping center in which Thriftimart is operating a supermarket. We have decided to make some preliminary plans to determine whether a shopping center could feasibly be located at this corner, and if those plans look promising, I am sure that within the near future Tiny Tim will open its fifth market at this location.

A. J. Miller

Subscribed and sworn to before me, this 19th day of February, 1963.

Kathryn E. Hagerty, Notary Public in and for said County and State, [Seal.]

My Commission Expires June 22, 1963.

AFFIDAVIT OF O. J. SCHOEN

STATE OF CALIFORNIA,
County of Los Angeles, ss:

O. J. SCHOEN, being first duly sworn, does hereby depose and state as follows:

I am 59 years of age and Executive Vice President of Piggly Wiggly California Company. I joined this company in 1960. I started in the grocery business in 1924 in Louisville, Kentucky as an inventory stock control clerk for Atlantic & Pacific Tea Co., Inc. I also worked in the warehouse and in stores as a routine clerk and stayed in Louisville about two and a half years. I then was transferred to Detroit as Assistant Office Manager. The Detroit operation of A. & P. in 1927 was 550 stores and I worked in this area for about two and a half years. In 1930 A. & P. decided to open stores on the Pacific Coast and I was transferred to Los Angeles as Assistant Office Manager. I became Office Manager in the Los Angeles area in 1936, and in 1939 I also took charge of the grocery warehouse, produce warehouse, and of transportation. I later became assistant to Vice President, George Higi, in charge of all operations. In 1950 I was appointed General Superintendent and given complete charge of all A. & P. stores in California, succeeding Mr. Higi. In 1953 I resigned to become Executive Vice President and General Manager of Piggly Wiggly stores in San Diego, and at present I am Executive Vice President of Piggly Wiggly California Company. Also at the present time I am President of Western Association of Food Chains, Vice President of National Association of Food Chains, and Director of Food Employers' Council of Los Angeles. I was Charter President of San Diego Food Employers' Council.

Since coming to Los Angeles in 1960 I have had an opportunity to become acquainted with the competitive picture between the various grocery chains and between independents and grocery chains. It is my opinion that competition has generally and substantially increased throughout Los Angeles County. One important reason for this is the substantial increase in the number of discount houses sell-

ing groceries. With less desirable and cheaper locations, less union labor, and with less administrative overhead, discount houses are able to operate on a small profit margin, which they hope will be off-set by volume sales. One of the keys to a successful supermarket operation is the selection of a prime location. This is generally true also of an independent. An independent who desires to get into the grocery business and has had some training, is just as able to pick out a prime new location as some executive in a chain store operation can do.

Based upon my observation since 1960, it is my opinion that the Von's merger has not substantially changed the competitive picture with Piggly Wiggly stores as it existed prior to the merger. It is also my opinion that the Von's merger has had no effect on competition in relation to any other chain or independent operating in Los Angeles County.

O. J. Schoen

Subscribed and sworn to before me this 11th day of January, 1963.

Gladys M. Smith, Notary Public in and for said County and State, [Seal.]

My Commission Expires Oct. 30, 1963.

AFFIDAVIT OF DANIEL H. WILSON

STATE OF CALIFORNIA
County of Los Angeles, ss:

DANIEL H. WILSON, being first duly sworn, does hereby depose and state as follows:

I am Vice President in charge of operations for Crawford Stores, Inc. Crawford Stores, Inc. consist at present of six stores making annual sales of about $15,000,000.00.

Grocery Background

I started in the grocery business in 1931 when just out of high school. My first job was for W. H. Crawford in Rosemead. For the first two months I worked six days a week,

from ten to twelve hours per day, and was paid only my room and board. At the end of two months I was given a raise and was then paid $10.00 per week, plus my room and board. I was supposed to be a clerk, but spent most of my time sacking sugar and pink beans. At the end of the first year I was transferred to the store at El Sereno, and was given a $2.00 per week raise. Gradually my salary was increased until I was getting $20.00 per week, plus room and board, and this was what I was making at the time I became married to Mr. Crawford's secretary. She was working for Crawfords for $5.00 per week, and resigned her job when we were married. As a wedding present Mr. Crawford increased my salary $5.00 per week, the same amount he was paying his secretary.

In 1934 we opened the Glendale store and I was transferred there as Grocery Manager, and eventually became Store Manager. In 1942 I went into the service and after my discharge I held a succession of different jobs until 1951 when I re-joined Crawfords as General Supervisor. Then I was given the job of Assistant General Manager, and as I said, I am now Vice President in charge of operations.

Competition With Von's

Before the Von's merger, two of our stores were in direct competition, one with a Von's store on Valley Boulevard, and one with a Shopping Bag store on Whittier Boulevard in Montebello. We are still competing with the same two stores. Von's were always tough competitors and they still are. We never did consider the Shopping Bag store to be much competition and we still don't. We make 100% of our purchases from Certified and Spartan, and we think we buy as cheap as Von's. We also think we buy meat cheaper than Von's, because our supplier is always prepared to supply our requirement of a lesser number of carcasses in order to maintain our steady business. Big operators often have to go to several outlets to get their supply. Where we are charged the market price, suppliers can and often do charge big operators more because of the effort needed to meet the bigger quota.

Our stores vary in size from 12,000 square feet to 60,000 square feet. Like the big chains do, we hire union labor and

pay the union scale. Our prices are in line with prices charged by Von's, and we believe our store operating costs are on a par with those incurred by Von's. The last store we opened was in the fall of 1960 and despite competition that surrounds us everywhere, our sales this last year increased about 2%. It is my definite opinion that the Von's merger did not increase, decrease or make any change whatsoever in the competition existing between us at and prior to the merger. It is also my opinion that the merger had no effect on competition anywhere in Los Angeles County. Von's and Shopping Bag are still selling the same groceries to the same people from the same outlets, and generally in competition with the same competitors. From what I have seen, there has been no substantial, nor any change in this competitive picture since the merger was accomplished.

An Independent's Competitive Advantage Over A Chain Operation

I have been asked by Von's attorneys my opinion on the competitive advantages enjoyed by an independent grocer or one-ownership grocer in relation to a chain operation. In many respects a one-ownership operation has tremendous advantages over the chain operation. Some of these advantages are:

1. An independent can be much more flexible or fluid in buying supplies, advertising them and in pricing them.
2. The independent can make day to day decisions as problems arise, which cannot be so readily made by store managers in a chain.
3. An independent can and does keep in close touch with his customers. He knows their personal likes and dislikes and he caters to them whenever possible.
4. A one-ownership operation is in much closer and more personal contact with his employees and as a result, there is far less labor trouble between management and employees.
5. Then I believe he can operate more efficiently because he doesn't have to hire supervision and several different types of buyers; he can perform all these services for himself.

6. One big advantage enjoyed by an independent, or a one-ownership operation, is that he can reach his customers with "spot" advertising. General area-wide advertising by supermarkets does not reach customers as effectively as spot advertising does.

Daniel H. Wilson

Subscribed and sworn to before me this 11th day of January, 1963.

Philip A. Cain, Notary Public in and for said County and State, [Seal.]

My Commission Expires August 12, 1966.

DEFENDANTS' EXHIBIT AZ

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60 C

[Title Omitted]

AFFIDAVITS OF DEFENDANT'S INDUSTRY WITNESSES WHO OPERATES TEN OR MORE GROCERY STORES

AFFIDAVIT OF SAM ALEXANDER

STATE OF CALIFORNIA
County of Los Angeles, ss:

SAM ALEXANDER, being first duly sworn, does hereby depose and state as follows:

I am Chairman of the Board of Alexander's Markets, a corporation. My brother, R. E. Alexander, is President of the corporation and my son, Veryl Alexander, is Vice President and Assistant to the General Manager of Alexander's Markets.

1. Experience In The Grocery Business

My first experience in the grocery business occurred when I was employed in the year 1912 in the City of Edmond, Oklahoma, as a delivery boy for a grocer. I moved to California in 1919, and in that year I opened my first grocery store at 41st Street and Hooper Avenue in the City of Los Angeles. This was a 25′ by 40′ market which I ran until 1923 when I sold this store. I next took over the grocery section in what was then considered the "giant" 40′ by 40′ Peerless Market, located at 48th Street and Second Avenue in the City of Los Angeles. I sold my interest in the Peerless Market in 1929 and took over the grocery department in the Great West Adams Market located at West Adams and Virginia Road in Los Angeles in 1930. In 1931, I took over the grocery section of my present store at 4813 West Washington Boulevard in Los Angeles, and in 1940, I pur-

chased the entire operation of this market. The 41st Street and Hooper store and the Peerless Market which I have referred to above are both still standing and being operated as grocery stores by others. The grocery department at the South Arlington Drive-In Market at Arlington and Exposition Boulevard was opened by us in 1933. It has been opened and operated for a period of a year or so by others and then closed. We re-opened the store and ran it for five years and then sold it in 1938.

The next Alexander's market was opened in 1935 at 10th and Crenshaw. I sold it in 1937, but the store remained in operation in other hands until 1961 when it was destroyed by fire. In 1937, I opened another Alexander's Market at 3029 South Vermont Avenue. In 1940 I opened another Alexander's Market at 204 West Wilson Avenue in Glendale. In 1949 my company opened another Alexander's Market at 260 East Magnolia Boulevard in Burbank. From that time forward, Alexander's Markets has continued to grow and to expand. We now own and operate 12 supermarkets in the Los Angeles Metropolitan Area and we have three additional supermarkets under construction. A list of my company's markets, including the addresses and the date that each of them was opened, is as follows:

Store	Address	Date Opened
#1—Glendale	204 West Wilson Avenue Glendale 3, California	1940
#2—Vermont	3029 S. Vermont Avenue Los Angeles 7, California	1937
#3—Washington	4813 W. Washington Blvd. Los Angeles 19, California	1931
#4—Northridge	18426 Roscoe Boulevard Northridge, California	1961
#5—Burbank	260 E. Magnolia Blvd. Burbank, California	1949
#6—Valley Plaza	6355 Bellingham Avenue North Hollywood, California	1952
#7—Sunset	1601 North Vermont Avenue Los Angeles 27, California	1953
#8—La Canada	421 W. Foothill Blvd. La Canada, California	1956
#9—Azusa	273 E. Gladstone Avenue Azusa, California	1956
#10—Monrovia	328 W. Huntington Drive Monrovia, California	1957
#11—Baldwin Park	1640 N. Puente Avenue Baldwin Park, California	1960
#12—Tustin	550 East First Street Tustin, California	1961

Store	Future Locations Address	Date Scheduled to Open
#13—Van Nuys	5822 Sepulveda Boulevard Van Nuys, California	Nov. 25, 1962
#14—Encino	Ventura Boulevard between Newcastle and Zelzah Encino, California	—
#15—Tujunga	Foothill Boulevard and Marnice Avenue Tujunga, California	—

2. Ability of the Single Store Operator or Small Chain to Compete

When I first started in business in this area as a grocer there were three or four chain grocery stores which, because of their volume, were able to and did buy their groceries direct from the manufacturers. The rest of the grocery operators in this area, including myself, were not able to buy in sufficient volume to purchase directly from the manufacturers and we obtained our groceries from the old-line jobbers. This resulted in our paying from 10- to 15% more for our groceries than the direct-buying chains and placed the smaller groceries at a competitive disadvantage in relation to the chains. The only way that I and the other small operators could compete with the chains would be by being very friendly to the people in the neighborhood and emphasizing personal service. On the basis of my experience in the industry, however, I am convinced that if this disparity in purchasing power had continued it would have meant virtually the complete disappearance of all of the single store operators and small concerns and would also have meant that the many fine large chains which now exist in this area would not be in existence today. Fortunately, some farsighted smaller operators realized in the 1920's that in order to compete successfully it was essential that they be able to purchase their groceries at prices comparable to those received by the direct-buying chains and a number of these smaller grocers got together and agreed to pool their resources and buy directly from the suppliers. By this means they concluded, and correctly, they could have the advantages of quantity discounts and reduce operating costs. This was the beginning of cooperative buying in the Los Angeles area and it was so successful that in

1924 Certified Grocers of California, Ltd., was organized. Certified is a cooperative organization, all of the stock of which is owned by retail grocers who purchase their groceries from Certified. I am informed that Certified is the largest retailer-owned cooperative food wholesaler in the world. Certified has grown to the point where today its annual sales at wholesale to its members is approximately $350,000,000.

Alexander's Markets became a member of Certified in 1928. I had the pleasure of serving on the Board of Directors of Certified Grocers for 25 years. I attribute a very large part of the success which Alexander's Markets has enjoyed over the years to its membership in Certified Grocers and from my experience in the industry, I am convinced that the growth of such other chains as Von's, Shopping Bag, Shoppers Markets, and many others has in large part been attributable to their membership in Certified. Similarly, the existence of Certified makes it possible for the ambitious and experienced individual who wishes to enter the grocery business today to do so and to compete successfully with any of the major chains.

While Certified Grocers does not handle meat or produce, this does not, in my opinion, place the single store operator or the small chain at any competitive disadvantage. I found from my own experience when I was running one or two stores that it was possible for the small operator to purchase produce and meats at comparable prices and with comparable quality to that which the larger chains purchased, and my buyers now assure me and from my own experience I am sure this is still true. This is because the meat packers frequently have small quantities of meat which they cannot sell to a chain (which must buy in large quantity). The packers are therefore willing to sell these smaller quantities to the small operator at a favorable price. This is likewise true in the purchase of produce. The small operator who does not need a large quantity can "wait the market out". By that I mean a large chain will frequently purchase, for example, 500 crates of lettuce, and it cannot, because of its large demands, wait to see if the market breaks a little. Also, the smaller operator is frequently able to help out the produce dealer by taking small quantities which the produce dealer might not otherwise be

able to sell and thereby obtain a real price reduction. The buyers for Alexander's Markets today tell me that this situation still obtains and from my background and experience in the business I am satisfied that it will always be true.

People have been predicting for many years the demise of the single store operator. This may be true in other areas of the country, but I do not believe there is the slightest possibility of it happening in the Los Angeles area because of the existence of Certified Grocers and another large cooperative buying organization known as Orange Empire. The single store operator has a number of competitive advantages over the stores operated by the larger chains, because he has the advantage of the personal touch with his customers, can respond quickly to competitive conditions, and can pay closer attention to his overhead.

Of course, there have been failures in the business, just as there have been failures in all lines of business. In my opinion, most of the failures in the grocery business in this area must have occurred because the person simply did not have the experience and ability to run a successful business. There have been failures of some of the larger chains as well, either for the same reason or because they tried to expand too rapidly with insufficient capital. It has been the consistent policy of Alexander's Markets to finance its expansion out of funds generated through profits and depreciation. I fully expect that Alexander's Markets will continue to prosper and to grow in order to serve the needs of an ever-expanding population.

I believe very strongly that there is a great opportunity in the grocery business for the conscientious and able single store operator. From my observation of the industry over the past 43 years, I believe that the great bulk of the successful independent operators got their experience in the business by working for a chain. I believe this is the best schooling possible for the man who wants to start his own grocery business.

3. The Merger Of Von's And Shopping Bag

I do not wish to give the impression from what I have heretofore stated concerning my success and the success of Alexander's Markets that it has all been easy. This is not the case. It took hard work, close attention to details, and a knowledge of the business. The retail grocery business in the Los Angeles area has always been highly competitive and it is today. The merger of Von's and Shopping Bag, in my opinion, has not had any adverse effect on competition in this area and I don't see how it possibly could have any effect. I have stated before that if it were not for the existence of the large cooperatives, such as Certified and Orange Empire, the large chain such as Safeway or Ralphs with its ability to get low prices because of purchasing large quantities would have an overwhelming advantage over the single store operators and the small chains, but Certified and Orange Empire, of course, buy in much greater quantities than any of the chains, including Safeway. By this statement I do not mean that competition in the retail grocery business is only price competition. What I do mean is that since the single store operator and the small chain can purchase groceries as favorably as the large chains, they are at no disadvantage, and I frankly feel that they can out-compete the large chains in terms of courtesy, convenience, flexibility and close attention to detail.

From my experience in the industry I am convinced that there is not the slightest possibility that any chain can dominate or control this market. Certainly Safeway, despite its importance in this area and its nation-wide operations, has never been able to control or to dominate the market. There is, and I am convinced there will continue to be, great opportunity for persons of ability and who are willing to work hard to enter the grocery business in the area and to prosper and grow. In my years in the industry I have seen very many concerns do just that. I am convinced that the growth of such concerns as Von's and Shopping Bag and the hundreds of smaller chains from single store operations is directly attributable first to membership in Certified Grocers and secondly to hard work, intelligence and ability.

There are now in this area, and I have no doubt whatsoever that there will continue to be, many hundreds of small chains and single store operators who compete successfully with the few larger chains for a share of an ever-increasing market. The merger of Von's and Shopping Bag, in my opinion, cannot have any effect on this situation. There is not the slightest possibility, in my mind, of any tendency toward a monopoly in retail grocery sales in the Los Angeles area.

Sam Alexander

Subscribed and sworn to before me this 26th day of October, 1962.

Anthony J. Dougherty, Notary Public in and for said County, and State, [Seal.]

My Commission Expires Sept. 19, 1964

AFFIDAVIT OF CLAUDE W. EDWARDS

STATE OF CALIFORNIA
County of Los Angeles, ss:

CLAUDE W. EDWARDS, being first duly sworn, does hereby depose and state as follows:

I am the President of Alpha Beta Acme Markets, Inc., successor to Alpha Beta Food Markets, Inc., a supermarket grocery concern operating supermarkets in the counties of Los Angeles, Orange, Riverside, San Bernardino, and San Diego, all in California. I became President of Alpha Beta Food Markets, Inc. in 1952. I have held the following positions in the grocery industry: President of Western Association of Food Chains, 1944-1947; President of Supermarket Industry, 1949-1951; Chairman of the Board, National Association of Food Chains, 1959-1960; President of Topco Association, Inc. for a period of three years (This was a group of thirty supermarket chains.) At the present time I am on the Board of Directors and the Executive Committee of the National Association of Food Chains and the Supermarket Institute.

1. My Grocery Background

I started in the grocery business 42 years ago as a truck driver for the Cannel Commercial Company, and then a short time later I drove a truck for Smart & Final for about one year. About 41 years ago I went to work for Albert C. Gerrard, the founder of Alpha Beta Food Markets. I was employed as a grocery clerk in the Pomona store. In August of 1922 I was invited by Mr. Gerrard to join him as a copartner in the operation of a store in Corona, and this I did. In 1929 the business was incorporated as Alpha Beta Food Markets, Inc., and I was the manager of this store. In May, 1929, I was given charge of the wholesale produce warehouse and the distribution system for Alpha Beta. Trouble came to all business, including the grocery business, in the early thirties, and about May of 1932, I opened a new type of store for Alpha Beta which we called a "depression store." It was so-called because we operated without fixtures. Merchandise, with the exception of meat, was stacked on the ground or on the floor. Some time later, after the depression lessened, the store was modified and fixtures were installed.

About 1934 I took charge of advertising. I was also given charge of the combined warehouse and the produce setup located in the central manufacturing area of Los Angeles. Mr. Gerrard and I had at that time about 25 stores. We worked closely together, in fact sat across a double desk from each other, with one telephone between us. About one year later we hired our first secretary. By 1935 we were doing about $3,000,000.00 in sales and I was elected to the Board of Directors. In 1944 I became the General Manager. Later I was also Secretary and Vice-President of the company.

At this time we had lost some stores, but had made some gains in sales. After the war, and in the year 1945, we started to expand and by 1950 we had a total of 29 retail stores. Up to this time our policy had been to seek out locations and then make a deal with the owner to construct the building and to lease it to us. Since then we have purchased some stores, but uniformly they have been a headache, as in every case we had to change over the entire merchandising program. As a result, I have come to the conclusion that it

is better to start from the ground up and build your own store than it is to buy one already operating.

2. Single Store Operators

One major problem which we have had to contend with for years, is this: We select, and then at considerable cost, train good men for a number of years until they thoroughly know the grocery business; then they leave and open their own stores in competition with us. Ted Wood resigned in 1954 and started his own store in Pasadena. He has apparently competed very successfully. Joe Goodnight started to work for us in 1939 and stayed until late 1959; then he resigned to start his own grocery business. He competes directly with us and he appears to be doing a good job. Then we have sold stores to employees who wanted to strike out on their own. Blayne Hutchinson was our manager in the Downey store, which he purchased from us and used as a nucleus for the Greater All American Markets chain. L. J. and Fred Bentley, employed by Alpha Beta, purchased our store in Claremont some time in the 1940's. Fred is still operating this store very successfully. Frank Bray, also employed by Alpha Beta, purchased our store in Huntington Beach. He still has it and has also been very successful. There are other similar instances which I do not recall at the moment, but all of these men, trained at our expense, make real tough competitors.

Illustrations like these are numerous, showing that for newcomers in the business, opportunities to start in the grocery business are as great today as they have ever been in this Southern California area. As in any business, it helps to be trained, but any man who goes into the grocery business for himself and is willing to work has an advantage over the chains in the fields of service and human relations. He sits on top of the job all of the time and has personal acquaintance with most of his customers. He can also hold his prices competitive by belonging to such organizations as Certified or A. M. Lewis. As a matter of fact, Alpha Beta today buys over 1,500 items from Certified.

3. My Views on Competition

Before the merger between Von's Grocery and Shopping Bag markets, we competed directly with some of their stores in Temple City, Covina, Long Beach, Pomona, La Habra, Whittier, Downey, Lynwood, Garden Grove, and Arcadia. Both concerns always were tough competitors, and competition today is just as strong as it ever has been.

In my opinion, after being in this business for 42 years, there is apparently no chance, whatever, that any chain, or any group of chains, could dominate the grocery market in this area. If a man has the sales and merchandising "savvy" and picks out a good location and is willing to work just as hard as his counterpart did in the 1930's, he can make a success in the grocery business today. In the 41 years I have been with the company, competition has always been intense and I have never known a single year that I could say "competition is not pressing in now." This area contains the second largest metropolitan area population in the country and is still growing. This growth is demanding new stores on all sides. Lawyers for Von's-Shopping Bag have asked me "what impact did the Von's-Shopping Bag merger have on competition in the Los Angeles metropolitan area." My answer is "none at all." Those merged stores are still selling the same old groceries at the same old stands. It hasn't hurt our business, helped it, or affected it in any way.

Claude W. Edwards.

Subscribed and sworn to before me this 11 day of January, 1963.

Mauvis A. Mills, Notary Public in and for said County and State, [Seal.]

My Commission Expires March 4, 1966.

Affidavit of Charles J. Futterman

State of California,
County of Los Angeles, ss:

Charles J. Futterman, being first duly sworn, does hereby depose and state as follows:

I am the President of Shoppers Markets, Inc. I am also the Chairman of the Allied Food Division of the City of Hope and Chairman of the Board of Food Employers Council. In 1959 I was President of the Western Association of Food Chains and Vice President of the National Association of Food Chains. In 1961 I was Chairman of the Food Division of the United Jewish Welfare Fund.

I am also a member of the Bar of the State of Michigan. I came to California in 1937. In 1939 my father and I opened a grocery store known as Shoppers Rancho at First Boyle Streets in Los Angeles.

In 1942 I entered the Army and served four years, two of them in Europe.

In 1946 I returned to Los Angeles and Shoppers Rancho. My father had passed away in 1944 and the late Joseph Gach joined me at that time in a partnership. The store was then doing $250,000 a year in volume. In 1949 Mr. Gach and I took over operation of an old store in Santa Monica and changed the name of our business to Shoppers Markets.

In 1950 we added a new market in Inglewood. In 1952 we opened our fourth store in Norwalk. In 1956 we opened our second store in Santa Monica, and one in San Pedro, and in 1958 three more stores were added, two in Torrance and one in Westchester.

In 1959 we built a headquarters office on South La Brea. In 1961 we opened two stores, one in Highland Park and one in North Long Beach, and purchased two, one in South San Gabriel from Sunfair and one in Los Angeles from Fox. We were able to purchase the Sunfair market because the owners had decided to go out of the business and we were able to purchase the Fox market because that company had got into financial difficulties through too rapid expansion. In 1962 we opened a store in Los Angeles.

Shoppers now operates 14 supermarkets in Los Angeles County, and, in addition, operates seven Stacy Drug stores and four Stevens Junior Department stores.

The success and expansion of Shoppers Markets has resulted from many factors and circumstances. Everybody in our company works hard, around the clock, and expects to continue to do so. In many of our stores there are strong ethnic groups that are predominant. We find that we cannot run all our stores the same. We cater to the wishes and desires of the people surrounding each individual store. We cannot do this as well as the individual store operator, but better than the larger chains. The smaller we were, the better control we had, the larger we get, the more difficult it is to be individualistic.

But we try, and we're still small enough so the top people can still get into the stores. We emphasize that our stores be kept clean, and that all company employees be polite and friendly. This seems to have paid off, and I feel that in the communities where we have stores, Shoppers has become known for the personal touch.

Another factor of major significance is Shoppers' membership in Certified Grocers of California, through which we are able to buy groceries as cheaply as anyone, while at the same time avoiding many of the expenses of maintaining our own warehouse. Any small store operator can belong to Certified, and pay the same price for merchandise as the chain operator. Our expansion has also been made possible by our ability to obtain financing for the construction of new stores because of our demonstrated past success.

As gratified as I am at Shoppers' growth, I really do not feel that there is anything particularly unusual about it. Other concerns, indeed most of the major chains operating in Los Angeles today, began with one store, and can relate a similar history of expansion. Moreover, I am confident that new concerns will likewise enter this market and grow. There is no reason why they cannot.

Of course, there are companies who will fail. This is inevitable in any business as keenly competitive as food retailing. But I feel strongly that the able and aggressive retailer has every chance for success. Enough of them have

succeeded in the past and, in my opinion, will in the future to insure even keener competition. In my opinion, also, there is not the slightest possibility that the business in this area will be dominated by a few large concerns.

It is my impression that the retail food industry structure in this area is not unlike the structure of the legal profession—that is, there are a few large law firms, numerous medium-size and small law firms, and hundreds of other practitioners. Neither the large firms nor the smaller firms have or are likely to have any monopoly either of the brains or of the legal business. Many clients prefer the services of the large firms, many prefer the more personal attention and service they get from the small firms and individual practitioners. It is not difficult to enter the business once one has passed his bar examinations. This is likewise true of the retail grocery business—the large chains provide employment for many persons and they fulfill a necessary role in the competitive struggle to serve the public. But they do not have, nor, in my opinion, are they likely to have any monopoly of the business. There is a constant entry of new concerns in the business and the intelligent and hard-working single store operator and small chain grocer can and does compete successfully with the larger chains. Some prefer to stay small and some desire to and do grow larger. In my experience there has been no real change in this basic structure and in my judgment there is no likelihood of any such change.

In my opinion, the Von's-Shopping Bag merger has in no way adversely affected competition. I expressed that view when I first learned of the merger and nothing has happened since to change my mind. In Los Angeles, the competitive effectiveness of a new store has never been dependent on the size of the chain with which it is affiliated. One is just as likely to lose customers to a store operated by a good small concern as to one operated by a good larger chain. No one in this area has any built-in advantage derived from size. Thus, effective, sometimes fierce, competition is offered by chains and independents alike, and I have not seen the slightest evidence that the merger has resulted in a lessening in the vigor of competition in any area with which I am familiar.

Charles J. Futterman.

Subscribed and sworn to before me this 26th day of October, 1962.

Carol E. Krause, Notary Public in and for said County and State, [Seal.]

My Commission Expires Mar. 15, 1963.

AFFIDAVIT OF GEORGE F. FITZPATRICK

STATE OF CALIFORNIA,
County of Los Angeles, ss:

GEORGE F. FITZPATRICK, being first duly sworn, does hereby depose and state, as follows:

I am the Executive Vice President and General Manager of The Boys Market, Inc., a supermarket chain consisting of twenty-five stores, all operating in the greater metropolitan area. In 1925 my folks opened up a grocery store at 65th and Broadway, and this was my first experience in the business. Then I went to work as a clerk in a Pasadena store for the present concern. At that time they had three stores. Later I became manager of one of them, then managed two, and then became a supervisor. I have also worked at advertising and filled different positions with the company. I became Director six years ago and today, after twenty-seven years with this concern, I am the General Manager.

Counsel for Von's have asked my opinion as to whether or not an individual has any opportunity today to get into the grocery business. My answer is "Yes, if he makes some effort to learn the business, is willing to work hard, and buys from Certified, or some similar concern." I know of many young people who have worked for chains, gained experience, and then have gone into business for themselves. This happens many times. In fact, it is one of the main complaints you hear from general managers of chain stores, that after they have spent years and considerable money in training intelligent, likely young people, they decide to go into business for themselves.

We have fourteen stores in direct competition with a

Von's or Shopping Bag store. All of them are within two miles or closer. We are in direct competition also with many other chains and single store operators. We consider that our two toughest competitors are Von's and Food Giant. This was true before the merger of Von's and Shopping Bag, and we consider it equally true today. I cannot say that I know of any instance in which the Von's merger has affected our business or our sales. Both Von's and Food Giant are extraordinarily good merchants. I would just as soon not be close or within competition distance of either one of these concerns. Any other concerns would be more than welcome, and we easily hold our own. I guess it all depends on how good a merchant you want to be and what you are willing to do in order to attract customers into your store and keep them coming back. I see no possibility of any chain or any group of chains dominating the Los Angeles metropolitan market. Competition in the grocery business seems to be steadily increasing—not lessening, and I sincerely believe that if the merger of Von's and Shopping Bag had any impact whatsoever on competition, either good or bad, I would have learned of it through some of the fourteen stores that we have directly competing with them. I can truthfully state that the merger had no noticeable effect one way or the other on our business or operation.

George F. Fitzpatrick.

Melva J. Anderson, Notary Public in and for said County and State, [Seal.]

My Commission Expires April 10, 1963.

AFFIDAVIT OF JOSEPH P. HUGHES

STATE OF CALIFORNIA,
County of Los Angeles, ss:

JOSEPH P. HUGHES, being first duly sworn, deposes and states as follows:

I am the President and Mrs. Hughes and I are the controlling stockholders of Hughes Markets, Inc., a corporation which is the successor to the business I started as a one store operation in 1952. Hughes Markets, Inc. now operates 13 supermarkets in the Los Angeles Metropolitan Area and employs about 1000 employees.

I commenced work in the grocery business in 1928 for the Great Atlantic & Pacific Tea Company (A & P) as an apprentice clerk in a store in Cleveland, Ohio. My boss was Roger Laverty, Sr. who is now the President of Thriftimart, Inc. By 1932 I had advanced to the position of market manager in the Cleveland area.

Jim Fitzsimmons had left A & P in 1928 and he came to California where he started his own chain of grocery stores. When he died three years later, Fitzsimmons Stores, Ltd. was a chain of 18 small stores. Mr. Fitzsimmons' widow offered this chain to Mr. Laverty for $160,000, and I became one of the group to purchase these stores with Mr. Laverty. The name Fitzsimmons Stores, Ltd. has now been changed to Thriftimart, Inc.

I left my position with A & P and came to California in 1932 to work for the Fitzsimmons Stores, Ltd. From 1932 to 1952 I held various positions with this company, from store manager to general supervisor for all stores, to vice-president and general manager of the company.

In 1940 I purchased a piece of property at 12836 Ventura Boulevard, Sherman Oaks, California and leased it to Fitzsimmons Stores, Ltd., and I constructed a market on the property. When I left Fitzsimmons Stores in 1952 I decided to take over the store as my own and start my own business. This was a small store, but I have since enlarged it and remodeled it and it is now 12,000 square feet.

Since 1952 my business has been successful and my com-

pany has subsequently opened the following additional stores:

Address	Year
14440 Burbank Boulevard, Van Nuys	1953
1900 North Highland Avenue, Los Angeles	1955
16940 Devonshire Boulevard, Granada Hills	1956
15120 Sunset Boulevard, Pacific Palisades	1957
3075 San Fernando Road, Los Angeles	1958
4520 Van Nuys Boulevard, Sherman Oaks	1958
14620 Parthenia Street, Van Nuys	1958
11361 National Boulevard, Los Angeles	1961
*1100 San Fernando Boulevard, Burbank	1960
*6657 Laurel Canyon, North Hollywood	1960
*10400 Sepulveda Boulevard, Mission Hills	1960
21431 Devonshire Street, Chatsworth	1961

The three stores which are marked with an asterisk are stores which I purchased from McDaniels Markets in 1960. McDaniels in early 1960 was a 24-store chain but it had expanded rapidly with inadequate capitalization and got into financial trouble as a result. In an effort to keep the business going, McDaniels in 1960 sold over half its stores to various independents and smaller chains. But even with the sale of these stores, McDaniels could not meet its payments to its creditors and in 1961, after a series of attachment suits and other collection litigation, McDaniels sold its remaining nine markets to Food Giant and was declared a bankrupt. Other chains which got into similar financial difficulties and went under because of too rapid expansion and inadequate capitalization are Fox Markets and Yor-Way. Concerns which have grown sensibly and are adequately capitalized, such as my own company and others such as Shoppers Markets, can reasonably expect to continue to grow and prosper.

I have two sons who are employed by my company. I am a firm believer in working up from the bottom and I have followed this principle in training my sons. They have proved themselves and have progressed steadily in the business. I expect that some day they will be a factor in the running of the business.

My company is an active member of the Southern Cali-

fornia Retail Grocers Association. I am also Chairman of the Board of Certified Grocers of California, Ltd., and I have served as a director of Certified since 1947.

Certified has a most efficient purchasing, warehousing and distribution operation. In addition it offers those members who desire it accounting service and expert advice on store location and layout; it has its own coffee roasting and bean processing plant, and it has recently organized an equipment subsidiary to assist members in obtaining equipment and fixtures for their stores.

For the fiscal year ending September 1, 1962 Certified had the highest dollar volume of sales to its members in its history. Its sales for that year were $299,646,945 and its wholly-owned subsidiary, Spartan Grocers, Inc., had additional sales to its members in excess of $50,000,000. In addition to advertising allowances, rebates, promotional allowances and interest returned to its members during the year, Certified returned patronage dividends to its members of 1.25% on dry grocery warehouse purchases, 2% on drop shipment purchases, 2.50% on frozen food purchases, 1.30% on health and beauty aid purchases, 1% on delicatessen purchases, and 5.25% on purchases of Certified packed coffee and bean products. These returns were achieved despite increased operating expenses during the year, such as negotiated wage increases, increased federal payroll taxes, and higher cost of some supplies and equipment. These increased costs were offset by higher volume, a strict cost control program, improved mechanization in the handling of merchandise and invoices, and greater employee efficiency. To illustrate the wide range of products available through Certified Grocers I am attaching copies of the Certified order forms for delicatessen items (Book No. 5, dated January 9, 1963), frozen foods (Book No. 6, dated January 9, 1963), non-foods (Book No. 30, dated January 2, 1963) and the grocery division (Book No. 19, dated January 9, 1963).

I have heard it said that the larger, direct-buying chains have an advantage over the purchaser through Certified in price. I am certain that the Certified member gets his goods on his shelf at virtually the same price as many of the direct-buying chains, and the Certified warehousing and distribution system is so efficient that the member does not

need to do very much warehousing on his own and is able to maintain close inventory control. For years in this area Safeway, for example, had a notoriously inefficient warehouse and distribution system, but it has now built a new and modern warehouse in order to make its operations more efficient.

Hughes Markets makes most of its purchases from Certified, except for meat, produce, bread and milk, which Certified does not handle, and except for occasional outside purchases of items. These outside purchases are not all because of price considerations but because Certified does not handle the particular item or I may desire a large quantity of an item for protection.

With respect to meat purchases, it is my opinion that there is not any big difference at all in prices whether the purchase is made by a large, medium-sized, or a small chain. My opinion is that the smaller operator, needing a smaller quantity, actually can at times be more selective and get good quality at a cost even below that of the larger chains.

On produce, the single store operator buying at the right time in the fluctuating produce market can sometimes do as well and probably better on price and has the opportunity to be more selective than the larger chains. The larger chains may have some advantage in buying a carload of hard produce, such as onions or potatoes, apples, watermelons or pears.

The existence of chain stores is a fact of life and I am sure their existence, just as the existence of retailer-owned cooperative buying organizations like Certified Grocers has resulted in better food at better prices to the sonsumer. Certified, of course, is the salvation of the small grocer, and but for its existence the small grocer simply could not compete with the chains.

I have not seen any change in the competitive picture in this area and I do not see how there could be any as a consequence of the merger of Von's and Shopping Bag. Certainly competition has not lessened. It continues to be very vigorous. There are literally thousands of separate grocery concerns doing business in the Los Angeles Metropolitan Area ranging from single store operators and small and medium-sized to a few larger chains. I do not think

there is any possibility that this market will be controlled by just a few, or even a few hundred concerns, and I think most grocers in this area have difficulty in understanding how it could possibly help competition or help the industry to break up the merger of Von's and Shopping Bag.

Joseph P. Hughes.

Subscribed and sworn to before me this 24th day of January, 1963.

E. Scott, Notary Public in and for the County of Los Angeles, and State of California, [Seal.]

My Commission Expires February 19, 1965, 2716 San Fernando Road, Los Angeles 65, Calif.

AFFIDAVIT OF ROGER LAVERTY, SR.

STATE OF CALIFORNIA,
County of Los Angeles, ss:

ROGER LAVERTY, SR., being first duly sworn, deposes and states as follows:

I am President of Thriftimart Markets, which is a chain of 67 markets in Southern California and Nevada. I came to Los Angeles in 1931 at the request of the widow of James Fitzsimmons to purchase the chain of 18 Fitzsimmons Stores, Ltd. I purchased these stores for $160,000, of which $20,000 was my money and the balance was borrowed from various investors. I paid out the last of the original investors for $250,000 in 1952.

Prior Experience

My schooling was cut short by my father's death and the necessity of helping to support my family. I commenced work as a taffy puller in a candy stand in Pittsburgh, Pennsylvania, and thereafter successively until 1913 I held various jobs as manager of the candy stand, salesman of the first tungsten lamps, owner of an electric light agency, wiring estimator, butcher, saw salesman, hot hoop iron

catcher, and armature winder. In 1913 I answered an ad of the Great Atlantic and Pacific Tea Co. and was employed as a house-to-house solicitor taking orders for coffee and tea at a salary of $3 per week and 20 per cent commission. Soon I gained enough business to use a company horse and wagon and later I was put in charge of an A & P store. This store had gross sales of $300 a week when I took over and within three months it had sales of $1100 a week. I was then given a larger A & P store with 12 employees to manage. This store did $4000 worth of business weekly.

In 1915 A & P put me on the road opening stores. My job was to go out and lease a store, have a carpenter build shelves, order the merchandise from the warehouse, and employ a manager to run the store. In this way I opened more than 500 stores for A & P between 1915 and 1929.

In 1922 A & P made me vice president in charge of the Cleveland area and later in 1929 I was promoted to first vice president of the A & P central division with responsibility for 2600 stores. In this same time James Fitzsimmons had risen to the position of general superintendent of A & P's Pittsburgh territory. Mr. Fitzsimmons became ill in 1929 and came to California where he recovered and within two years opened 18 stores doing business as Fitzsimmons Stores Ltd. These are the stores which I purchased in 1931 with my total assets of $20,000 plus $140,000 invested by friends who had confidence in me. These were very small stores, of course, as there were no supermarkets in those days. The total sales of the 18 stores were $3,600,000 annually.

Thereafter my business prospered greatly as a result of hard work, loyal and able employees, good service at fair prices and the continuing population explosion in Southern California. In 1957 the name of the company was changed to Thriftimart, Inc.

I have taken the utmost care in training my two sons in the business. My son Robert is in the sales department and my son Roger, Jr. is in the real estate division of Thriftimart. Each of them has spent many a morning at the produce market at 3 A.M. This is but one example of how they have learned the business from the bottom up.

I have been advised that the Government attorneys in the action against Von's has cited the 1949 acquisition by Thriftimart of the 19-store chain of Roberts Markets as evidence of a tendency to monopoly in the grocery business in this area. Actually I am convinced from my long experience that there is not the slightest possibility of monopoly or anything approaching it in retail food distribution in this area. There are just too many strong, able and aggressive competitors ranging from single store operators, small chains, medium sized chains, to large national chains doing business here for any company to dominate the market. And since the draw area of any particular store is not very large, competition for customers is on a store-by-store basis. For this reason the single store operator can compete just as well as any store of a larger chain. Moreover, this is a business which is quite easy to enter and each year new and able competitors enter into the business. I take some pride in the fact that I have consistently helped our employees who desire a business of their own to take over an older Thriftimart store. Many have done this and many have prospered. For example, I turned over a large number of the Roberts Markets to the former managers or employees on a cooperative arrangement whereby Thriftimart supplied the inventory on consignment but the business was owned and operated by the former employees. I made this arrangement with respect to the following stores we acquired from Roberts:

Address

468 Market Street, Inglewood, California
2570 Lincoln Boulevard, Venice, California
11526 Santa Monica Boulevard, Los Angeles, California
14521 Ventura Boulevard, Sherman Oaks, California
1830 East Artesia Boulevard, North Long Beach, California
310 Torrance Boulevard, Redondo, California
1505 Wilshire Boulevard, Santa Monica, California

In addition to the foregoing we sold to other individual

operators in the years indicated the following of the stores we acquired from Roberts:

Address	Year
11841 Wilshire Boulevard, Los Angeles, California	1951
49 Pier Avenue, Hoermosa Beach, California	1956
436 Atlantic Boulevard, Los Angeles, California	1955
9607 So. Long Beach Boulevard, South Gate, California	1956
420 Broadway, Santa Monica, California	1955

Thriftimart has similarly sold to individual operators or employees various of its older stores or entered into cooperative arrangements with older employees to let them take over a store as their own business. I estimate that between 1950 and 1960 we have disposed of some 15 stores in this fashion. The fact is that stores do become obsolete from the standpoint of a chain with its high labor costs which make operation of some stores unprofitable, whereas an individual operator can take over the same store and run it profitably as a family business because he does not have the high overhead. There are a large number of "graduates" of Thriftimart who are successfully running their own businesses today just as there are many such "graduates" of the other chains. Actually the chains furnish the training and experience and often the stores for many new competitors entering the business.

The grocery business is quite easy to enter and many do enter it each year. And those with ability, training and enterprise can and do succeed. It is a highly competitive business, however, and those unwilling or unable to work hard, make friends with their customers and give them first-class service at fair prices, will not and do not succeed. I am certain that I could start all over with one store today and make a great success of it. Many have done so in recent years and many I am sure will do so in the years to come.

In my opinion the merger of Von's and Shopping Bag has not lessened competition in this area or made it more difficult for any of the thousands of single store operators and small and larger chains here to compete. It kept two

local chains in the hands of local people who have the respect of the entire industry.

Roger Laverty, Sr.

Subscribed and sworn to before me this 10th day of January, 1963.

May McElroy, Notary Public in and for said County and State, [Seal.]

My Commission Expires February 2, 1964.

AFFIDAVIT OF RICHARD RALPHS

STATE OF CALIFORNIA,
County of Los Angeles, ss:

RICHARD RALPHS, being first duly sworn, deposes and states as follows:

I am the President of Ralphs Grocery Company. Ralphs was started by my grandfather, George Albert Ralphs, ninety years ago in 1873, with a small grocery store on Sixth and Spring Streets, Los Angeles.. It remains a family business today. In the years which have passed, Ralphs Grocery Company has grown with nearly every community in this area. Today, we own and operate 45 modern supermarkets.

I think it is generally agreed that in the 1930's my father and his cousin, Walter W. Ralphs, Sr., originated the supermarket as it is known today. M. M. Zimmerman in the book "The Super Market" published by McGraw Hill Book Co., Inc. on pages 24 and 25 makes reference to Ralphs as the pioneer in this field. Another innovation that my father and his cousin came up with was the self-service idea, which replaced home delivery back in 1928. They also are generally credited as being first to provide ample free parking which made self-service possible. Later they introduced the single check-out gates, and extended self-service to include meats, baked goods, and fruits and vegetables.

Over the years many new grocery concerns have entered the business in this area. Many have been successful and, of

course, some have been unsuccessful. It has always been a highly competitive business and it is today.

In a speech to the Food Industries Sales Managers Club on March 24, 1961, our General Manager, Gene Walsh, stated in part "Ralphs pledges to continue its leadership in the food industry in Southern California through better merchandising, the finest of store service facilities, the making of a fair and reasonable profit, and through financially sound growth." This accurately stated our policies for the future.

It is my opinion that the merger of Von's and Shopping Bag has not lessened competition in the slightest. Because of strong cooperatives like Certified Grocers of California and Orange Empire, the many single store operators and the small chains can and do compete very effectively with the stores of the larger chains. In my opinion there is no danger that the merger of Von's and Shopping Bag will lessen competition in this business or tend to create a monopoly in it.

Richard Ralphs.

Subscribed and sworn to before me this 18th day of February, 1963.

Pearl Roth, Notary Public in and for said County and State, [Seal.]

My Commission Expires August 12, 1966.

AFFIDAVIT OF NEAL D. RAMSEY

STATE OF CALIFORNIA,
County of Los Angeles, ss:

NEAL D. RAMSEY, being first duly sworn, does hereby depose and state as follows:

I am the President of Market Basket, a chain of retail grocery stores. I am a past regional director of the Supermarket Institute and a trustee and past chairman of the City of Hope's Allied Food Division. I have also served as President of the Western Association of Food Chains and

as Vice President of the National Association of Food Chains.

I came to California from Auburn, Illinois, in 1922 and went to work as a clerk for Crown Emporium Stores, a retail grocery chain. Ultimately, I became a store manager for Crown Emporium and later was put in charge of inventory for that concern.

As a result of a series of transactions which took place in the late 1920's, Crown Emporium and six other chains were consolidated and ultimately became part of the Safeway chain, thus making Safeway by far the largest and most powerful factor in the retail grocery business in Los Angeles.

In 1930, Howard Geohegan and Arthur Cauthers opened the first Market Basket store in Pasadena. Later that year, I became associated with this firm and was put in charge of its second market. By 1933, Market Basket had opened six new stores, and I was made the firm's buyer.

Market Basket became a corporation in 1938. In 1940, when the company had 26 stores, I was elected to its Board of Directors. In 1946, I was made President of the company, a position I have held ever since.

Today, Market Basket has 55 stores. Most of them are located in Los Angeles and Orange Counties, but we also have stores in San Bernardino and Riverside Counties as well. Our sales are approximately $120 million a year.

I believe that Market Basket's growth is a tribute to this country's system of free enterprise, which has permitted a concern which began with one market in the depths of a depression to succeed and grow by reason of hard work and thoughtful planning. For years now, I have heard that this record of accomplishment could not be duplicated today; that times are different and that business opportunity is no longer available to a newcomer in the retail grocery business. To my mind, such a belief is just so much nonsense. California and Los Angeles are still growing. New communities are springing up every day, and with them come new opportunities for the watchful, aggressive grocer, whether he is opening his first market or his sixtieth.

The past provides ample evidence of the success of small concerns in this business, and I firmly believe that a small concern or a company just opening its first store has as

much chance of success—no, a greater chance of success—than it would have had 30 years ago. Remember that in the 30's we were mired down in a depression. Los Angeles had not yet begun its fantastic growth. We did not have the full advantages of strong cooperative buying groups such as Certified Grocers and Orange Empire Co-op. Safeway, a powerful national chain, had more stores and a larger share of the market than any chain does today. Yet, most of this area's larger chains began operations on a small scale in the 30's and were able to grow, in large part because of their membership in Certified. Today, the small concern has a good deal more going for it than ever before, and if the small concern of the 30's could succeed, so can the small concern of the 60's. In my opinion, there is plenty of opportunity today for the newcomer to open up a store in Los Angeles and to prosper if he knows what he is doing and is not afraid to work.

In March, 1960, Von's and Shopping Bag merged. Market Basket had at that time and still has a number of stores which are near enough to a Von's or Shopping Bag store to compete for the patronage of the same customers, and hence, I am in a good position to assess the impact of the merger on competition. In my opinion, the merger has not changed the vigor, intensity or character of competition in any way. Certainly Market Basket has not experienced any loss of business or been aware of any change in competition as a result of the merger. Since March, 1960, Market Basket's sales have increased in record amounts to record highs, and it has expanded at a more rapid rate than at any time in its history.

Von's and Shopping Bag stores offered stiff competition before the merger, and they still do. But stiff competition also faces Market Basket stores from numerous other chains and the hundreds of independents doing business in the Los Angeles area. We do not find it any more difficult to compete against a Von's or a Shopping Bag store now than before the merger, and I am confident that other Von's and Shopping Bag competitors will say the same thing. The merger simply has not changed competitive conditions in any way so far as I can see.

Nor do I see any chance that any chain or group of chains will dominate the retail grocery business in Los

Angeles. There are just too many able competitors eager to expand their existing businesses and so much opportunity for others to enter the market to warrant a conclusion that only a few will succeed and eventually control the market. In fact, quite the opposite is likely to occur. It must be remembered that the number of grocery chains in Los Angeles is greater today than ever before. This area can be distinguished from other areas across the country by reason of the increase in number of chains of all sizes, as well as by the strength of its many independents. There is no reason to think that this trend toward an increasing number of competitors will not continue.

Neal D. Ramsey.

Subscribed and Sworn to before me, this 19 day of October, 1962.

Kathryn E. Hagerty, Notary Public in and for said County and State, [Seal.]

My Commission Expires June 22, 1963.

AFFIDAVIT OF TED R. WOOD

STATE OF CALIFORNIA,
County of Los Angeles, ss:

TED R. WOOD, being first duly sworn, does hereby depose and state as follows:

I am the president of Pantry Food Markets, a retail grocery concern which operates 10 grocery stores in Los Angeles County. I have been in the grocery business all my life. For 21 years, from 1933 to 1954, I was employed by Alpha Beta, a local chain of supermarkets. When I resigned in 1954 I held the position of store manager.

History of Pantry Food Markets

In 1954 a group, seven men who had been associates of mine, and I decided to start our own grocery business. We did this in the belief, based on our past experience, that a

small concern could compete successfully and profitably in Los Angeles County. In fact, it was our then belief, which we have since confirmed in practice, that a single store operator or small chain who maintains an aggressive competitive policy and watches costs carefully can successfully compete and prosper and grow.

We invested our savings in our new business. In all, we began with $48,000.

A corporation was formed under the name of Pantry Food Markets. In March 1955, Pantry opened its first store at 141 South Marengo, Pasadena, and a second store was opened in July of the same year at 495 North Altadena Drive, Pasadena. Each of these stores faced competition from markets operated by a number of chains and independents, but as we had anticipated, we were able to compete successfully against those stores. In fact, our success has exceeded even our highest hopes. We found that we were doing very well, and within a year we were ready and able to expand our operations. In 1956 we added one other store to our chain. In 1957 we added another, and in 1958 another, all in the Pasadena-Altadena area. Pantry continued to prosper. From June 1959 to December 1961 we opened five new stores, one in Pasadena, one in Altadena, one in South Pasadena, one in Duarte, and one in Monrovia. In every one of those areas we faced competition from leading chains and independents, and in every case we were able to compete against them successfully.

I think that Pantry is a living example of the opportunity available in this area to an aggressive, capable grocer. The success of Pantry is proof that new concerns can enter the retail grocery business and within a relatively short time expand and prosper despite the intense competition offered by chains and other independents.

The Significance of Membership in a Cooperative Buying Organization

The reasons for Pantry's success are many. They include a large measure of hard work, conscientious effort and thoughtful planning. Also of tremendous significance was the experience which I and my associates gained as em-

ployees of a large chain. The training we received in that employment made possible our success when we started our own concern.

However, the primary reason for our ability to compete successfully has been our membership in Orange Empire Cooperative, a cooperative buying association sponsored by A. M. Lewis, Inc. Orange Empire, like Certified Grocers of California, provides the independent grocer with the opportunity to buy groceries at prices as favorable as those available to large chains which buy directly from original sources of supply. At the same time, cooperative membership permits the independent grocer to avoid the problems and headaches of running his own warehouse and distribution system. I found while with my former employer that such problems can often be of serious magnitude.

The existence of the large cooperative purchasing organizations in this area and the opportunity they have afforded smaller concerns such as Pantry of buying as cheaply as chains has placed the smaller concern on an equal footing with the chains. Success then depends on many other factors, such as providing courteous and friendly service, employing successful merchandising techniques, watching the pennies, and being able to maintain a flexibility sufficient to meet changing competitive conditions. In these respects I am of the view that an able and conscientious independent can out-compete a chain store.

Effect of the Von's-Shopping Bag Merger

I have been asked by attorneys for Von's to express an opinion with respect to the effect on competition of the Von's-Shopping Bag merger. In my opinion, that merger has had no effect whatever on the intensity of competition between retail grocery stores in the Los Angeles area. That competition has always been fierce, and the merger has not lessened it in any respect. It seems apparent to me that:

1. The merger did not eliminate a competitor or change competition. The stores previously operated by both Von's and Shopping Bag are still in operation today, competing against the same independent and chain stores as before the merger.

2. Competition has actually been enhanced since the merger by reason of the following developments:

a. The opening of new stores by new and existing concerns.

b. The entry into this market of a national chain, American Stores, through its acquisition of Alpha Beta. American Stores is a large concern, a keen and aggressive competitor, and Alpha Beta can be expected to become of increasing competitive significance in Los Angeles.

c. The innovation of selling food through discount houses or other discount outlets, a development which seems to be here to stay and which has grown in importance in the last two years or so.

Actually the recent developments cited above do more than emphasize the competitive vigor in this area. They show that the grocery business in Los Angeles is in flux and subject to change, as it has always been. There has never been an opportunity for any grocer to relax or to become complacent or to ignore changing conditions, for as soon as he does, he finds a competitor taking his business.

By the same token, in my opinion, no chain or group of chains has been or will be able to dominate this market. With independents placed in a position to compete on equal terms with larger concerns by reason of cooperative buying, with opportunities available for new chains to develop and grow, with the ability and aggressive characteristics of many hundreds of separate competitors, and with the continuing prospect of innovations in food retailing which in the past have always led to keener competition, no one concern could possibly achieve a position of dominance. Under the circumstances, I cannot conceive of the possibility that this market will fall into the hands of one or even a few concerns. I view the merger of Von's and Shopping Bag with indifference. In my opinion it cannot possibly affect me, or, for that matter, any of the hundreds of grocers in this area.

Ted R. Wood.

Subscribed and sworn to before me this 25 day of October, 1962.

Julius T. Eifert, Notary Public in and for said County and State, [Seal.]

My Commission Expires May 24, 1963.

DEFENDANTS' EXHIBIT BA

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60 C

[Title omitted]

AFFIDAVITS OF VON'S OFFICERS

* * * * * * *

AFFIDAVIT OF CHARLES VON DER AHE

STATE OF CALIFORNIA,
County of Los Angeles, ss:

CHARLES VON DER AHE, being first duly sworn, deposes and states as follows:

I am Chairman of the Board of Von's Grocery Co. I am eighty years of age and I have been engaged in the business of food distribution and merchandising in the Los Angeles area for 57 years. I am the father of five sons and three daughters. One of my sons is a member of the Society of Jesus, at Loyola University of Los Angeles; one is a doctor of medicine, practicing in Los Angeles, and three are associated with me in Von's Grocery Co. which they started in 1932. Some of my thirty-five grandchildren also work for Von's Grocery Co.

In 1902 at the age of 19 I decided to leave Illinois and come to the West Coast as I had heard many great stories about California and the opportunities open to men who were not afraid of hard work and adventure. A few years thereafter I found employment in a small butcher shop known as Luer's Butcher Shop in Los Angeles and I began to save my money so that I could own and operate a grocery store of my own.

In 1906 I was able to buy the F. N. Velsey Grocery Store and Meat Market which was located at 7th and Figueroa Streets in Los Angeles where Barker Bros. department store now stands. This was a typical small grocery store of that day and I doubt that we carried as many as 400 dif-

ferent grocery items to choose from. Compare this with the first supermarkets of the late 1930's and early 1940's which carried approximately 1000 items and today's supermarkets which stock up to 8000 items, most of which are new or basically greatly improved.

My first store was not a great success because less than a year after I bought it I found that my landlord planned to raze the building. I was thus forced to sell my stock and for several years to work for other grocers until I could save enough money to open my own store again. I was finally able again to open my own market at 48th Street and Vermont Avenue. In 1914 I acquired a second store at 61st and Broadway and in the following years I added more stores until by 1928 my firm had 87 grocery outlets. I believe I was able to achieve this success because of sound merchandising, fair prices, and by stressing service and courtesy to the customers. These are principles which I endeavored to inculcate in my sons and I am proud to say that since they started the present Von's Grocery Co. in 1932 these principles have been constantly adhered to.

The growth of my business was also greatly helped by the expanding population in this area and it seems to me that this factor will continue to make the grocery business profitable and successful in this area.

Shortly after I commenced doing business as a grocer in the Los Angeles area, it became apparent to me and to other smaller operators that we could obtain our groceries at a better price and sell them to the public cheaper if we had a cooperative buying organization. At that time there were a number of wholesalers who also operated retail stores doing business in this area, such as Chaffee, which operated the chain of retail stores called Acme Groceterias, and there were other chains such as Jevne, Albert Cohen, Ralphs and Newberry, who were able to obtain their groceries at a lesser price than the smaller operators. Accordingly, my father-in-law, A. O. Luer, and I and seven other grocers, including Jules Revere and Charles Mottaz, organized Spartan Grocers, which I believe was the first retailer-owned cooperative buying organization in this area. It preceded the organization of Certified Grocers of California by a number of years. Prior to the organization of Spartan by myself and the other grocers I have referred to, we had to

pay the wholesalers' mark-up, which was high, and then we had to add a mark-up for our own profit, but after we commenced buying through Spartan, we added a mark-up to cover our costs and the profit and were thus able to sell our groceries to the public at a cheaper price.

In 1928 I sold my 87 stores to MacMarr, Inc. which later became part of Safeway Stores. I recall at that time fear was expressed by some that Safeway would have a virtual monopoly on the grocery business in this area and no one could start a new grocery store and compete with Safeway. This was utter nonsense, of course, as my sons and hundreds of other presently successful grocers in this area have demonstrated in the succeeding years.

I recall that in the early days the chains which could buy directly from manufacturers did in fact have a great price advantage over the single store operator or the smaller chain and the food wholesalers and brokers got together and tried to persuade the food manufacturers not to sell to the chains. This led the government to bring an action under the Sherman Act against the wholesalers and food brokers and they were enjoined from pursuing this course of action. (See *United States* v. *Southern California Wholesale Grocers Ass'n., et al.* (S.D. Cal. 1925) 7 Federal 2d 944.) This advantage that the chains had led to the formation of Spartan, as mentioned above, and also to the organization of Certified Grocers of California, a larger retailer-owned cooperative buying organization, by the grocers in this area so that they could have the same advantages of mass purchasing that the chains enjoyed. Certified is a cooperative wholly owned by its retailer-members. I believe it today is the largest grocery-purchasing organization in the United States and membership in it gives even the single store operator the same purchasing advantages of the largest chains. In my opinion, if there is a single most important factor which has prevented this market from being dominated by a few chains and which will continue to ensure the ability of the single store operator and small chain to compete successfully in this area it is the existence of Certified Grocers.

Certified does far more for its members than simply purchasing groceries for them at low prices. It has, for example, specialists in advertising, store location and layout, a

line of special brands which it manufactures itself; it furnishes its members accounting service if they want it, and it has now organized a new company, known as Grocers Equipment Co., to help its members obtain equipment at the lowest possible price and to provide financing on reasonable terms to qualified members.

In my lifetime in the grocery business in this area I have witnessed many changes and innovations in food distribution. In the early days the salesmen calling on our stores used horse and buggy transportation and we purchased such commodities as crackers, molasses, kerosene and Coca Cola syrup in barrels. Service then was over-the-counter, and choice of product was very limited. The area served by a particular store was very limited since most customers traveled by foot, and the average store was only 40 to 50 feet wide and deep. Most of these small stores have gradually been closed over the past 25 years although a few of them still remain in certain areas. These small stores became obsolete, just like the buggy-makers, because of the preference of the American consumer for a better way of life. But the individually owned and operated supermarket can do just as well as the chain store. Competition in this business is on a store-to-store basis, and the aggressive and intelligent single store operator can do just as well if not better than a store of any of the chains.

I have read the statements furnished to our attorneys by the Government attorneys as to what certain persons if called to testify would testify to. I refer to the statements of Adrian Bynum, Artie L. Carpenter, Richard Dick, Manuel Gertmenian, Roderick A. Irvine, James E. Ledgerwood, Robert J. Logue, Ernest A. Mekjian, Paul Palmer and Jack Swerdlick. I assume they are correct when they say there has been a decline in the number of single store operators in this area since 1950. I know, for example, there has also been a decline in the number of stores operated by many chains. A & P once had over 15,000 stores in this country and I understand it now has fewer than 4,000. This is a part of the replacement of the smaller, older stores by the large, modern supermarkets. Part of the decline in number of "single store grocery retailers" is also no doubt due to their own growth into a two store or larger chain. Mr. Irvine, I note, was a single store operator for a time, and

when he acquired a second market it obviously resulted in a decline in the number of "single store grocery retailers".

I am puzzled by the reiteration in said statements that the large chains which run their own warehouses have "an advantage over independents and small chains in terms of inventory control". From my own experience I can state flatly that if the single or two store operator is unable to have absolute inventory control then he is indeed a poor operator. Certainly his problem is far less in this respect than the complicated inventory and distribution problems of the larger chains. And as for the reiterated statement that the single store operators and small chains "do not have their own highly developed distribution system," I would answer that of course they do not, and they do not need one with such a small business.

When Von's and others organized Jerseymaid, the dairy cooperative, they were all relatively small concerns. Other competitors organized similar concerns such as Golden Creme Farms. This opportunity is not foreclosed to anyone, and I have no doubt that if the vast Certified Grocers membership felt it necessary or advantageous they would have Certified handle dairy and even meat and produce items. I am informed and based on my many years of experience I believe that the able single store operator can do just as well in terms of price and quality on purchases of meat and produce as the large chain.

As for the statements that the eight, nine, fifteen and twenty largest chains increased their share of the market between 1950 and 1958, I believe it is correct and it is worth noting that the market shares of Safeway and Ralphs, the leaders, declined in this period. And with over 4000 separate grocery concerns doing business in this area today and with the twenty largest companies having only about 50% of the business between them, the suggestion that there is a danger of monopoly of the business in my opinion borders on the ridiculous.

There is vigorous competition in the retail grocery business in this area and I note that each of the statements say that the proposed Government witness would testify "that he faces very vigorous competition from Von's." I am sure this is true and I am certain that it will continue to be true. Vigorous competition, in my opinion, is essential to the

public interest. The merger with Shopping Bag did not, in my opinion, lessen competition at all. There were good business, personal and tax reasons for the merger and I am certain that no competitor has been or could be hurt by the merger, and competition has not been lessened in this area.

In my many years in the grocery business I have witnessed great strides in food manufacturing, distribution and marketing. Some may wish a return to the cracker barrel days of the small corner grocery but I do not think the public would stand for it. The public demands and requires a wide selection of reasonably priced groceries at a clean, attractive and convenient location and it gets it in this area. Government figures that I read in a recent issue of the Commercial Bulletin showed that prices at the grocery store for the Government's standard market basket in 1962 were only 2% over that in 1952, whereas the Government's price index for all items excluding food rose 17% in the same decade. When one considers the tremendous increase in wages for employees in this period he is forced to agree with the recent statement of Secretary of Agriculture Freeman that food is a great bargain.

In recent years we have seen the development of discount houses selling groceries and countless other items, drug stores selling groceries, liquor stores selling groceries, the development of bantam stores, and now I have read that certain large oil companies are planning to sell groceries at their gas stations. This is an ever-changing and ever-improving business and in my opinion there always has been and there is today great opportunity for the able and hard-working man to enter into the business and to succeed. Since competition is obviously on a store-by-store basis, I do not think there is the slightest possibility of a lessening of competition or a monopoly in this business in this area.

I can think of only one area where the larger and well-capitalized chain has an advantage over the small chain and single store operators, and that is in getting space in shopping centers. Various bills have been introduced in Congress which if enacted would give financial assistance to the smaller operators who desire space in a shopping center. Each of the statements of the proposed Government witnesses mentions this problem, but breaking up the merger of Von's and Shopping Bag could not possibly help them

in this respect—or any, for that matter. This is a matter where only Congress can help the small operator, and I hope it does.

Charles Von der Ahe.

Subscribed and sworn to before me this 11th day of January, 1963.

Doris W. Paschal, Notary Public in and for said County and State, [Seal.]

My Commission Expires May 10, 1965.

AFFIDAVIT OF W. R. HAYDEN

STATE OF CALIFORNIA,
County of Los Angeles, ss:

W. R. HAYDEN, being first duly sworn, does hereby depose and state as follows:

I am Senior Vice President of and the largest single stockholder of Von's Grocery Co. (hereinafter referred to as "Von's"). Prior to the merger of Von's and Shopping Bag Food Stores (hereinafter called "Shopping Bag") on March 28, 1960, I was the President of and the largest stockholder of Shopping Bag. Indeed, although stock of Shopping Bag was publicly held there was not a very large market in the stock and I and members of my family owned approximately 60% of the stock of Shopping Bag. Shopping Bag basically was a "family" business developed from a first store opened in 1930 to a 38-store chain by March of 1960.

Prior Experience in the Grocery Business

I came to California from Kentucky in 1926 at the age of 22 and soon found employment as a clerk in one of the small grocery stores of the E. A. Morrison Grocery Company. This company was a local grocery chain which had the grocery departments in approximately 50 stores in Los Angeles. At that time the stores averaged from 4000 to 6000

square feet and they consisted of the grocery department, the meat department and the produce department, each under separate ownership and management.

In 1928 the E. A. Morrison Company, the then Von's chain of about 87 small grocery departments, and the Humpty Dumpty chain of about the same size were merged into one grocery company which was named MacMarr Grocery Company. Prior to this merger I had been appointed manager of one of the E. A. Morrison markets and following the merger I was promoted to Supervisor of the Grocery Department for the Hollywood District. I held this position until 1930 when I resigned to form my own company.

In October of 1930, W. D. Rorex, also a former E. A. Morrison Company employee, and I formed a partnership and purchased one of the stores of the MacMarr chain. About a year later, in 1931, we opened our second store. We opened two more stores in each of the depression years of 1932 and 1933, and in 1933 we dissolved the partnership and incorporated as Shopping Bag Markets (the name was changed to Shopping Bag Food Stores in 1947). I became President and General Manager of the corporation and Mr. Rorex became Vice President. He retired in 1945 and passed away in 1952. Our business was successful and in 1934 we opened seven more grocery departments in small stores. In each of our stores the grocery, meat and produce departments were separately owned and operated.

Our first store of large size was opened in 1935 in the city of Montrose, Los Angeles County, in direct competition with stores of Safeway, A & P, and Piggly Wiggly. We were able to and did meet the competition of these larger chains because our membership in Certified Grocers enabled us to buy our groceries at competitive prices and because we emphasized courtesy and service to our customers.

All building was curtailed with the commencement of World War II. By that time Shopping Bag Markets was a chain of 12 grocery departments in moderate to small size stores. With the end of World War II, however, we began an active building program to the point that by 1960 we had a total of 38 stores. By the late '30's the concept of separately owned grocery, meat and produce departments in small stores had begun to change to one of a larger store of from 20,000 to 30,000 square feet and all departments

owned and operated by the same management. All of our stores built after 1945 were of this type with the grocery, meat, produce, delicatessen, liquor and junior department store (clothing items) departments owned and operated by Shopping Bag.

This short statement of the beginnings and the growth of Shopping Bag may give the impression that it was easy, but of course it was not. For example, when we opened our second store my working hours increased from about 14 to 18 hours a day because I had to take a truck and shuffle goods from one store to another which might be in short supply. And my family and I made sacrifices in order to build a successful business.

Ability to Enter the Grocery Business

People in general may not be as willing today to make the sacrifices and put in the hard work necessary to start from scratch to build up a successful business. However, most of the larger chains in this area got their start at about the same time and developed in about the same way as Shopping Bag. I have in mind in this connection Von's, Alexander's, Thriftimart and Market Basket. This is also true of other chains which started after World War II, such as Shoppers, Hughes, Pantry Food and many others. I have no doubt at all that if I were 30 years younger and not so tired I could start out again today with no more than I had in 1930 and in 30 years I could build up a chain of 38 stores just as I did before. I realize it costs more rent to lease a store now, or to buy one, but financing is available through suppliers, or the Bank of America and other banks, or through the Small Business Administration for persons with experience, integrity and know-how. Financing a small business is a much easier proposition today than it ever was in the 1930's. Moreover, just as my business started with the purchase of one store from the MacMarr chain, so today others can get their start by purchasing or acquiring the lease on a store which one of the chains decides to dispose of. I know a large number of successful grocers in this area have got their start in this way. Shopping Bag in recent years has sold to individuals or small chains the

following stores and they are still being operated either by the purchaser or a successor:

1700 Block North Vermont, Los Angeles
5000 Block Fountain Avenue, Hollywood
866 North Virgil Avenue, Los Angeles
2200 Las Tunas Boulevard, Temple City
625 Garfield Avenue, Monterey Park
2225 Whittier Boulevard, Whittier
2260 Colorado Boulevard, Pasadena
6625 Foothill Boulevard, Tujunga
1849 South San Gabriel, San Gabriel

Thriftimart has long made it a practice when it decides to discontinue one of its stores to give one of its older employees a chance to take it over and run it as his own business. Other chains such as Alpha Beta and Mayfair have sold a number of their stores to individuals or small chain operators. Obviously, it is not possible for the average person just starting his own business to open up in a new, large supermarket. It never was. But in my opinion the man with experience and know-how can start out in a small way and prosper in the grocery business just as easily today as one could thirty years ago. The individual grocer, whether he operates a small store or a supermarket, who makes himself a part of his community and who makes a point of friendly and courteous service can draw customers just as easily as the large store of one of the chains. But, of course, it is not enough simply to draw customers. The operator, whether single store or chain, must have adequate financing and be able to manage the use of his money in order to keep his business solvent and profitable. He must be able to organize his store and his employees to obtain maximum efficiency at minimum cost. This includes the handling of merchandise with the least effort, time and expense. He must have some knowledge of when, what and how much to buy, and know how to price competitively, and at the same time cover the cost of his merchandise and expenses. He must also be able to interest customers through advertising or attractive window and interior displays, and he must be able to provide the special services which appeal to cus-

tomers in his particular community. In addition, he must be able to keep complete and current financial and other records, select and train the proper personnel, and, above all, he must be a good manager. Ambition and money are not enough to succeed in the grocery business, or in any other business, in my opinion. The principal requirement is sound management.

I have recently read a study of small business which was published by the United States Small Business Administration entitled "The First Two Years: Problems of Small Firm Growth and Survival." That book states:

> "The haphazard, unplanned way in which a number of firms were established doomed some of them from the start. In some cases, the initial decisions were so wrong that the owners themselves recognized them shortly after opening and closed their doors rapidly before the damage became extensive. A number of other owners, however, were not aware of the inevitability of failure and continued in operation until their resources were exhausted."

Those of us who have been in the grocery business in the past 35 years have seen many examples of just this sort of failure in the grocery business. But we have also seen very many examples of persons who knew the facts of the business start out from scratch and become highly successful. There always has been and there is today strong competition in the grocery business in this area. The rapid growth in population has given great opportunity to those with know-how and ability, and the future population growth which we can expect in this area means to me that these opportunities will continue to exist for a long time. This is a business in which it is easy to enter and to prosper and succeed, but it is also easy to fail in this business whether one is a single store operator or a chain if ability and know-how are lacking or management is not sound. If I and the many others who got started as single store operators in the 1930's or 1940's or 1950's could, as we did, compete successfully with the chains, the only thing that can prevent someone starting out today from doing the same thing is lack of ability, initiative or know-how.

Reasons for the Merger With Von's

I had both personal and business reasons for welcoming the opportunity to merge Shopping Bag with Von's. In the fifteen years following World War II I gave virtually all of my attention to building and running a successful business. I think in this time I may have expanded the number of stores too rapidly without giving sufficient consideration to developing a strong staff to take over if something should happen to me. Although Shopping Bag had become a 38-store chain, I made all of the important decisions concerning operations, new store locations and the like. I had capable men working with me but they, like myself, were getting along in years and I began to have doubts as to whether the business would continue to operate successfully if something happened to me. I was also concerned by the fact that the Shopping Bag net profits in relation both to assets and to sales were considerably lower than those of other comparable chains. I was concerned that if I should die a very substantial part of my stock would have to be sold to pay estate and inheritance taxes and that a fair price for my stock would not have been obtained and management of the company after my death might not be adequate. Although stock of Shopping Bag was publicly held, the great bulk of it was owned by me and members of my family, and there was not an active market in the stock. I was conscious of the fact that having spent a lifetime building the business without having planned carefully for management succession, a decline in or failure of the business following my death could have very bad effects on my family, the employees and the community. In addition to all of the foregoing, I was frankly getting a little tired of the day-to-day problems and wanted to start taking life a little easier. These were the personal reasons which led me to favor the merger. There were equally good business reasons. I owed an obligation to the people who had invested in my company to see that they got an adequate return on their investment and that it would continue to be secure. I have known the Von der Ahe family for 34 years and I had great confidence in their integrity, their business ability and their fairness. I also knew they had a very able and deep management staff that could continue to run the business successfully. Von's net

after taxes both in relation to assets and net profits was one of the best in the entire industry. They were an outstanding and successful group in whom I had great confidence. Moreover, the Von's stores were located primarily in the west and south portions of the area and those of Shopping Bag were located primarily in the east and north sections. There was hardly any area where the stores of the two companies competed for the same customers. It seemed apparent to me that a merger with Von's would permit savings in warehousing and advertising, be beneficial to Shopping Bag stockholders, and give greater security to my family and the Shopping Bag stockholders.

As a result of the merger we have been able to get the Von's stock listed on the New York Stock Exchange and now there is a much wider and better market for the stock.

The fact is that I considered the merger with Von's to be in the best interest of Shopping Bag and its stockholders and of myself and my family, and this has proved to be a sound judgment. I have no doubt that I could have arranged to sell or merge Shopping Bag with one of the very large national chains such as Kroger, Food Fair, National Tea, ACF Wrigley or others which are not yet in this market. Food Fair has now entered this market by operating supermarkets in various new discount houses and by operating the bankrupt Fox Markets. Since Shopping Bag merged with Von's, American Stores, the nation's fourth largest chain, has also entered this market by acquiring Alpha Beta. However, I preferred to deal with Von's, a local chain with local origins, because I knew the management of Von's and had complete confidence in them.

Naturally I am troubled by the pending action. Perhaps there would have been no action filed if I had sold out to one of the large national chains I have mentioned. I am advised that the Department of Justice investigated the merger of Alpha Beta and American Stores in 1961, but it did not file any action challenging the legality of that merger. I do not think that that merger lessened competition at all, and I am equally certain that the Von's-Shopping Bag merger did not lessen competition in the slightest. If anything, our stores have been upgraded and have become more efficient competitors. Obviously I am not an expert on the merger law but I recognize that if a merger did in fact give a company

some power to control prices or eliminate competitors or control the market it should be prevented. But our merger with Von's does not give us power at all over competition or prices or any dominant position. There are actually thousands of strong concerns in this area and in my opinion the chain, whether large or small, has absolutely no competitive advantage over the able single store operator who has membership in Certified Grocers or A. M. Lewis Orange Empire. If this were not true, then in my opinion only A & P, Safeway and Ralphs would exist in this market today because all were strong chains when the rest of us started doing business in the 1930's, 1940's and 1950's. The undeniable fact is that we were able to and did compete successfully against stores of these chains, and it is equally true that the single store operators and smaller chains today can and do compete successfully against stores of Von's-Shopping Bag.

I do not see how it would have been more beneficial to competition for Shopping Bag to sell to some large national chain, or to liquidate, or to go into probable future decline, and yet these were the probable alternatives to the merger with Von's. Certainly I would not want to take the responsibility for running Shopping Bag again if this merger should be held to be illegal.

From my own experience in the industry for 37 years, I do not think there is the slightest possibility that there will ever be just a few or, for that matter, even a few hundred companies doing business in this area. The chains such as Von's, Safeway, Ralphs, Alpha Beta, Thriftimart and many others furnish the basic training ground for the persons who will, as they have for years, start their own businesses and prosper. Fortunately, it is not difficult to get started in this business and because of the buying advantages available through Certified Grocers the individual operator is very nearly if not completely on an equal footing with his chain store competitors. Some will fail just as some chains have failed and will fail, but many others will succeed just as many have in the past. Competition in this business has always been vigorous and healthy and I cannot foresee that situation changing at all.

The Reduction in Numbers of Stores

There has been a gradual disappearance of a large number of the older very small stores which characterized this market when I first came here in 1926. The obvious reason for this is the development of supermarkets, greater use of the automobile, the public demand for a wider choice of goods at a convenient location and at a fair price. Many of the older, very small neighborhood groceries have continued to survive but their numbers are naturally declining. On the other hand, in the past 15 years particularly, supermarkets have been constructed in great numbers in this area to serve the needs of the increasing population. There are few if any localities in this area, in my judgment, where the housewife does not have a choice of a number of competing stores within convenient shopping distance. The decline in the number of small stores has not in my opinion resulted in lesser competition. Just the opposite is true. The fact is that in the days before the widespread use of the automobile and the development of the supermarket, the small neighborhood grocery store frequently had no competition at all and therefore pretty much of a monopoly of the business in the immediate area of his store. I have been advised that the government attorneys contend that this gradual disappearance of the small stores means there is a tendency to monopoly in the grocery business in this area. I am certain that no one who has the slightest experience in the grocery business would agree with that contention.

W. R. Hayden.

Subscribed and sworn to before me this 19th day of February, 1963.

Elizabeth Folger, Notary Public in and for said County and State, [Notarial Seal.]

My Commission Expires Sept. 19, 1965.

AFFIDAVIT OF THEODORE A. VON DER AHE

STATE OF CALIFORNIA,
County of Los Angeles, ss:

THEODORE A. VON DER AHE, being first duly sworn, does hereby depose and state as follows:

I am the President of Von's Grocery Co., hereinafter referred to as "Von's". My father, Charles Von der Ahe, is Chairman of the Board of the Company; my brother Wilfred is Executive Vice President; W. R. Hayden, who was formerly the President of Shopping Bag Food Stores which merged with Von's in March of 1960, is Senior Vice President of Von's, and his brother, W. D. Hayden, is Assistant Operations Manager of Von's.

Background in the Grocery Business

I was virtually born into the grocery business. In 1908, when I was born, my grandfather, A. O. Luer, was running a very small grocery store at the northeast corner of 23rd and Magnolia Avenue in Los Angeles. My father, Charles Von der Ahe, worked in this store as a clerk. Mr. Luer subsequently opened a second market which he later, in 1914, sold to my father in order to enter the meat provisioning business. I worked in my father's store (and later stores) during after-school hours and on Saturdays, holidays and summer vacations until the year 1927 when I left day school (second year pre-legal) to run my father's grocery warehouse at 6100 South Central Avenue, Los Angeles. I continued to act as warehouse foreman until 1929 when my father sold his chain (which by then consisted of 87 grocery concessions in small stores) to MacMarr Stores. I believe it is of interest that the total gross sales of my father's chain of 87 grocery concessions were in the neighborhood of $3 million annually and that today there are a large number of single supermarkets in this area which do that much gross business in a year.

When my father sold his chain to MacMarr Stores, I went to work for MacMarr Stores as "Short Buyer", that is, the person in charge of replacement buying. MacMarr Stores was a chain which was built up in 1927-1929 by acquiring a

number of western chains such as that of my father's, E. A. Morrison, Humpty Dumpty, Crown Emporium and others in the Los Angeles area. I believe E. A. Morrison had from 70 to 80 stores and Humpty Dumpty had about 25 when they sold out to MacMarr Stores. In 1931 MacMarr Stores sold out to Safeway which had earlier acquired the Piggly Wiggly chain, and so by 1931 Safeway had over 1000 stores in this area.

In 1930 I resigned my job with MacMarr Stores so that I could devote more time to my law studies at night at Loyola Law School. During the daytime I worked for Henry Bodkin and Jerry Giesler, attorneys. I graduated from law school in 1931—LLB, 1932—LLM. But I did not pass my bar examination and these were depression times, so I decided to go into the grocery business which I knew something about. Accordingly, in March of 1932 my father put up $2500 which we used to open a grocery department in a very small (50 feet by 95 feet) store in Lynwood, California. In most stores in those days the grocery department, the meat department and the produce department were all separately owned and operated. The sales in this store were from $2000 to $2500 per week.

As an example of the ability of the individual operator to compete with a chain, directly across the street from this Lynwood store was a Pay 'n Takit store, one of the stores of the Pay 'n Takit Division of Safeway. I was able to and did meet the prices of this Pay 'n Takit market and I am sure did a better business than it did. As a matter of fact, when the Long Beach earthquake of 1933 destroyed our Lynwood store and also damaged the Pay 'n Takit, they moved out of the building and never came back to compete with us. We then bought this building and moved our store into it and Western Auto Supply took over our former building.

When the 1933 Long Beach earthquake occurred and completely collapsed our Lynwood store, it was several days before we could do anything about it because martial law had been declared in the area. As soon as we could, however, we got approval of the City Engineer to jack up the roof of the store with heavy jacks and then build up the walls around it and open for business. We arranged to jack up the roof and restore the building, and our suppliers were good

enough to replace the merchandise which had been destroyed. After the earthquake some other stores in the area increased their prices, but as soon as we were able to open we ran a "hot" ad which announced special reduced prices on a number of items. This ad attracted a lot of new customers to our store. I believe these customers were grateful that we did not attempt to profiteer from the situation and they remained good customers, both before and after we moved across the street to the new location. As a matter of fact our gross, which prior to the earthquake had run between $2000 and $2500 per week, jumped to $3500 per week and remained around that figure thereafter.

In December of 1932 the partnership of my father, my brother Wilfred and I opened up the grocery concession in the small Davidson's Market in North Long Beach, California. This also was destroyed by the 1933 earthquake. In 1934 we opened another grocery concession in a market at Beverly Boulevard and Crescent Heights, Los Angeles, and also constructed a market at Third and Kenmore in Los Angeles. Our business prospered because of the hard work and sacrifice that I and members of my family put into it. In the years following and prior to World War II, our partnership developed as follows:

1. The grocery concession in the small El Adobe Market on Hollywood Boulevard, Hollywood. This concession we later sold about 1937. It is still being operated successfully as a grocery store.
2. The grocery department in the City Food Mart at Yucca and Argyle in Hollywood, which we later disposed of about 1938.
3. The grocery and delicatessen concession in a market at 320 East Manchester, Inglewood. This we later sold also.
4. The master lease on a market building at 1020 West Manchester Boulevard, Los Angeles. We later sold this store and it is still being operated as a market.
5. Construction of a market at 1020 South Fairfax, Los Angeles.
6. Construction of a market at 8th and Irolo, Los Angeles.
7. Lease of a market at 9th and Alvarado, Los Angeles.

8. Purchase of a market at Olympic and Crenshaw.
9. Construction of a market at 1500 West Pico, Los Angeles.
10. Construction of a market at 5100 South Vermont Avenue, Los Angeles.

In most of the early markets we operated the grocery department only. The meat, bakery, delicatessen and produce departments were operated by others. Commencing in 1939 we started to run the produce departments which, up to that time, had been operated by others. We also began operating the meat and delicatessen departments.

During World War II there was a building moratorium, but following the war we opened a large supermarket at Crenshaw and Santa Barbara, Los Angeles. With this store we were able to demonstrate to developers our ability to operate a large market, and we thereafter had no difficulty in securing other locations, such as Pico and Westwood Boulevard in West Los Angeles in 1949, a store in Van Nuys in 1950, and thereafter additional stores which were all of the large, supermarket type, as contrasted with our first twelve stores which, for the most part, were very small.

I take pride in the fact that in the 28 years from 1932 to 1960 my family and I had developed a chain of 28 stores doing business in this area and giving employment to 2150 employees. I do not suggest that we were unusual, because anyone else who wanted to put in the hard work and self-sacrifice could have done the same thing, and many did. Market Basket was formed in 1930 and developed in much the same manner, and so did Shopping Bag, Alexander's, Boys, Alpha Beta, Thriftimart, and others. Shoppers Markets have grown from a one-store operation in 1946 to a 14-store chain. Hughes Markets (13 stores), Pantry Markets (11 stores), Michael's Markets (7 stores) and many others are late comers in the business, starting in the 1950's or 1960's, and they have grown and prospered.

Competition in the Retail Grocery Business Today

According to the Board of Equalization figures obtained by the Government in this case there were 4,741 grocery stores in Los Angeles and Orange Counties in 1961. 3818 of those stores were separately owned and operated as

so-called independent stores. According to Godfrey Lebhar of Chain Store Age and Business Guides, Inc., today there are 150 concerns which operate two or more stores in the Los Angeles metropolitan area. By comparing these figures, it is apparent that the grocery business in Los Angeles is conducted by 3968 separate concerns operating more than 4,700 stores. I am not an economist but I am amazed that the Government economist could call this a "concentrated" industry in this area.

It appears to me that the trend in grocery retailing in this area is toward a lesser degree of concentration and the figures developed by Mr. Lebhar confirm my opinion. Mr. Lebhar points out that in 1953 there were 96 concerns which operated two or more stores each. By 1962 there were 150 such concerns. The smallest of these companies—those with only two or three stores—showed the greatest numerical growth, having increased from 56 in 1953 to 104 in 1962.

The number of chains with ten or more stores also increased in number from 10 to 24 in the ten years since 1953, according to Mr. Lebhar. It is interesting to note that of those 24 concerns:

(1) 19 are of local origin and even today all but a few of their stores are located in Los Angeles and Orange Counties;
(2) 14 had less than 10 stores each in 1953; and
(3) 7 were not in business at all as chains in 1953.

In all, since 1953, 174 new concerns operating two or more stores each have entered the grocery business in Los Angeles. While some of them have failed, some have cut back their operations, and some have been acquired by other concerns, no less than 103 of them remain today as new, independent, competitive factors.

Many of these firms, together with the firms that existed in this area prior to 1953, have expanded their businesses by opening new stores. I doubt there is a single Von's store which faces competition from fewer stores in its immediate trading area today than it did ten years ago. On the contrary, in the majority of areas now served by a Von's store we are facing competition from a greater number of stores than at any time in the past. Competition from both new

and old stores operated by both new and old concerns, whether they be independents, small chains or large chains, has increased, in my opinion, in the last decade, and it certainly has not diminished since our merger with Shopping Bag in March 1960.

Thus, I was surprised to see, and I question the accuracy of statistics obtained by the Government's attorneys from the California Board of Equalization which indicate that there are fewer grocery stores now than there were in 1948. If these figures are in any way accurate, however, I am confident that the following factors more than any others have contributed to the decline in number of stores:

1. Over the past several years the average housewife has indicated by her shopping habits that she likes to shop in large supermarkets. This has had its effect on the small corner grocery stores which were about the only type of stores which served Los Angeles in the years when I first started in the grocery business. As a result, both chains and independents have built larger stores which serve more people, and a number of smaller stores have, at the same time, been closed down. For example, over the last several years, Safeway has closed down a large number of its smaller stores and has built larger supermarkets to take their place. A & P in 1940 had approximately 15,000 stores and now it has about 4,000 which do a greater annual gross business. Because these larger stores serve more people than two or three older, smaller stores, Safeway has fewer stores today than it did ten years ago, but I'm sure that its sales are greater than in prior years. This trend toward larger stores has been reflected throughout the Los Angeles metropolitan area and has probably resulted in a decline, at least in certain areas, in the number of grocery stores.

2. The vast freeway system which has been constructed in the Los Angeles metropolitan area since 1948, together with other types of public improvements such as schools, municipal buildings and the like, have undoubtedly caused the closing of a number of stores particularly in East Los Angeles and the southwestern section of Los Angeles County, either by the actual condemnation of the store itself, or the destruction of the homes which it served.

Also, I have some reason to doubt the accuracy of the

Board of Equalization statistics, and in any case, I am confident that those statistics do not give a true picture of business success or failure, for the following reasons:

1. Government Exhibit No. B7(b) filed in connection with their Motion For Summary Judgment is a chart prepared by the Board of Equalization which is entitled "Analysis of the Gross Sales of the Grocery Stores Opened In 1960 and Closed by November 15, 1961." This chart shows a total of 81, of which 63 are shown to have had annual sales of under $500,000. My attorneys then asked the Board of Equalization to break this figure of 63 down further and they were supplied with the chart which I am attaching as Exhibit A to my affidavit. It will be seen from a reference to this chart that someone in the Board of Equalization cannot add very well because the next to last column totals 62 instead of 52 and the last column totals 73 instead of 63. It will also be seen that 66 of the 73 had annual sales of under $200,000 and 29 of these had annual sales of under $50,000. A supermarket in this area has sales from $1 million to $7 or more million, so a store with annual sales of under $200,000 is obviously a very small store, and one with annual sales of under $50,000 can hardly be classified as a grocery store in this day and age. If you figure a net of 3% after taxes, the $50,000 gross sales would produce an income of only $1500 a year.

2. Government Exhibit B-6 filed with its Motion For Summary Judgment is a chart entitled "Grocery Store Openings and Closings in the Los Angeles Metropolitan Area for the Calendar Year 1960." This chart shows that the chains (defined as *two* or more stores) had 119 openings and 42 closings and there were 128 openings and 260 closings by an independent (defined as a single store operator). I think it is of interest that there were more openings by independents than by chains. I think it is also of interest that our attorneys asked for and obtained the names and addresses of the stores listed on the Government chart which the Board of Equalization records indicate were closed, and this list of names and addresses contained 24 duplications, 15 which were not grocery stores, 16 where there had been no closing at all, 71 where a successor had purchased the store, 19 which had moved to a new location,

31 closed because of a freeway, and 18 closed because of the death, retirement or illness of the owner. This information is discussed in greater detail in the affidavit of Mr. Pasini.

3. I have read the proposed stipulation as to testimony of John B. Marshall of the State Board of Equalization which the Government has submitted to our attorneys and this statement illustrates to my mind the fallacy of drawing conclusions from bare statistics. This statement refers to plaintiff's Exhibits 33 and 34 and concludes in paragraph 6: "These reflect the extent to which the number of chain grocery stores are increasing while the number of independent grocery stores are decreasing in an area of increasing population." The difficulty with that conclusion is that if a single store operator acquires a second store, Mr. Marshall would conclude that this means a decrease in the number of independent grocery stores, because he defines a chain as a concern "filing consolidated returns for two or more stores." It frequently happens that a successful single store operator will open a second store, but simply because by that action he becomes a "chain" it does not follow to me that the number of independent grocery stores has decreased.

When the owner of a small Mom & Pop store dies or retires it probably often does mean the closing of an independent simply because there are better opportunities for the children than running a small Mom & Pop store. I have read the report of the Temporary National Economic Committee published in 1940 and it is apparent to me from that report why a large number of small grocery stores have been closed in the last twenty years. That report states:

> "Even more astonishing is the fact that out of a total of about 305,000 grocery and combination stores in the United States, more than 130,000 have sales of less than $5,000 per year. Many of these are operated with family labor, and do not represent the entire source of family income. Also, they provide the families of the proprietors with food at wholesale prices. But it is nevertheless self-evident that they cannot sell at reasonable prices to consumers and at the same time provide their proprietors and employees with what are usually thought of as reasonable wages." (p. 64) (Temporary National Economic Committee Monograph No.

35 entitled "Large-Scale Organization in the Food Industries," written by A. C. Hoffman, Principal Agricultural Economist, Bureau of Agricultural Economics, United States Department of Agriculture (Senate Committee Print, 76th Congress, 3rd Session, Washington, D. C., 1940).)

There are other reasons why I doubt that the Board of Equalization statistics can be used as any sort of guide to the success or failure of independent grocers in the Los Angeles metropolitan area. I know from my experience in the retail grocery business and from my observation of the success of a vast number of grocery concerns that there is a definite place for, a need for and plenty of opportunity for the single store operator, the small chain and the large chain. None of these types of concerns is at an inherent disadvantage in its attempt to wage competition with the others. One of the reasons for this is the advantages which accrue to the smaller concern by reason of its membership in cooperative buying organizations such as Certified Grocers of California, Ltd., and the Orange Empire Co-op, which is sponsored by A. M. Lewis, Inc. Through such cooperatives, the smaller concern can purchase its groceries as cheaply as any chain which buys directly from suppliers, and at the same time avoid many of the costs and headaches which the direct-buying chain must incur in conducting its own buying, warehousing and distributing systems. Even on items which co-ops do not handle, such as meat and produce, the independent is able to do as well as the chain. Indeed, it is because of the fact that meat and produce purchases can be made on equal terms by both chain and independent that cooperatives have not found it necessary to handle those products.

For example, there is very little variation in the price for which meat can be purchased, and meat is not an item which is in short supply. Therefore, whether the meat is being purchased by a buyer for a large chain or by an independent grocery, the price is almost always the same. It rarely varies by more than a few pennies, and of course the independent is able to buy meat of the same quality as a chain.

Also, the independent is able to do as well as the chain in

its purchases of most produce, and particularly in its purchases of perishable produce which often prove to be the most important in any produce department. As a matter of fact, with respect to these items, the independent and small chain is frequently able to purchase the same quality produce at a much cheaper price than the larger chain. The larger chain has a complicated distribution system. It must have its produce in each of its stores by the time those stores open every morning. In order to accomplish this, the day's produce must be purchased before 6:00 A.M. so that it can be placed on the chain's trucks and distributed to the stores at an early hour. The independent or small chain, on the other hand, does not have the same distribution problems. The owner can stay in bed until after 6:00 A.M., and then shop at what is known in the produce trade as the "late market". The quality of produce available on the late market is almost always as good as earlier in the day. The produce commission broker knows that his fruits and other perishables will not last until tomorrow, and they must be sold. His bigger customers, the chains, have already purchased the quantities they want. Under these circumstances, the independent is in a good bargaining position and can often purchase his perishables at prices which are much lower than the chain paid early in the same day. Also, the chain, with its large requirements, cannot possibly check every crate of produce which it purchases and instead must rely upon sample inspections. The independent has less to purchase and very often he can and does personally inspect every item of produce which later appears in his store. This very often means that an independent will have better quality produce than can be found in a large chain store.

I personally believe that the direct buying chain can do better than the independent on the purchase of items of "hard" produce, such as potatoes and apples. Others do not agree with me entirely, because we do have a warehousing cost. Market Basket and some others of the larger chains, for example, have regularly purchased their "hard" produce through the commission merchants. Apparently they think they can do just as well by purchasing in this manner, and if they can then so can the independent.

By reason of his cooperative membership and his ability

to buy meat, milk and most produce on terms as favorable as any chain, the independent need not lose customers because of his prices. Van de Kamp bakery concessions are available to chains and single store operators alike. But in order to succeed any store, whether chain or independent, must be able to lure the customer inside the store. In this connection I believe that a single store operator has certain advantages over a chain and that a chain has certain advantages over a single store operator. None of those advantages is decisive, and an able and aggressive grocer can attract his share of the business by taking full advantage of his opportunities. Also, from my experience I know that an independent operator has a better opportunity to control his costs. He is in a position to personally supervise or actually conduct every phase and aspect of his business, and as a result he is better able to watch pennies and control costs. The chains must work through supervisors and managers and cannot be as efficient as the individual owner who is on top of the situation. It must be recognized, however, that the independent has certain disadvantages. For example, a single store operating in a community which has suffered economic setbacks due to strikes or large layoffs, as sometimes occurs, for example, in the aircraft industry, may be injured. Also the chain has an advantage in getting into shopping centers because of its being a better credit risk and being better known.

I believe that personality, service, courtesy and friendliness can go a long way toward attracting customers. We at Von's urge our store managers to stress these qualities in their stores, but at the same time we recognize that no store manager in a chain store can develop the same personal relationship with his customers, his employees, and with his community as the independent operator. On this score, the independent has an advantage over the chain.

On the other hand, I think that the chain has the advantage of being able to exploit by institutional advertising and otherwise a name which becomes familiar to customers and potential customers throughout the area it serves. Von's, for example, advertises in metropolitan newspapers. In this way and by word of mouth Von's becomes a name that is known to shoppers throughout the Los Angeles metropolitan area. Therefore, when Von's opens a new store, it

can expect that potential customers in the surrounding areas will have heard of its name. This gives us an advantage over the independent who opens up a store with no expectation of being known in advance, although as I have said he has a better opportunity to become a part of his community and to become well known in it as time goes by.

Because Von's has stores in many communities in the Los Angeles metropolitan area, Von's problems are area-wide. The single store operator or the small chain, on the other hand, has only one or a few communities to worry about. The chain by reason of its size and organization is not as mobile or responsive to competitive conditions in any given isolated area and the aggressive, competent independent can, for that reason, out-maneuver the chain in meeting or creating local competitive conditions.

Therefore, sometimes size works for a chain and sometimes against it. In some ways having one store is an advantage, in others a disadvantage. But I am firmly convinced that if a grocer, whether he operates 70 stores, 7 stores or only 1 store, can take advantage of his opportunities he can succeed. There is no important advantage or disadvantage in the grocery business by reason of size. If there were, one would not find 3800 single store operators in this area nor would the growth, expansion and success of smaller concerns have taken place.

As one experienced in the industry and as a citizen I do not subscribe to the idea that there is something wrong with building a successful large chain. The fact is that the grocery chain offers very attractive career opportunities for capable people. Von's, for example, employs 8 Division Managers whose salary ranges from $18,800 to $38,500, 6 District Managers whose compensation ranges from $17,400 to $18,300, and 30 supervisors whose annual compensation averages from $12,000 to $16,700. Each manager of a Von's supermarket earns on the average of $10,800 to $13,250, which is a higher range than the national average for most of the professions. It is a fact of life that many people prefer to work for others rather than open their own business and, in my opinion, opportunity is wide open in the retail grocery business in this area, either as a salaried employee or opening your own business.

I have no doubt that if I desired to open my own single supermarket and run it myself I could make more money for myself than my compensation as President of Von's Grocery Co. The single store operator who pays attention to his business, who makes an effort to get to know and render good service to his customers, and who is alert and knowledgeable, can do every bit as well, if not better, for himself financially than can the president of many of the chains. In fact, I have advised my son, who is now working for our company, that as soon as he has the requisite training and experience, he should go out and get a store of his own.

The Matter of Market Shares

Prior to the merger, according to statistics I have seen, Von's had about 4% of total grocery store sales in the area and Shopping Bag had only slightly less than 4%. I believe we ranked third and Shopping Bag fifth in this respect, and we are now second to Safeway, having moved ahead of Ralphs by reason of the merger. As I have stated, I am not an economist but I do know this business and I can flatly state that it would not be logical at all to equate market shares with market power in this business in this area. Competition in retail sales in this business is necessarily on a store-by-store basis, and, as I have stated, numbers of stores is not an important factor in this competition.

In this market area we now have A & P, the largest national chain, Safeway Stores, the second largest national chain, Acme Markets Inc. (operating locally as Alpha Beta), the fourth largest national chain, Food Fair, the sixth largest national chain, Mayfair, a large multi-state chain, Lucky a large multi-state chain, a good number of large regional chains such as Ralphs, Food Giant, Thriftimart, Market Basket, a large number of medium-size chains, such as Shoppers, Hughes, Pantry, Alexander's and others, and thousands of independents or small chains backed up by strong cooperative buying organizations.

These local chains, including Von's, have grown and prospered over the years in the face of much larger market shares of Safeway and Ralphs and the fact is that over the past twenty years I am sure that the market shares of both

Safeway and Ralphs have declined. I reiterate market share in retail grocery sales in this area is not the equivalent of market power.

The Shopping Center Problem

I have mentioned some of the respective advantages in competition possessed by the single store operator, by the small chain, by the larger but local chain, and by the national and regional chains. There is one area wherein some of the larger chains in this area do have an advantage over small concerns and, for that matter, over some large concerns whose financial credit rating may not be good, and that is the greater ability to get choice locations in new shopping centers. In recent years there has been a trend to develop large shopping centers containing a department store, a variety store, a drug store, a supermarket, a restaurant, dress shops, haberdashery, cleaning establishment, and other concerns. The developer of such a shopping center can usually obtain 100% financing from insurance companies if he leases to a concern with a Dun & Bradstreet AAA credit rating, but, I understand, only about 50% financing if the lease is to a chain or independent which has a lesser credit rating.

The merger with Shopping Bag did not help Von's in this respect because it had an AAA credit rating before the merger.

I have learned from various trade papers that the Small Business Administration has set up a program to help independent supermarket firms obtain leases in new shopping centers by lending local development companies up to 80% of the necessary funds to construct a center that will be occupied by small firms, and has defined a grocery concern as "small" if its dollar volume is less than $2 million annually. Henry Bison, the general counsel of the National Association of Retail Grocers of the United States (NARGUS) has criticized these standards as unrealistic (see Supermarket News for October 17, 1960) and I agree. I am certain from my experience that there are very many small concerns with sales in excess of $2 million who need and should have the opportunity to get into new shopping centers.

A number of bills have been introduced in the Congress to permit the federal government to guarantee leases in shopping centers made to small concerns, and I have read reports concerning hearings held by the Select Committee on Small Business of the House of Representatives on such proposed legislation, but the Congress has not enacted such legislation. It is my opinion that the enactment of such legislation would be desirable and helpful to very many sound but small operators. I do not see how the insurance companies, or the shopping center developers, or the larger chains can properly be criticized for the present situation (and certainly the merger of Von's and Shopping Bag has not had and could not have any effect on the problem) but it is an area where, in my opinion, the smaller operator is at a disadvantage, and only the Congress can help him.

Certified Grocers of California

My company became a member of Certified Grocers of California, the retailer-owned cooperative buying organization, in 1934. We terminated our membership in 1949. At that time Von's was a chain of 16 stores. Much of the success of our business is directly attributable to our membership in Certified from 1934 to 1949, because Certified's buying power enabled us to obtain our groceries just as cheaply as the direct buying larger chains. I was elected to the Board of Directors of Certified in 1936 and became Chairman of the Board in 1945, a position I held until my resignation in 1949.

At that time Certified had a policy (which it has since abandoned) that the member must make 100% of his purchases through Certified of the grocery items which it handled, and we felt that if we had a warehouse of our own, we could control our inventory better, purchase the large quantities we might want of a particular product to cover a special promotion we might want to run in our stores, and buy a particular product in larger quantities to protect us against an anticipated price increase. My father, my brothers and I therefore decided to build a warehouse and do some direct buying. This forced us to resign from Certified. Many others, of course, did not agree with our point of view and did not want to take on the problems of operating a warehouse. These, including Shopping Bag, con-

tinued to stay with Certified even though they had more stores than Von's did.

I believe that it is to Von's advantage to do its own direct buying and warehousing, particularly because of the inventory control it gives us. Others disagree with me. But I do not think any experienced grocer in this area will disagree with the fact that the Certified membership (which includes numerous single store operators, small chains and larger chains) which buy their groceries through Certified get them on the market shelf just as cheaply as does the direct buying and warehousing concern, such as Von's. I have on several occasions seen a sign in the window of a very small store at Beverly and Normandie in Los Angeles which states:

> "Our shelf prices are as low or lower than any chain mkt. because we are a member of the largest co-op buying power in the world."

The reference obviously is to Certified Grocers, although from reports in the trade papers the A. M. Lewis Orange Empire Co-op is not far behind Certified. The Federal Trade Commission Staff Report on its Economic Inquiry Into Food Marketing, January 1960 (at page 179) states that the wholesale sales of Certified to its members and the estimated retail sales by Certified's members were as follows in the years 1948, 1954 and 1958:

	Wholesale Sales by Certified To Its Members	Retail Sales by Members of Certified
1948	$ 86,829,000	$ 382,000,000
1954	197,717,000	858,000,000
1958	338,957,000	1,390,000,000

This Staff Report (p. 181) further states as to Certified:

> "* * * This cooperative chain follows the corporate chains, A. & P., Safeway, and Kroger, as the fourth largest food retailing organization in the country—accounting for an estimated 3.1 percent of national grocery store sales and 2.8 percent of food store sales. It must be borne in mind, however, that a cooperative chain is not a single organization in the sense that a corporate chain is one. * * *"

The Staff Report does not give comparable figures for the A. M. Lewis Co. It states (p. 179) that "Alfred M. Lewis Co., a large Southern California wholesaler sponsoring the 'Orange Empire' group of stores and often called a cooperative, is not so classified in this report, since the shares of stock owned by its retail customers do not carry control." However, a recent report by A. M. Lewis, reported in the Southern California Grocers Journal for September 27, 1962, stated that Orange Empire had wholesale sales to its members of $12.5 million in 1945 and by 1962 its wholesale sales were $321 million.

Certified Grocers has a coffee processing plant, a bean packaging plant, and a frozen food warehouse in addition to its two huge grocery warehouses. Its transportation fleet comprises approximately 340 tractors and trailers. Members of Certified can obtain insurance at a cheap rate through Certified and can obtain assistance in financing the purchase of new equipment and facilities through Certified. In addition, Certified has seven well-trained men employed on a full-time basis to assist Certified's members with grand openings, sepcial promotions, new store locations, store layout and display, and advertising and accounting problems. Certified's advertising department keeps the Certified member advised of all advertising and promotional allowances offered by suppliers, and the advertising department also assists Certified members with advertising mats, layouts or display materials. Finally, Certified has the most modern and up-to-date electronic data processing systems which helps the Certified members to eliminate out of stock conditions in their stores.

The existence of organizations like Certified and Orange Empire, in my opinion, has been and is the reason for the success of the independent and small chain in this area and made possible the growth of organizations such as Von's and Shopping Bag and many others.

The continued and successful existence of Certified makes ridiculous, in my opinion, the government suggestion that there is a possibility that only a few chains will sometime, somehow, dominate the market. With four national chains, two strong multistate chains, a number of large local chains, very numerous smaller chains and hundreds of independents operating successfully in this dynamic area, it ap-

pears obvious to me that in the future there will continue to be, as there are now, literally hundreds of separate concerns doing business in this area. This is not a difficult business to enter and there is, and I am convinced there will continue to be, plenty of opportunity in it for those who are willing to work as I did to develop a business. I do not mean to suggest that anyone can go out and build or buy a supermarket for little or nothing—just as one cannot become a manager of a store or an executive of a business overnight. But leases of existing stores are always available and one who has had experience can obtain such leases and prove his ability. Many of my friends in the business have done just this—in fact, there are many who have taken over stores which the larger chains have given up as unprofitable and have been very successful in running these stores on their own.

Changes in the Marketing of Retail Groceries

In my lifetime in the grocery business there have been many innovations and changes. I have witnessed the development of the supermarket which has resulted in the replacement of a number of small stores. Safeway, for example, once had over 1000 small stores in this area and today it has approximately 200, and while Safeway's percentage share of the total sales in the area has, I am sure, been greatly reduced, I am sure their total gross sales in the area are very much greater. With the supermarket came self-service, greater sales per square foot and greater variety of choice at a lesser cost to the customer. New products, rapid developments in packing and merchandising, a rapidly increasing population, the increased use of the automobile and moves to the suburbs are just a few of the constantly changing conditions and circumstances which the grocer in this area has had to be alert to meet, and take advantage of in order to be successful.

A relatively few years ago the "Los Angeles market area" was generally considered to be the City of Los Angeles and the immediately surrounding communities; that is, the area where a number of stores could efficiently be served from a single warehouse. More recently it has generally come to mean Los Angeles County and Orange

County. But with the development of our freeway systems more and more concerns are building stores in Santa Barbara, Ventura, Kern, Riverside, San Bernardino and San Diego Counties as well. Shopping Bag had two stores in San Bernardino County prior to the merger, and since the merger we have opened new stores in Ventura and San Diego Counties, and one presently under construction in Riverside County. There is little doubt in my opinion that the Los Angeles market area in a very short time realistically will be considered to extend from Santa Barbara-Bakersfield on the north, south to the Mexican border, and west to east from the Pacific Ocean to the desert.

In the past two or three years large discount houses which sell virtually everything and include a large supermarket under their roof have become prevalent in the area. There are now at least 25 of such discount houses in Los Angeles and Orange Counties, including six in the Covina-West Covina community alone. Some, including Dr. Ward J. Jenssen, an experienced marketing consultant and one of the government's proposed expert witnesses in this case, have predicted this development of the discount house will result in the virtual demise of the supermarket such as those of Von's. While I do not agree with his conclusion, Dr. Jenssen has stated that the discount house within the next ten years will emerge as the dominant retail form in this area and the role of the conventional supermarket will shift to that of a convenience outlet for quick, fill-in purchases. He has further stated:

> "If one has been studying the signs closely enough, however, it is evident that by 1970 or 1975 the supermarket as we know it today in Los Angeles will have been relegated to a second-class role, and local operators who continue to expand with conventional markets in conventional type locations are pouring money into the traditional 'rat hole.'" (From the Commercial Bulletin, October 6, 1961.)

It is my opinion that the discount houses will be a competitive factor and, of course, they are able to obtain Certified membership, but I do not foresee them relegating the

supermarket, whether chain or independent, to a minor role in food distribution.

A further development is the increasing importance of the conventional liquor store as a retailer of food products. Just as the supermarkets in more recent years have commenced the sale of alcoholic beverages at many of the supermarkets, so have the liquor stores commenced the sale of various food products. In many of the liquor stores in this area the customer is able to purchase milk, bread, and various canned goods. As a matter of fact, it is common knowledge in the industry, for example, that many of the liquor stores are better customers of the bakeries than many of the grocery stores. While I do not have figures to support my belief, it is my impression, based on my knowledge of the business, that many of the liquor stores of today sell more groceries and related products than most of the small "Mom & Pop" stores.

Drive-in milk depots run by dairy companies are now springing up all over the area. Not only are they permitted by the state law to sell their milk cheaper than the grocers but most of them carry other items, such as bread, wieners and potato chips. Drug stores compete with the grocers in the sale of health and beauty aid items and paper goods as well as alcoholic beverages, tobaccos and other items.

A further very recent development in this area and elsewhere is the emergence of the bantam store, which is truly a "convenient outlet" for quick, fill-in purchases. One example of this type development is Speedee Mart, Inc., a California food market chain which was organized in 1956. It builds and franchises very small convenience stores which can best be described as "a modern-day Mom & Pop operation." I am informed that Speedee Mart, Inc. has well over 100 such franchise stores in operation in various California cities and there are a large number of them in the Los Angeles area. I understand that Speedee Mart does the buying, pricing, advertising, accounting and supervising of all activities, but the particular stores are run by individual owner-operators under the franchise plan.

A new type of competition which is now being experimented with in Eastern States and, if successful, will no doubt move into this area, is illustrated by the plans of various of the major oil companies to build small grocery

stores in connection with their gasoline stations. Supermarket News for October 15, 1962 announced that Socony-Mobil Oil Company, Shell Oil Company, and other oil firms are considering moving into the retail food business by erecting bantam markets adjacent to their stations.

Obviously the retail food business in this area is a dynamic, challenging, highly competitive and ever-changing business. Anyone familiar with the business would have to agree, in my opinion, that it is highly competitive and highly decentralized and no chain or group of chains could ever dominate the market.

There is scarcely a household in this entire area that does not have at least three first-class supermarkets within ready shopping distance, and anywhere from 5 to 8 additional markets of smaller or older vintage. I do not foresee any change in this highly competitive condition.

Mergers by Other Companies

The government attorneys have furnished our attorneys with a proposed "Stipulation As To The Testimony of Dr. Willard F. Mueller, Chief Economist of the Federal Trade Commission," which has attached to it as Exhibit B a list taken from records of the Federal Trade Commission of the "Acquisitions Made By 9 of the 20 Largest Chains in the Los Angeles-Long Beach Metropolitan Area; By Company: 1948-1958." The government attorneys have contended that this exhibit shows "increasing concentration". I think it is worthy of note that not one of these acquisitions has been attacked by the Department of Justice or the Federal Trade Commission. I notice also that there is some double counting in this list, since, for example, it adds acquistions both by and from Mayfair Markets in order to reach its 132-store total and it shows an acquisition by Thriftimart from its own wholly-owned real estate holding company. Similarly, it shows a six-store acquisition by Food Giant from Food Giant in 1957, when as a matter of fact there was no such acquisition. What Food Giant did was to merge with Magic Chef, a stove company, the stock of which was listed on the New York Stock Exchange, so that Food Giant could thus be so listed and get financing more easily. Food Giant sold the appliance business in 1958. I have the fol-

lowing further comments concerning the specific acquiring companies referred to:

Mayfair Markets

Mayfair is a multi-state chain which got its start in this area and now operates more than 175 stores in various Western States. The exhibit shows that in the period 1950 to 1958 Mayfair made five acquisitions totaling 18 stores, one of 9 U-Tel-Em Markets, 6 of Bob's Supermarkets, and 3 of single markets. The exhibit also shows that in this period Mayfair sold five stores to Fox Markets (the start of the Fox chain in 1954) and four to Yor-Way. Actually, as is shown by the affidavit of Clive Johnson, Mayfair sold more stores in this area than it acquired from others.

Lucky Stores

Lucky Stores is a multi-state chain which now operates some 140 stores in several Western States. The exhibit shows that it made one acquisition of nine stores in 1956. The exhibit does not show that this was Lucky's means of entering the business in this area. It had not theretofore done business in the Los Angeles metropolitan area. Since that time it has opened a number of new markets in this area.

Alpha Beta

The exhibit shows that Alpha Beta acquired the 13-store Raisin Markets chain in 1958. Raisin Markets was a family business and the father and founder has passed away shortly prior thereto. His son Phil successfully ran the business but his health shortly became very bad and, in fact, he has since passed away. The last two stores built by the Raisin chain were very large but very unprofitable, and there was concern that the losses on these stores might cripple the entire operation. Although the Raisin family was anxious to make the sale to a responsible purchaser they did keep, and the family is still running for itself, the liquor departments in these stores.

The exhibit does not show, but it is a fact, that in the period 1948 to 1958 Alpha Beta sold seven of its own stores

to individuals and that six of these are now being operated successfully by individual operators.

Thriftimart

I have noted that the exhibit lists as an acquisition the transfer of a new store to Thriftimart by its real estate operating company, Corbin Development Co. The exhibit also lists the acquition by Thriftimart in 1949 of the 19-store Roberts Public Markets chain. The great majority of these markets were very small and with respect to a majority of them, Thriftimart turned them over to the former managers or employees on a cooperative arrangement whereby Thriftimart supplied the inventory on consignment but the business was owned and operated by the former employees. Thriftimart over the years has made similar arrangements with various of its managers of other Thriftimart stores and has thereby enabled experienced people to enter into and develop a business of their own.

Fox Markets

Edward Fox and John Cramer, former executives of Mayfair, started Fox Markets in 1954 by taking over five Mayfair Markets. The exhibit shows that from then until 1959 Fox Markets made 11 acquisitions totaling 32 stores. It is common knowledge in the industry that a large number of these stores were in poor locations; that Fox was under-capitalized and it was soon in financial difficulties because it could not pay its suppliers. Fox Markets is now in bankruptcy. A number of its stores have been sold by the trustee in bankruptcy and the remainder, I believe a total of 18, are being operated for the trustee by Food Fair, the sixth largest national chain. In addition to operating the Fox Markets, Food Fair has recently started business in this area by opening supermarkets in some discount houses.

McCoy's Markets

The exhibit shows that McCoy's acquired one store in 1955 and another store in 1957. I do not know the details but I do know that McCoy's was first organized in 1948 by

Joseph D. Saul, who had been employed in the grocery business in this area for many years before that and then decided to open up his own business. I believe there are now fourteen or fifteen McCoy's stores in this area, which is another illustration of the opportunities for growth and success for the experienced and able operator.

McDaniel's Markets

The exhibit also shows three acquisitions by McDaniel's in 1957-58 of a total of six stores. This is another instance of the chain which expanded too rapidly with insufficient capitalization. At one point in 1960 it reached a total of 24 stores and announced plans for building six more stores in that year. Unfortunately, when Fox Markets got into trouble, creditors of other concerns, including McDaniel's, started pressing for prompt payment. Because it was greatly overextended, McDaniel's sold off a number of its best markets to various individuals and smaller chains in late 1960 and early 1961, but it could not salvage the situation and in October 1961 it was declared bankrupt. Food Giant took over the remaining nine McDaniel's markets at this time. These were by no means the best McDaniel's markets but with the markets Food Giant obtained some experienced and very able executive personnel, which is in short supply in this area.

Yor-Way Markets

The exhibit shows, and it is a fact, that Yor-Way got its start by purchasing three markets from Mayfair in 1953. Thereafter it made seven acquisitions of single stores and one acquisition of a chain of five stores. This is another case of a chain which purchased a number of marginal markets, which never had enough money and which, according to the trade papers and their attorney James McLaughlin, always operated on deficit financing. Nevertheless, it was able to keep going until the death of its founder, Jack Kennedy, in 1960 and the Fox Markets bankruptcy. When the creditors began to press it in 1961, Yor-Way went into bankruptcy. A few of its poor stores were closed and the balance were sold to various individuals.

This completes my discussion of the list of the acquiring

companies set forth by the economist of the Federal Trade Commission. As will be seen, the bare statistics do not fully or, for that matter, entirely accurately give the true picture. There have been acquisitions by these companies, none has been challenged as illegal, and some were not financially sound organizations. In my opinion these mergers have not tended to create a monopoly in this area nor, based on my experience, do I think there is the slightest possibility that there will ever be only a few large concerns doing business in this area. I have no doubt there will continue to be, as there are now, a number of larger chains, hundreds of small chains, and several thousand independents.

Reasons for the Merger With Shopping Bag

At the time of the merger with Shopping Bag, 80% of the outstanding stock of Von's was held by members of the Von der Ahe family. In the event of my death or the death of my brother Wil, this would have created severe estate tax problems for our family and would have required the forced sale of a substantial part of the stock of the estate to pay death taxes. There was not an active over-the-counter market for our stock at that time and a forced sale of a large block for estate tax purposes would naturally have had a very adverse effect on the market value of the stock. At the time of the merger Von's had approximately 3280 public stockholders and Shopping Bag had approximately 2064 public stockholders. Thus the merger resulted in 5344 stockholders for the surviving corporation and in a much broader and more active over-the-counter market. Further, the increased number of stockholders other than members of the Von der Ahe family which resulted from the merger enabled Von's to comply with the New York Stock Exchange requirements in this connection and the stock of Von's was listed on the Exchange in 1961. This likewise resulted in a wider market for Von's stock.

The owners of Shopping Bag were faced with virtually the same problem—members of the Hayden family owned approximately 60% of the stock of that company. Moreover, W. R. Hayden, the President of Shopping Bag, desired to become a little less active after over 35 years of hard work. In addition he believed, and my own study of the Shopping Bag organization caused me to agree with him, that Shop-

ping Bag was suffering from a shortage of qualified executive personnel to carry on its business successfully. Actually, Shopping Bag's earnings had begun to sink. Shopping Bag was by no means a failing company, but it is equally true that in the several years prior to the merger while Shopping Bag sales increased, nevertheless its net profits were dropping. This was a matter of concern to Mr. Hayden. In these same years, Von's with ten fewer stores, had greater total sales each year than Shopping Bag, and increasing net profits. The total sales, the net profit and the percent of net profit to total sales of Shopping Bag in the years 1957, 1958 and 1959 were as follows:

Year	Total Sales	Net Income	% Net Income to Total Sales
1957	$87,007,857	$1,360,986	1.6%
1958	90,531,209	912,851	1.0%
1959	84,403,866	770,122	.9%

For these same years the total sales, the net income and the percent of net income to total sales for Von's was as follows:

Year	Total Sales	Net Income	% Net Income to Total Sales
1957	$89,990,056	$1,872,943	2.1%
1958	94,485,993	1,947,367	2.1%
1959	86,605,829	1,981,358	2.3%

(Sales for both companies were off in 1959, of course, because of the four week strike in January 1959.)

In these same years the respective ratio of net profit after taxes to total assets for the two companies was as follows:

Year	Shopping Bag	Von's
1957	6.6	12.7%
1958	3.9	12.4%
1959	3.2	10.8%

Von's in contrast to Shopping Bag, was strong in well-qualified executive personnel who could carry on the business.

Our survey of the Shopping Bag operation convinced us that it could be upgraded in many respects and made more profitable, and that we have done since the merger. The stores of Shopping Bag were for the most part operating in different communities than the Von's stores and this also made the merger attractive. In addition, the combined

operation made possible important savings in advertising costs and reduction of overhead expenses and made our warehousing and trucking operations more efficient. Further, I had known W. R. Hayden well for many years and I was convinced that he and I would make a good team. Experience has proved this to be so.

Apparently the government attorneys believe these savings and efficiencies somehow give Von's an unfair competitive advantage over smaller concerns operating in this area. This is not true. While we have made savings and will profit therefrom, competition for the patronage of the retail customer is still in the local area served by an individual store, and, as I have stated, no chain store has any advantage over any other chain store or independent operator in that competition. Nor, in my judgment, did the merger lessen competition in any respect in this area nor give Von's any power or control over competition in the area. I have mentioned that four of the nation's largest chains, A & P, Safeway, American Stores (Acme), and Food Fair, and two strong multi-state chains, Lucky and Mayfair, do business in this area, and I have mentioned the strength of the remaining chains and single store operators who are affiliated with the cooperatives. Certainly the merger has not discouraged these competitors from building new stores or others from entering the business or expanding.

In entering into this merger we had sound business and personal reasons, but absolutely no intent and no ability to lessen competition. Being realists and knowing the industry from having lived with it for 35 or more years, we could never have logically entertained any thought that we could control or lessen competition, nor have we. The fact is that this merger kept two local businesses of local origin in control of local people.

This brings me to a problem which puzzles me about this case: Mr. Hayden, who owned or controlled approximately 80% of the stock of Shopping Bag, desired to become less active, and he was concerned about what would happen to his company if he did. He wanted to make a deal which would give security to him and his family for the equity they had created. This equity would have been dissipated if, as he was concerned, Shopping Bag continued to go downhill. He had confidence in Von's and could get a fair price

for his equity from us. Would it have been better for him to sell out to some large national concern, such as Kroger or A & P, or, alternatively, to turn the management of his company over to others when he believed this would not be in its or his best interest? And, if this merger should somehow be held to be illegal, must Mr. Hayden resume an active management he does not want, or liquidate his assets, or sell to some large national concern which would give fair value for the assets? Those of us who have spent our lives in the industry have seen many failures occur when management becomes tired, weaker, or less aggressive, or when a company becomes overextended from a credit standpoint. Yor-Way promptly went downhill and its stores were sold off by the creditors' committee following the death of its founder, Jack Kennedy. Greater All American suffered two bad years, in the red, and was forced to sell off some of its stores following the death of its founder, Blayne Hutchison. Fox Markets started out in 1954 by purchasing a number of stores from Mayfair and others and they then expanded too rapidly with insufficient assets and with a hastily put together staff. Fox is now in bankruptcy, a number of its stores have been sold off, and the remainder are being operated by Food Fair, the sixth largest national chain, which wishes to take over the Fox Markets in order to enter this market area. Over the years there have been, and I am sure in future years there will be, a number of such failures of chains, both big and small. In my opinion Shopping Bag would have experienced similar difficulty if Mr. Hayden had passed away, and I do not believe this would have been of any benefit to competition or to the industry, and it would have been disastrous to the Hayden family who had worked so hard and sacrificed so much to create their organization. The merger has given them security and, in my opinion, it has not had and could not have an anti-competitive effect.

This is the point which I believe important: There were perfectly honest and legitimate business and estate tax reasons which brought about this merger, which had nothing to do with aggrandizement or any desire to injure competition. No one connected with the transaction thought it would or could stifle competition and anyone familiar with the business would, I am certain, agree with us that it could not stifle competition.

Comments on the Government Affidavits

I have read the first twenty affidavits which the government attorneys have supplied. Each of the affidavits appears to be a carbon copy of the others except for the first paragraph which gives the name and location of the affiant's market and the gross business. I think it is worth noting that not one of them points out a single way in which the merger of Von's and Shopping Bag has injured the particular affiant or lessened competition in any way.

Each makes the point that it is difficult for the single store operator to get into the more desirable shopping centers, and this is true, as I have pointed out. But breaking up the merger of Von's and Shopping Bag would not help them at all in this or any other respect. Each also states that the larger chains have an advantage over the independent and small chain "in terms of inventory control." This is utter nonsense insofar as the individual operator or small chain is concerned. The single store operator or chain which is a member of Certified has the advantage of Certified's electronic data processing system which helps eliminate out-of-stock conditions in stores of its members. Moreover, if an individual operator does not have complete and superior control of his inventory at all times, which is something no chain can really achieve, then he certainly belongs in some other business. Each states that he is at some disadvantage in the purchase of fresh dairy, meat and produce items. I do not agree. Any able and knowledgeable single store or small chain operator actually can do every bit as well as the larger chains in purchasing meat and produce. I know this is a fact, and the testimony of various operators such as Cecil Dobson, Joseph Goldberg, Ted Woods and Joseph Goodnight confirms it. If the government witnesses are not doing as well as others in this respect they have only themselves to blame. How membership in Jerseymaid Milk Products Company gives Von's a competitive advantage none of the witnesses says. This has been a profitable investment but since the price at which milk is purchased and sold is fixed by state law there is no competitive advantage here any more than there would be if the investment were in real estate or the stock market. If there is any competitive advantage in

milk it would lie with the users of the nationally advertised brands like Arden, Carnation and Foremost.

I note that each government witness states "that he faces very vigorous competition from Von's" and I hope and believe this is so. Note, however, that not one states that he is unable to compete successfully with Von's and none states the merger had any adverse effect on competition.

Each of the government witnesses also states that if our merger is permitted "there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution throughout the Los Angeles metropolitan area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area." I have difficulty believing that any person familiar at all with this industry could or would so testify. The structure of this industry is such that it is not even conceivable that a few large chains will ever dominate the retail grocery business in this area. The very existence of Certified Grocers and Orange Empire precludes any such possibility. I doubt that these government witnesses have any better knowledge of this industry than my family and Mr. Hayden and none of us can foresee subsequent mergers "between and involving the other major chains". Von's and Shopping Bag were unique in that they had virtually no overlapping stores, and I cannot think of any two other "major chains" which could sensibly merge, and I know of none with any plan to do so. The merger of Von's and Shopping Bag took place almost three years ago and I do not think any witness could honestly state that competition has been lessened at all, much less substantially, and how anyone can foresee a tendency to monopoly in an area such as this where there are literally thousands of separate grocery concerns, and new companies such as those of Ted Woods, Joe Goodnight and others constantly entering the market, is more than I can understand.

I have personally visited the stores of various of the

government witnesses. Some are obviously very small and old stores which do very little business. Some are clean with an attractive display of merchandise. Some are clearly not well-run operations and the owners could benefit enormously from copying the merchandising and display techniques of the many top-notch single store operators like Cecil Dobson, Mrs. Roberts, Joseph Goldberg, Rudy Dahl, Harlos Gross, or any of hundreds of other single store operations in this area. The public in general does not want to patronize a store where the merchandise is not top-notch or is poorly displayed, or the atmosphere is not pleasant.

I believe it is interesting that various of the government witnesses have been able to enter the business in recent years and to survive and others have been able to expand. As will be seen, most of them were able to enter the business after getting their experience with a chain. It is also worth noting that various of the other affiants have operated their stores for from 18 to 26 years, apparently successfully. For example, I know that the store of Manuel Gertmenian at 1720 East Colorado until 1947 was the headquarters store of Market Basket. Mr. Gertmenian took over the lease when Market Basket gave up the store and he apparently has done well there because in May of 1960, two months after the merger of Von's and Shopping Bag, he was able to and willing to take the lease on a second store then known as the Commonwealth Market at 301 South Atlantic Boulevard in Alhambra, and I am certain that this is a successful operation for him. This store is not a large one and it is quite old; also it is located directly across the street from a large and modern Safeway store. Apparently Mr. Gertmenian concluded he can compete successfully with Safeway, and he has. It is apparent also that the merger of Von's and Shopping Bag did not discourage Mr. Gertmenian from expanding.

The Temple City store which Mr. Roderick A. Irvine, one of the government witnesses, had for a short time and which he states "did not show a profit and he closed it in May 1961" was not in fact closed. Actually it was sold by Mr. Irvine to two relatively young but experienced and very able and aggressive persons. This is their first store, but I predict that they will have others in the future. They

cleaned up the store, put in better fixtures, and they have a first-class operation. I am certain that these young and able men are making and will continue to make a successful operation out of this store, which is located just two or three blocks from Von's headquarters and warehouse. From personal observation, I would say that Mr. Irvine sold the very best of his three stores.

I do not want to quarrel with the government witnesses. There are bound to be differences of opinion in an industry as diverse and competitive as the retail grocery business in this area. It is only human nature for some chain operators to envy the individual operator and for some individual or small chains to envy the larger chain. I am certain that each has certain advantages, but I am equally certain that there is no danger of the able and knowledgeable independent disappearing, and absolutely no possibility that any chain or group of chains could gain control of this market. Competition is necessarily on a store-by-store basis and the draw area of any particular store is a limited one. The single store operator who knows the business can draw the customer and keep the customer just as well as any chain if, as each is able to do, he sells at fair prices, runs a clean and attractive store, and sells service and personality along with his merchandise.

Theodore A. Von der Ahe

Subscribed and sworn to before me this 26th day of February, 1963.

Doris W. Paschal, Notary Public in and for said County and State, [Seal.]

My Commission Expires May 10, 1965.

EXHIBIT A

Table B

Analysis of the Gross Sales of Grocery Stores with Estimated Annual Sales of Less than $500,000 that Opened in 1960 and Closed by November 15, 1961, in the Los Angeles Metropolitan Area

Frequency distribution of Annual Sales under $500,000

Annual Sales	Twenty largest chains	Remaining chains	Independent outlets	All outlets
Under $50,000	—	2	27	29
$ 50,000 to $ 99,999	—	2	10	12
100,000 to 149,999	—	2	11	13
150,000 to 199,999	—	1	11	12
200,000 to 249,999	—	1	1	2
250,000 to 299,999	—	—	— —	—
300,000 to 349,999	—	2	1	3
350,000 to 399,999	—	1	—	1
400,000 to 449,999	—	—	1 —	1
450,000 to 499,999	—	—	—	—
		—	—	—
Totals	—	11	52	63

4-6-62

[fols. 1-2] DEFENDANT'S EXHIBIT BA

IN THE UNITED STATES DISTRICT COURT

No. 336-60-CC

[Title Omitted]

Deposition of THEODORE A. VON DER AHE, taken on behalf of the Plaintiff, at Room 806, Federal Building, Los Angeles, California, commencing at 2:00 P.M., Thursday, May 23, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to oral stipulation.

[fol. 3] THEODORE A. VON DER AHE, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Coyle:

Q. Mr. Von der Ahe, would you state your full name and address for the record, please.

A. Theodore A. Von der Ahe. My residence is 5220 West 2nd Street, Los Angeles, California.

Q. You have your affidavit with you?

A. Yes.

(Discussion off the record.)

Mr. Coyle: Q. Mr. Von der Ahe, if you would turn to Page 7 of your affidavit, referring you to the sentence beginning on Line 5, "By comparing these figures, it is apparent that the grocery business in Los Angeles is conducted by 3,968 separate concerns operating more than 4,700 stores. I am not an economist but I am amazed that the government economist would call this a 'concentrated' industry in this area." Would you say that it is a fragmented industry rather than a concentrated industry?

A. You are referring to the study which was prepared by Godfrey Lebhar in Business Guides.

Q. I am referring to this language on Line 5 there before [fol. 4] you get to Lebhar.

A. You are talking about my comments on the figures which his study produced.

Q. I believe those are the figures which you computed yourself on both the Board of Equalization and Mr. Godfrey Lebhar's study.

Mr. Alsup: Would you clarify, Mr. Coyle, what you mean by "fragmented industry"?

Mr. Coyle: I wonder if the witness understood my question.

The Witness: I understood the language but I would like to have you clarify and define the word "fragmented" for me.

Mr. Coyle: Q. Would you say that this is an industry made up of many separate entities?

A. Yes, definitely so.

Q. And if that is what fragmented means, this is a fragmented industry?

A. I agree.

Mr. Alsup: You are referring to the Los Angeles metropolitan area, are you not, Mr. Coyle?

Mr. Coyle: I am referring to the industry which he is referring to. I presume it is the Los Angeles metropolitan area.

Q. Now referring to Page 8 of your affidavit, you refer to the competition which the Von's Stores face in their [fol. 5] immediate trading area. Are you familiar with the Von's store in the Whittier area?

A. We have three Von's stores in the Whittier area at the present time. Which one do you mean?

Q. You had an original Von's store to begin with there, didn't you?

A. Yes.

Q. Does that Von's store face much competition?

A. Yes, very much.

Q. The former Shopping Bag Stores in the area, do they face very much competition?

A. Very much.

Mr. Alsup: Just a moment, in order to clarify it. You say the former Shopping Bag Stores in the area.

Mr. Coyle: Yes.

Mr. Alsup: One of those former Shopping Bag Stores, Mr. Coyle, does not exist.

Isn't that correct, Mr. Von der Ahe?

The Witness: You are referring to the one in the Whittier Quad. That is no longer operated as a Shopping Bag store.

Mr. Coyle: Q. What happened to that store?

A. That store was vacated and a new facility operating under the name Von's was built in the same shopping center. In other words, we felt that this store did not compete with the Von's store several miles to the east, and it being [fol. 6] an entirely different shopping area we built a new store there to take care of that trade.

Q. And all three of those stores in the Whittier area face competition, do they not?

A. Yes.

Q. Do they face substantial competition?

A. They face substantial competition from both independents and chain stores.

Q. They have a number of competitors?

A. Yes.

Q. And have they had a number of competitors for several years?

A. They have had a number for several years and more are continuing to move into the area.

Q. And they have had a number of competitors five years ago?

A. Five years ago I don't know what stores were open at that time so I don't want to make a guess. But that area, as a general rule, has been growing and as the population comes in new stores are coming in.

Q. How many customers would those stores out there in Whittier each of them have to have in order to handle in the course of a week to keep the volume up?

A. Mr. Coyle, I do not have those kind of statistics at my command. I don't know how many customers a store has to have. That depends on the area, the trading area.

[fol. 7] Q. I am referring to this particular trading area out there.

A. As I say, I don't have those kind of figures at hand. I can't tell you whether it would be 10,000 customers or 11,000 or 8500. I don't know.

Q. Would it be as many as 8500?

A. Those figures are available to me and I can develop them for you. But I don't want to be held to a number because I don't know it at this time.

Q. Could you give us a minimum estimate of at least how many you would have to have?

Mr. Alsup: You mean "have to have," Mr. Coyle, or do you want the figure of what was the customer count in '59 and what is it today?

Mr. Coyle: Q. What would the count in '59 have been, a minimum customer count for your stores?

A. This I don't know.

Q. Not even in general terms?

A. I don't have those figures in my memory.

Q. You don't know whether it would be over 3,000 or over 6,000?

Mr. Alsup: A week or a month are you talking about?

Mr. Coyle: A week.

The Witness: I would say that it would be over 3,000, it would be over 6,000. Because those would be minimum figures. But now don't ask me how much over because that [fol. 8] is the information I do not have at this time.

Mr. Coyle: Q. Referring on the same page to your comments beginning on Line 20, do you have any knowledge, based upon your own observations of the industry whether or not there are fewer or more grocery stores operating in the Los Angeles metropolitan area today than there were in 1940?

Mr. Vaughn: '40 did you say?

Mr. Coyle: '40.

The Witness: My observations, Mr. Coyle, are that this trend—that there are now more grocery stores, supermarkets, et cetera, as we know them today, operating than there were in 1940. Now, I might distinguish that by saying I

do not know if there are more grocery stores licensed to operate than there were in 1940. But the general trend of the business has been larger stores and there are more of them.

Mr. Coyle: Q. There are more large stores but are there more stores on a numerical basis?

A. This I don't know. At one time I testified there were. I have not taken the time and trouble to find out whether there are, numerically speaking. But there are more stores in the grocery business represented as such than there were in 1940.

Q. And in 1940 were there more stores?

A. I would say so.

Q. Do you think on a year-to-year basis there are more grocery stores on a numerical basis?

[fol. 9] A. From the very fact that Certified has more customers, Spartan has more customers, Orange Empire is doing more business. All of the independents—not all of the independents but all of the chain stores here have more units. There are more independents in the business as such. My observation, without being founded in statistics, is that there are more stores.

Q. But you have never made a count?

A. I have never made a count.

Q. And you know that Safeway has more stores now than it did in 1940 in the area?

A. I believe they do.

Q. In this area?

A. I believe they do.

Mr. Alsup: Than in 1940; is that the question?

Mr. Coyle: Yes.

The Witness: Yes.

Mr. Coyle: Q. And in 1940 they had more stores in the area?

A. That would be my considered opinion.

Q. And they have more stores than they had in 1950?

A. I would say so.

Q. And 1955?

A. Is the same, yes. Now, this is a guess, please under-

stand it, because I have not kept track of the number of Safeway stores. It is just my opinion.

[fol. 10] Q. And it is a guess with respect to the total number of stores in the area?

A. That's right.

Q. And based upon your guess you conclude that the Board of Equalization figures are inaccurate?

A. I didn't say that, no, sir.

Q. You question the accuracy of the statistics obtained by the government attorneys from the California Board of Equalization, which would indicate that there are fewer grocery stores now than there were in 1948.

A. And I further went on to state the reasons the accuracy of the Board of Equalization statistics were questioned, and I set those forth on Page 10.

Q. You state that as a result of a vast freeway system, either by condemnation of the store itself or the destruction of the homes which it served, some stores have been closed in particular cities—in portions of the cities. Are the operators of those stores generally able to get into shopping centers when those stores are closed?

A. I have no information on that. I don't know.

Q. If they are small operators from your experience would they be able to get into a shopping center to open a store?

A. I see no connection between his store being closed up because of a freeway being put through a neighborhood and a small operator being able to open up a store in a shopping center.

[fol. 11] Q. Where would a small operator be able to open up a store if his store were closed as a result of a freeway or a condemnation?

A. I think it would depend upon the ability of the operator whether he was acceptable to the developer of a shopping center. The same as it would have been before the store was closed on account of the freeway. And if the small operator was not in a position to open in a large shopping center before he lost his store I see no reason why he should automatically become qualified to open a store in a shopping center after he lost his store. I think he would have to find a comparable store as he had been previously operating.

Q. Is it your opinion that personality, services and courtesy go a long way toward attracting customers?

A. Yes.

Q. And if a storekeeper because of his personality, service, courtesy and friendliness builds up acceptance with certain customers will they pass other stores and travel a longer distance than they otherwise might in order to stop at his store?

A. I think we are discussing something that is a matter of degree. Everything else taken into consideration and being equal, the stores that do have the friendliness, which is another way of putting what you just asked me, will have a better chance to succeed than a store that does not offer [fol. 12] the same advantages.

Q. Are all other things ever completely equal between two stores for a given customer? One would necessarily have to be closer to her than the other, wouldn't it?

A. I have to go along and I would say that to any customer all things are never equal. But when you consider the things that make a person go to one store and discriminate against another store, you will find that things like service and personality, friendliness, convenience and other things that a woman takes into consideration when she patronizes a particular store.

Q. And price?

A. Price by many, many surveys is way down the list of reasons why people trade in stores.

Q. How about images, is that important?

A. Image is just another word for what we are talking about. The store personality or a store image is the same thing.

Q. Which is more important, the friendliness, courtesy, personality and services or the convenience of the store?

A. In my opinion the most important thing a market can have is convenience. That means convenience to the prospective customer.

If a customer can drive to the market easily with a freedom of ingress and exit so that she doesn't have difficult left-hand turns to make and things of that nature, the [fol. 13] woman will come to your store once. After she finds it convenient to come to your store you must then develop this image or personality which is friendliness,

courtesy, cheerfulness and the other things that a customer expects when she goes shopping.

Q. By "convenience," you mean the traffic access and the parking facilities?

A. That is what I mean.

Q. And the driving time?

A. Yes.

Q. Driving time too?

A. Not necessarily driving time, because a woman might find it more convenient to drive two miles on an open road without any stop signals or railroad tracks or things to cross as against driving one mile through a town of heavily congested traffic. So I wouldn't add driving time to this at all.

Q. Only as it might relate to the traffic congestion?

A. That's right.

Q. And the distance is really not so important as the access on the road——

Mr. Alsup: What distance are you talking about, Mr. Coyle?

Mr. Coyle: I am just asking him. He just said that a woman would rather drive two miles on a non-congested highway than one mile on a highway with many stoplights.

The Witness: As long as we are talking about minimal [fol. 14] distances I would say that it doesn't make too much of a difference when we are talking about convenience. When we are talking about more than a mile or two then distance definitely has to be taken into consideration because you are talking about time then.

Mr. Coyle: Q. Then you are talking about driving time.

A. Yes.

Q. What driving time would get to be beyond that minimal driving time that you refer to?

A. This is very difficult to estimate because driving time in a country would be considerably different than driving time in the city. And it becomes a matter of what people are accustomed to. Whenever driving time becomes more than a few minutes it is something I am sure that women take into consideration when they go shopping, and particularly if they have to drive by other competing stores

they stop in first. The matter of convenience overcomes the driving time and you don't get your customer anyway.

Q. You refer on Page 22 to a sign which you have seen on several occasions, you say, in the window of a very small store at Beverly and Normandie in Los Angeles. Have you seen that sign recently?

A. No, I have not.

Q. Is that the store operated by Mr. Fleishman, do you know?

A. Well, this is a store that is at the northwest corner [fol. 15] of Normandie and Beverly Boulevard. I don't know who operates the store.

Mr. Alsup: I will stipulate that it is Mr. Fleishman's store, Mr. Coyle.

The Witness: I go by the store almost every day so I have noticed the sign on many occasions.

Mr. Coyle: Q. Did you notice when it came down?

A. No.

Q. You mentioned on Page 26 that there are at least 25 discount houses in Los Angeles and Orange Counties which include a large supermarket under their roof. How many of these supermarkets are operated by the Lucky Stores?

A. Well, if you will permit me to refer to the Commercial Bulletin of March 29, 1963, they show a list of all the discount centers with food departments in this general area. And I believe the Lucky Stores operate the Gemco Department Stores, and they list two of these locations.

Q. You made no independent study to check whether this article is correct or not, have you?

A. I have no reason to doubt the accuracy of these. However, I did not go out and independently check all of these.

Q. Has Von's ever considered going into the discount store phase of the grocery operation?

A. No.

Q. Have they ever been approached with an offer to go [fol. 16] into the discount store phase of the operation?

A. We have, to my knowledge, received one offer to buy out a complete discounting operation, including the food department store, which we rejected without very much study, and we received one other offer to operate a food department in a discount store which we turned down.

Those are the only two that readily come to my mind. I think of nothing else.

Q. Would you be desirous of doing this?

A. No. We have no intention of entering the discount field.

Q. Is Mr. W. A. Christensen general manager of your organization?

A. Yes. He recently joined our company. He hasn't been with us two years yet.

Q. Was he with you in January of 1962?

A. Yes. Only a few months at that time. I believe he came with us in October of 1961.

Q. Were you present at a meeting of the Sales Managers Club in January of 1962 when Mr. Christensen made an address and discussed this subject of discount houses?

A. I don't remember if I was or not.

Q. This was at the Nikabob.

A. I have been there at quite a few Sales Managers luncheons and I don't remember if I was at this one particular luncheon.

[fol. 17] Q. Do you ever remember or have you heard that he made a talk or a speech at a meeting of the Sales Managers Club at the Nikabob?

A. It is very possible he did. I just don't happen to remember it or recall it.

Q. Do you ever recall him making a talk in connection with the discount houses?

A. No.

Q. You don't ever remember him expressing the opinion that in 1961 the Von's-Shopping Bag sales suffered no loss due to discount houses?

A. I have to say that I am completely ignorant or do not remember anything that he said. I don't know if I was there. I can verify if I was there. But things that are picked up by reporters——

Q. I will show you this and this might refresh your memory. It lists you as being present.

A. Does it say I was there? Well, as I said, it is very possible that I was there.

Q. If he said that——

Mr. Alsup: Why don't you read it, Mr. Von der Ahe, and then I would like to read it, since it has been shown to the witness.

Mr. Coyle: Q. Did this refresh your recollection, Mr. Von der Ahe?

A. It is still very foggy, but because that says I was there I will admit I was there.

[fol. 18] Q. Did you hear that speech?

A. Let me say this. Christensen talked without notes——

Q. But did you hear him? My question was: Did you hear him?

A. This was so long ago that I will say that I was there when he gave the speech, but if you ask me what he talked about I don't know. This has been picked up by a reporter and this is the reporter's ideas of what Christensen said.

Q. Do you read the Commercial Bulletin?

A. Occasionally.

Q. But not regularly?

A. Not regularly.

Q. Does anybody in your organization read the Commercial Bulletin regularly for purposes of ascertaining what your employees are saying, or keeping in touch with public references made by your employees?

A. We have nobody assigned to that job, no. We get a half dozen copies of the Commercial Bulletin in the office and it is circulated around.

Q. Did your organization take any measures to counter or clarify anything said by Christensen at that meeting?

A. No, I am sure we didn't.

Q. Did you have any reason to think that anything that he said at that meeting, as reported in this Commercial [fol. 18-a] Bulletin, was incorrect or inaccurate?

A. Well, specifically you are referring to what now?

Q. Do you have any reason to think that Mr. Christensen was mistaken or inaccurate or misquoted when he made the following statement: "Christensen, expressing it as his personal opinion, said that Von's-Shopping Bag sales in 1961 suffered no loss due to discount houses"?

Mr. Alsup: Mr. Coyle, if you will refer to Page 27 of the affidavit you will see that the witness himself said that in effect.

Mr. Coyle: I didn't see it in the affidavit.

Mr. Alsup: He refers to Mr. Jenssen's statement and states his opinion as to the effect of it.

Mr. Coyle: Q. Is it your opinion that you have suffered no loss due to discount houses?

A. I would say that is an accurate statement, yes. That we have recognized them as competition but we have also remained as competitive as we could with the result that we have not lost any business to them.

Q. Now referring to Page 28 of your affidavit——

Mr. Alsup: Do you intend to mark the document as an exhibit?

Mr. Coyle: Not particularly, I don't think. I just showed it to him to refresh his recollection.

Q. You stated on Page 28: "I am informed that Speedee Mart, Inc. has well over 100 such franchise stores in oper-
[fol. 19] ation in various California cities and there are a large number of them in the Los Angeles area. I understand that Speedee Mart does the buying, pricing, advertising, accounting and supervising of all activities, but the particular stores are run by individual owner-operators under the franchise plan." Who informed you of this?

A. This is my belief. And if you ask me who informed me of it, right now I don't think I could tell you. This is information that I pick up at the office.

Q. But you don't know who told you?

A. This minute I am not in a position to assign a name to who gave me the information. It comes out of a general discussion.

Q. And it may or may not be true. You have taken no steps to ascertain whether it is true?

A. That's right. But I think the facts speak for themselves that it is true.

Q. Which facts are those?

A. As stated here.

Q. Which facts? Do you know that Speedee Mart does the pricing for these individual owner-operators?

A. That there is well over a hundred of them operating in the State and that they do operate them on a franchise basis.

Q. And that Speedee Mart sets their prices?

A. Provides these services, yes.

Q. And one of the services is setting their prices?

[fol. 20] A. Yes.

Q. What do you base that conclusion on that Speedee Mart sets their prices?

Mr. Bates: Mr. Coyle, could you raise your voice, please? I can just barely hear you.

The Witness: On the discussions, as I say, that we have in our meetings at the office when we talk about things of this nature. This is the information I pick up. Plus the fact that they do publish their financial statements in the paper, which is a matter of common knowledge.

Mr. Knight: Off the record.

(Discussion off the record.)

Mr. Coyle: Q. I note, Mr. Von der Ahe, on Page 26 and Page 27 you quote from an article appearing in the October 6, 1961 Commercial Bulletin. Did you read this article yourself, or did someone show it to you?

A. I have read that article myself, if you are referring to the one by Dr. Ward Jenssen. Yes.

Q. Did someone call your attention to it prior to the time you read it?

A. No.

Q. That was one of the days that you read the Commercial Bulletin?

A. Yes.

Q. But you didn't read it on January 12, 1962 when the reporter——

[fol. 21] A. When he made this remark it received an awful lot of publicity and appeared in more than the Commercial Bulletin. It appeared several places, and obviously I saw it.

Q. Mr. Christensen's remarks at the Food Industry Sales Managers Club didn't receive publicity?

Mr. Alsup: I object to the question on the ground that it is argumentative.

Mr. Coyle: Q. Or did it?

A. It is obvious because you have shown me a copy of it. It did receive publicity.

Q. But you didn't read this article about Mr. Christensen and yourself?

A. I am not saying I didn't read it. I am saying I just don't remember it. Bear in mind, please, that every week

there is an article of some kind concerning our operation in some trade publication. A man would have to be a librarian to keep up with everything that has been published about our company.

Q. How long have there been drive-in milk depots in this area?

A. A guess would be about ten years. I cannot tell you exactly the length of time but my best guess would be around ten years.

Q. How long have liquor stores been selling food in this area?

A. I would say liquor was first authorized in 1935 and [fol. 22] I would say it has been since 1935.

Q. Do you know of any major oil companies who have built any small grocery stores in this area that are adjacent to their service stations?

A. There are none in this area at the present time. However, they are experimenting back East.

Q. Where back East?

A. And I am sure that if the idea catches hold that they will expand it out here.

Q. In which cities are they experimenting?

A. I do know of some snack shops that Standard Oil tried one time out here in connection with their stations.

Q. They didn't work, though, did they?

A. And I have seen stations now vending things like soda pop in the cases, they vend cigarettes and ice cubes and a few other things of that nature, which is getting into the food field.

Q. Does Standard Oil still have snack shops?

A. I think they have discontinued them.

Q. That didn't work, did it?

A. I don't know, but I think they have discontinued them.

Q. What cities back East are these oil companies experimenting with these snack shops?

A. I think I am quoting from an article—— What page is it, please?

[fol. 23] Q. Page 28, the middle of the paragraph.

A. That is a quotation from Supermarket News for October 15, 1962. And they announce that Socony-Mobil Oil and Shell, and other firms, are considering moving into the

retail food business by erecting bantam markets adjacent to their stations.

Q. But you don't know that they have experimented any place?

A. I am relying on the veracity and the factual correct reporting of Supermarket News. But it shows a trend, an indication of what can happen.

Q. Can happen. But it doesn't show that it has happened any place, does it? They are considering, it says.

A. That is what it says.

Q. But they are not experimenting.

Mr. Alsup: You mean at the present time they are not, Mr. Coyle?

Mr. Coyle: Yes.

Mr. Alsup: Are you so testifying?

Mr. Coyle: I am asking Mr. Von der Ahe if they are experimenting at the present time.

The Witness: It is my belief that they are.

Mr. Coyle: Q. But you don't know?

A. I don't know.

Q. You would have to rely on Supermarket News?

A. Right.

[fol. 24] Q. And all Supermarket News said was that they were considering.

A. Right.

Q. It didn't say they were experimenting.

Now, on Page 29 of your affidavit, on Lines 22 and 23, you mention an acquisition by Thriftimart from its wholly-owned real estate holding company. What is that wholly-owned real estate company?

A. I believe it was the Corbin Realty Company. The name they took after Corbin Street out in Reseda where they built a store.

Q. And the Corbin Street Realty Company built the store and then Thriftimart acquired it from the Corbin Realty?

A. That is my understanding.

Q. And you know that the Corbin Realty Company is owned by Thriftimart?

A. Yes.

Q. And this was only one instance that you found in this study where that happened, wasn't it?

Mr. Alsup: I object to the question on the ground that it is confusing and ambiguous. You mean one instance where Thriftimart acquired a store from its own wholly-owned subsidiary?

Mr. Coyle: Yes.

The Witness: That was the only store they had.

Mr. Coyle: Q. The only store they acquired?

[fol. 25] A. Yes.

Q. Do you remember in March of 1960 telling the stockholders that all the advantages of the company's—that is March of 1961—that is telling the company stockholders that all the advantages of the company's merger with Shopping Bag Food Stores have not been realized? The combining of warehouse distribution and manufacturing facilities will not be completed until about August? Do you ever remember telling them that?

A. Yes.

Q. Has the combining of warehouse distribution and manufacturing facilities been completed now?

A. Yes.

Q. Are you now realizing the full advantages of the acquisition?

A. I think we are.

Mr. Alsup: Mr. Coyle, may I see the article to which you referred?

Mr. Coyle: I don't see why. I was just questioning him.

Mr. Alsup: If you object to showing it to me I am not going to quarrel with you. Do you object to showing it to the witness?

Mr. Coyle: I was just asking him a question.

Q. I am reading again, Mr. Von der Ahe, from the article in the January 12, 1962 Commercial Bulletin in which Mr. [fol. 26] Christensen is quoted as follows with reference to discount houses: "Their scope is limited unless they can develop a better merchandising plan in their food sections. They can't compete with good supermarkets. There is little or no grocery advertising, variety is limited and the customer has to walk to the rear of the store to buy the food."

Mr. Alsup: Since counsel has read from and quoted from the article in question I ask that it be marked as an exhibit for identification in connection with this deposition.

(The document referred to was marked by the notary public as Von der Ahe Exhibit No. 1 for Identification and is attached hereto.)

Mr. Coyle: Q. Does this statement by Mr. Christensen, as quoted in this article in the Commercial Bulletin, conform to your own understanding of the situation as of January 1962?

Mr. Alsup: Do you wish to look at the article?

The Witness: Yes.

First I would like to point out that these are the personal remarks of Mr. Christensen and you are asking me to——

Mr. Coyle: Q. I am just asking you a simple question. Do they or do they not conform to your own understanding?

A. —state whether they are my opinion also.

Q. Just "Yes" or "No." Do they conform or do they not?

A. I cannot answer it "Yes" or "No," because in some [fol. 27] degrees I agree with this and in other aspects I disagree. Because he goes on to state, "Their scope is limited unless they can develop a better merchandising plan in their food sections."

Q. Is that true?

A. A discount house has a far greater draw than a conventional supermarket. They draw from a far greater radius.

Q. Is that what he was referring to——

Mr. Alsup: I don't think the witness has finished his answer, Mr. Coyle.

The Witness: He says, "They can't compete with good supermarkets." I believe that is true if a supermarket remains alert and diligent and aggressively merchandises its store.

"There is little or no grocery advertising, variety is limited and the customer has to walk to the rear of the store to buy the food." I also agree with that, because the method of operating the so-called discounters is to use food as a

loss leader to attract trade. And by so doing they expose their food customers to all of the other merchandise that is on display in the store. So they do make them walk to the back of the store and they limit their selection and they do not provide all the services and facilities a conventional supermarket does provide.

So with those qualifications that would be my answer.

[fol. 28] Mr. Coyle: I have no more questions, Mr. Von der Ahe.

Cross-examination.

By Mr. Alsup:

Q. Mr. Von der Ahe, Mr. Coyle referred you to Pages 26 and 27 of your affidavit in which you refer to the government's witness Dr. Ward Jenssen.

Mr. Coyle: You are assuming a fact not in the record.

Mr. Alsup: We have been furnished with a statement by Mr. Coyle as to what Dr. Jenssen would testify to and an exhibit prepared by Dr. Jenssen.

Mr. Coyle: We also told you that he won't testify unless the judge admits this evidence, which we consider contrary to his pretrial order.

Mr. Alsup: Q. And you said you read his statement quoted in the Commercial Bulletin, ". . . it is evident that by 1970 or 1975 the supermarket as we know it today in Los Angeles will have been relegated to a second-class role, and local operators who continue to expand with conventional markets in conventional type locations are pouring money into the traditional 'rat hole' " and you said that you had read that and read other similar articles quoting Dr. Jenssen; is that correct?

A. That is correct.

Mr. Coyle: I don't remember him saying he read similar [fol. 29] articles quoting Dr. Jenssen.

Mr. Alsup: Q. Have you read other articles?

A. I do say that this quotation appeared in several publications and I think I read most of them.

Q. I show you a document which will be marked Von der Ahe Exhibit No. 2 for Identification from the Food Mart

News for February 17, 1961 and ask you if you can identify it.

Mr. Coyle: May I see it first, please.

The Witness: What do you mean "identify it"? Do I recognize it?

Mr. Alsup: Q. Yes.

A. I will answer and say, yes, this is an article that purports to quote Dr. Ward Jenssen, in which he says, "Food discount operations posing threats to traditional supermarkets."

Mr. Alsup: I will ask that that be marked as Von der Ahe Exhibit No. 2 for Identification.

(The document referred to was marked by the notary public as Von der Ahe Exhibit No. 2 for Identification and is attached hereto.)

Mr. Alsup: Q. I show you two clippings, one from the Southern California Grocers Journal for August 25, 1961 and one from the Commercial Bulletin for August 25, 1961, the first article entitled "Supermarket Out By 1975 Says Jenssen," and the second entitled "Discount Store Influence Seen Causing Gradual Demise Of Today's-Type Super." I will ask you if you have previously seen these articles.

[fol. 30] A. The answer is, yes, I have seen both of these before. They are along the same lines as the last article shown in the Food Mart News.

Mr. Alsup: I will ask that these two articles be marked as one exhibit, being Von der Ahe Exhibit No. 3 for Identification.

(The clippings referred to were marked by the notary public as Von der Ahe Exhibit No. 3 for Identification and are attached to the deposition.)

Mr. Alsup: Q. I show you a third clipping taken from the Commercial Bulletin for October 6, 1961 and I ask you if that is the article that is referred to on Pages 26 and 27 of your affidavit.

A. Yes.

Mr. Alsup: I will ask that this be marked as our exhibit next in order.

(The clipping referred to was marked by the notary public as Von der Ahe Exhibit No. 4 for Identification and is attached hereto.)

Mr. Alsup: Q. I show you an article from Food Merchandising for April 1962 entitled "Price Reduction Only Stopgap Measure," and underneath that, "Dr. Ward J. Jenssen, Marketing Consultant," and ask if you can identify this article.

Mr. Alsup: Do you want to see it?

[fol. 31] Mr. Coyle: No, I don't want to see it.

The Witness: Yes.

Mr. Alsup: Q. That article, Mr. Von der Ahe, states, "Conventional retailers have responded to discount competition with price reductions. This strategy will prove effective as a stopgap measure only and cannot for long save the conventional retail outlet from its ultimate disappearance from the American scene." And it goes on. Do you agree with Dr. Jenssen's conclusion?

A. Well, I do not wish to argue with the learned doctor but I am not wholeheartedly in accord with him and I disagree with some of the conclusions that he arrives at. I think that discount houses are probably here to stay. I think that there is a place for them but I do not believe that they are going to upset the entire food retailing system such as we have known it in the past.

Mr. Alsup: I will ask that this now be marked as our exhibit next in order.

(The document referred to was marked by the notary public as Von der Ahe Exhibit No. 5 for Identification and is attached hereto.)

Mr. Alsup: Q. Have you seen other predictions, Mr. Von der Ahe, with respect to the growing importance of discount houses as retailers of groceries in competition with the conventional grocery store?

[fol. 32] A. I attended an annual meeting of the National Association of Food Chains in Chicago in 1961, at which

time they had two operators of discount houses, whose names I forget at this moment, but they are readily available, who predicted that the store of the future was going to be a large single-roof operation operated on a discount basis. I have also seen an article prepared by the U.S.D.A., I believe it was, in which they also conveyed the thought that discount houses would impose a very serious threat to conventional supermarkets because of their farther range of draw, we will say, because of the price appeal, because of their ability to operate more cheaply than supermarkets. They pose a serious question that discount houses as such would be a very serious factor to contend with in the future.

Q. I show you an article taken from the Commercial Bulletin for February 16, 1962 quoting a report of the United States Department of Agriculture, which states in part that discount supers now have an estimated two billion annual volume and may quadruple in four years, and that they "will have an important influence on traditional patterns of distribution." I will ask you if this is the U.S.D.A. report to which you refer.

A. Yes.

Mr. Alsup: I will ask that this be marked as Von der Ahe Exhibit No. 6 for Identification.

(The document referred to was marked by the notary [fol. 33] public as Von der Ahe Exhibit No. 6 for Identification and is attached hereto.)

Mr. Alsup: Q. Mr. Von der Ahe, in response to a question by Mr. Coyle you said that in your opinion the milk depots have been doing business in this area for approximately ten years.

A. That was a guess as to the number of years, yes.

Q. Have you seen any change in the number of milk depots doing business in this area in the last three years?

A. They are constantly increasing in numbers.

Q. Have you observed that the milk depots can sell their milk——

Mr. Coyle: You are leading him now, Mr. Alsup.

Mr. Alsup: Q. What price do the milk depots sell their milk at?

A. The State permits milk depots to sell their product at a discount under the retail prices which the State has set for the regular market outlets. This discount has given the milk depots a tremendous advantage and as a result have the trade that they attract with these lower milk prices and they are also getting into other related grocery items such as bread, cakes, snack items, beverages and actually expanding their field into grocery items all the time.

Q. How long has this expansion into other grocery items been going on?

A. It seems to be gathering momentum all the time.

[fols. 34-35] Q. Is milk——

Mr. Coyle: You asked him the question how long it has been going on?

Mr. Alsup: I am sorry.

The Witness: To pinpoint it to days and dates, I am unable to do that, except to say that it is noticeable and it is continuing at a more increased pace all the time. If you will look at the statistics that the State puts out you will find that these milk depots are now accounting for about 16 to 17 per cent of all the fluid milk products sold in this milk shed, which is a considerable amount of business.

Mr. Alsup: Q. Is milk an important or relatively unimportant item in grocery store sales?

A. It is one of the very basic staple items and of extreme importance.

Q. Do you have any idea whether there are more or fewer of these drive-in milk depots since the merger occurred with Shopping Bag in March of 1960?

A. I am convinced that there are many more.

Q. You testified in response to Mr. Coyle's interrogation that liquor stores have been selling groceries in this area since 1935. I ask you if you have seen any change in the picture since March 25, 1960.

A. I am not sure I understand your question, Mr. Alsup.

Q. Are there more or fewer liquor stores selling more or fewer grocery items?

[fol. 36] A. I believe it could be a general statement that these liquor stores are expanding their lines to convenience foods, snack items and those items which they can readily sell, such as party items and so forth.

Q. You were asked about the Speedee Marts. Do you have any knowledge of any other bantam stores which have commenced doing business in the metropolitan area?

A. I feel there are some but I can't give you a name right now.

Q. Have you heard of Pronto Marts?

A. No.

Mr. Coyle: You are leading the witness, Mr. Alsup.

Mr. Alsup: I have a perfect right to ask the question, "If he has heard."

The Witness: No, I have not heard of Pronto Marts.

Mr. Alsup: Q. Have you heard of Tiny Tims?

A. I have heard of Tiny Tims.

Mr. Knight: I would like to object right here that counsel is leading his own witness.

Mr. Alsup: Q. What have you heard of Tiny Tims?

A. Frankly not too much.

Q. Do you know whether or not there are any doing business in the Los Angeles metropolitan area?

A. No.

Q. Have you heard of Minit Marts?

A. Yes.

[fol. 37] Q. What have you heard about Minit Marts?

A. Not too much.

Q. Going back——

A. I am not very familiar with that type of operation.

Q. Going back to these drive-in milk depots, Mr. Von der Ahe, you testified that they are doing 16 per cent of the milk business in this milk shed. What did you mean by the phrase "milk shed"?

A. Well, that is a phrase used in the dairying business to describe a marketing area for retail marketing.

Q. What is that market?

A. Los Angeles metropolitan marketing area.

Q. Mr. Von der Ahe, I think you testified that Safeway, in your opinion, has more stores in the area——

Mr. Coyle: I will stipulate he testified to that.

Mr. Alsup: Q. —at the present time than it had in 1940 and more than it had in 1950. Do you recall that?

A. Yes.

Q. Do you know how many Safeway stores there were in this area in 1930?

A. In 1930 I believe they had about a thousand stores.

Q. Do you know how many they had in 1940?

A. No.

Q. Do you have any knowledge how many stores A & P had across the country in the last 1930's?

A. I believe they had in the neighborhood of about 15,000 [fol. 38] stores.

Q. Do you know how many they have right now?

A. It's between four and five thousand.

Q. Based on your experience in the industry has there been a trend toward the disappearance of smaller stores and the growth of supermarkets?

A. Well, I think the answer is obviously, yes, that there has been a gradual disappearance of small stores and they are being replaced by the larger more conventional markets as we know them today.

Mr. Alsup: I have no further questions.

Redirect examination.

By Mr. Coyle:

Q. Mr. Von der Ahe, referring to Von der Ahe's Exhibits 2, 3, 4 and 5 for Identification, all of them being newspaper, magazine or bulletin accounts which purport to report speeches by Ward J. Jenssen, were you personally present at any of these speeches?

A. I did not hear him say it, no.

Q. As far as you are concerned this is hearsay then, is it not?

A. I am basing my judgment on what was reported as being remarks made by Dr. Jenssen.

Q. You are assuming that this is correct?

[fol. 39] A. I did not hear it myself.

Mr. Alsup: I think, Mr. Coyle, if you will look, that two of them do not purport to be speeches, they purport to be articles by Dr. Jenssen.

Mr. Coyle: Q. You mentioned that in your observation or opinion milk depots account for 16 per cent of milk sales in this marketing area. What percentage of milk sales are accounted for by door-to-door deliveries?

Mr. Alsup: May the record show that the witness is working with a pencil and paper.

The Witness: I believe the figure would be in the neighborhood of 32 per cent.

Mr. Coyle: Q. Ten years ago what would have been the percentage accounted for by door-to-door deliveries?

A. You are asking me to go a long way back in my memory, but I believe the figure would be closer to 40 per cent.

Q. Is it an accepted fact that the door-to-door deliveries are accounting for a decreasing share of the sales of milk in the Los Angeles metropolitan area?

A. I believe that is true.

Q. What about the chain grocery stores, are they accounting for a decrease—

Mr. Alsup: What chain grocery stores?

Mr. Coyle: Q. What about the grocery stores, are they accounting for an increasing or decreasing share of the total milk sales in the metropolitan area?

[fol. 40] A. We are speaking percentage only in all these figures that we are talking about?

Q. Yes.

A. The retail food industry through markets is also suffering a loss of milk sales percentagewise.

Q. How does it compare with the loss being suffered by the door-to-door deliveries?

A. I would say that it is rather hard to compare the loss suffered by door-to-door deliveries unless you treat this in percentages only. And I think that both door-to-door deliveries and out of market have suffered about the same percentage decrease which has gone to these milk depots.

Q. Have you made any study to determine this?

A. I am quoting from memory of reports that are put out by, I think it is, the Milk Control Board of the State of California.

Q. Are the large chains in the area presently permitted by the Control Board to sell at a discount price?

Mr. Alsup: I object to the form of the question on the ground that it uses the phrase "large chains."

Mr. Coyle: Q. Are any chains in the area permitted to sell milk at the present time at a discount price?

A. I have to say all markets have the same retail price for milk, regardless of whether they are an independent or a chain.

Q. Who fixes that price?

[fol. 41] A. The State of California.

Q. And have they temporarily lowered that price?

A. At the present time there is an injunction against the Director prohibiting him from removing quantity discounts on milk. And so all retail market outlets are selling at a discount price but it is not as large a discount as milk depots are enjoying.

Q. Was your chain one of the chains that sued to have the injunction imposed?

A. Yes.

Q. And as a result of that injunction did you reduce the price on milk in your stores?

A. I don't think that was the result of the injunction. I think the result of the injunction was to allow us to continue to give this quantity discount.

Q. And in giving this quantity discount are you selling at a lower price than certain of your competitors?

A. No. Identical prices throughout the area.

Q. Is this price fixed for the mom and pops? Are the mom and pops able to sell milk at the same price as you?

A. Yes, sir.

Q. Are they in fact selling milk at that price?

Mr. Alsup: Which mom and pops?

The Witness: To that I don't know. But I believe they have the right to sell at the same price as everybody else and I am assuming that they do, because milk is such a [fol. 42] highly competitive product.

Mr. Coyle: Q. What is the quantity discount?

A. Gee, I don't know.

Q. Is it the quantity purchased by the consumer?

A. Yes. It is based on the amount bought by the consumer.

Q. You state that it is your observation that there are

more milk depots in the area now than there were at the time of the acquisition. Are there more people in the area too?

A. What area are we referring to?

Q. Los Angeles metropolitan area.

A. I believe it is safe to assume there are.

Q. Do you know whether the increase in the number of milk depots has exceeded the increase in population on a proportionate basis during that period?

Mr. Vaughn: You mean a percentage basis?

Mr. Coyle: I am asking if he knows.

The Witness: The answer is, no, I don't know.

Mr. Coyle: I have no further questions.

Recross-examination.

By Mr. Alsup:

Q. Mr. Von der Ahe, in your examination by Mr. Coyle you showed him a clipping from the Commercial Bulletin [fol. 43] for March 19, 1963 entitled "Southern California Discount Centers (Volume General Stores With Food Departments)." I ask you if this is the document which you exhibited to Mr. Coyle.

A. Yes.

Mr. Alsup: I will ask that this be marked Von der Ahe Exhibit next in order.

(The clipping referred to was marked by the notary public as Von der Ahe Exhibit No. 7 for Identification and is attached hereto.)

Mr. Alsup: That is all.

Redirect examination.

By Mr. Coyle:

Q. Referring to this Von der Ahe Exhibit No. 7 for Identification, and calling your attention to the store entitled "Venox," it is in the third column, the second from the bottom, have you ever inspected that store?

A. This store happens to be in Oxnard.

Q. Is that outside the Los Angeles metropolitan area?

A. This is in the County of Ventura.

Q. You have never inspected that one?

A. No, sir.

Q. Referring to the store marked "Sage Department Store," is that in the Los Angeles metropolitan area? It is [fol. 44] in the second column, second from the bottom.

A. That is in Bakersfield.

Q. Is that outside the area?

A. That is in Kern County.

Q. Referring to the store entitled "Mednick Brothers," is that in the Los Angeles metropolitan area? That is in the fourth column. The address is listed as Compton. Is that in the Los Angeles metropolitan area?

A. Yes, that is in the L.A. Metropolitan area.

Q. Have you inspected that store?

A. I have been in that store before it became known as Fantastic Fair City.

Q. When was that?

A. This was several years ago. As I understand it it was an operation that was not very successful as a supermarket and they converted it to a discount house.

Q. How long ago were you in there?

A. Oh, this is a very old store. I have been in it three or four times.

Q. When was the last time?

A. I can't even remember.

Q. Was it more than three——

A. I have not been in it since it has been operated as Fantastic Fair City.

Q. You do not know what size, shape or type of grocery department it has, do you?

[fol. 45] A. Not since it has been converted, no.

Q. Prior to being converted it was a conventional supermarket?

A. Right.

Q. How many square feet of space did it have in it when you inspected it?

A. I would guess around 15,000 feet.

Q. How many square feet does your biggest store have?

A. Our biggest store in sales area has square footage of about 22,000 square feet.

Q. Do some of your Shopping Bag Stores have department store sections?

A. Yes.

Q. Now referring to a store listed as SCOA, in the third column second from the top, have you ever been in that store?

A. No, sir.

Q. Do you have any personal knowledge as to what kind of operation SCOA has out there?

A. I do not, no.

Q. You took no part in preparing this exhibit or making this list?

A. This?

Q. Yes.

A. Absolutely not. This is prepared by the Commercial Bulletin, which is one of the trade papers here in Los Angeles.

[fol. 46] Q. You have no way of knowing, or no personal knowledge as to whether these individual statements are true or false that appear on this document?

A. I don't understand your question. What do you mean the statements being true or false?

Q. Whether or not there is a SCOA store at Orange and Service Road, West Covina, and whether or not it has a grocery department in it.

A. The answer is I have been by the store, I have seen it. I have not been in it.

Q. You don't know whether it has a grocery department in it or not?

A. But it is represented by Commercial Bulletin as having a grocery department, and they are reliable. I would say they do have a grocery department there.

Q. On the basis of the representation made by the Commercial Bulletin?

A. Yes.

Q. But not on the basis of your own personal knowledge?

A. That's right.

Mr. Coyle: I have no more questions.

Recross-examination.

By Mr. Alsup:

Q. Mr. Von der Ahe, you were asked how many square feet your largest store in your chain has in selling area and [fol. 47] I think you testified it was 22,000 square feet.

A. That's right.

Q. Do you have grocery stores with lesser square feet?

A. Oh, yes, very much.

Q. What is the smallest one in terms of square feet of selling space?

A. We have some very small ones, the exact footage I do not know. But I daresay that we have some with less than 6,000 feet of selling area.

Q. What is your highest grossing store in terms of annual sales?

A. We have several stores that will gross around $5,000,000 a year.

Q. What is your worse annual grossing store?

A. I believe we have one store that is going at the rate of about $800,000 a year.

Q. Where is that located?

A. That is located on Huntington Drive and San Gabriel Avenue.

Q. That is a former Shopping Bag Store?

A. It is still operated under the Shopping Bag name, yes.

Q. Is that a profitable store?

A. No.

[fol. 48] Q. Would it be profitable, in your opinion, for a single store operator operating that store?

A. Oh, very much so.

Q. How large is your Store No. 22 in Reseda?

A. I believe the figures are it is 160 feet by 140 feet. Do you want me to calculate that out? That would be 24,400 feet on the ground floor.

Q. What selling space would that represent?

A. The selling space normally is around two-thirds of the ground floor area. So this would be in the neighborhood of 16,000 square feet.

Q. When was that Store No. 22 built?

A. I think it was built around 1953. I am not sure exactly but it was in that area.

Q. Do you have any idea what the draw area was of that store in 1953?

A. In 1953, or at the time the store was built, we sort of pioneered the neighborhood and had a rather large draw area. By that I mean we actually attracted 25 per cent or so of our trade from beyond five miles.

Q. What has happened to the draw area of that store?

A. Well, as more people have moved in there have been more markets move in and each one has taken a certain amount of business so that the store which once did $6,000,000 or more per year is now down to two and a half million or so per year. Our draw area has been restricted to just what is now convenient for the immediate neighborhood to [fol. 49] come in and patronize us because there is no longer any reason for them to go——for our customers to go past other markets and come to us. In other words, our draw area has been considerably restricted because of the influx of competition on all sides of us.

Q. And during what period are you referring to?

A. This has been a gradual declination, I would say, from 1956 on.

Q. Since March 25, 1960 have there been declines in the draw areas or in the grosses of your stores, or the Shopping Bag Stores in 1960?

A. I think it could be a general observation that older stores, those that have been in existence since March 25, 1960, have all suffered by having their draw areas restricted and it would follow that their gross sales have also been declining.

Q. Since March 1960 have you constructed new stores?

A. Yes.

Q. Have you constructed new stores outside the Los Angeles metropolitan area? By that I am referring to Los Angeles County and Orange County.

A. Yes.

Q. Would you state for the record what stores Von's has now outside the Los Angeles metropolitan areas as compared to what Von's or Shopping Bag had in March 1960?

A. We have opened a store in Oceanside, which is in San [fol. 50] Diego County; we have opened a store in Ventura, which is in Ventura County; we have opened a store in Camarillo, Ventura County; we have opened a store in

Canejo Park, or Thousand Oaks, Ventura County; we have opened a store in Santa Susana, which is Ventura County; we are building a store in Carona, which is in Riverside County. That is all that comes to my mind right now.

Q. Shopping Bag at the time of its merger with you in 1960 had two stores in San Bernardino County; is that correct?

A. That's correct. They had one in Fontana and one in Upland.

Q. And you still have those stores?

A. We still have those stores.

Mr. Alsup: I have no further questions.

Mr. Coyle: I have one question.

The Witness: I have to back up here. I think Ontario is also in San Bernardino County and we have opened a store there.

Redirect examination.

By Mr. Coyle:

Q. You have indicated that you have at least one store that you believe an independent can do better in than you people.

A. That's very true.

[fol. 51] Q. How many stores altogether are in that category?

Mr. Vaughn: How many of Von's Stores?

Mr. Coyle: Q. How many of the Von's-Shopping Bag Stores?

A. Mr. Coyle, I think we have about five stores that an independent could operate very successfully.

Q. And an independent couldn't operate any of the other stores successfully?

A. I didn't mean to imply that.

Q. That is what I was asking you. How many of your stores could an independent operate successfully?

A. An independent could operate any one of our stores successfully.

Q. Just as successfully as you are operating them?

A. Better.

Q. But he couldn't get in the shopping centers.

A. This I don't know.

Q. If he didn't have Triple A financing he couldn't get in, you know that. You said it in your affidavit.

A. The financing in shopping centers is one that an individual as such, regardless of his financing, cannot get into a shopping center because the lender has got to be assured of the ability of the tenant to repay his investment. And it has to be a corporation to do that.

Q. What areas are these five stores in? Let me ask it another way. Are any of these five stores that an independent could do better than you are doing in, in Whittier?

[fol. 52] Mr. Alsup: I think that misstates the testimony of the witness, Mr. Coyle. I believe the witness testified he had five stores that they are not operating successfully that an independent could operate profitably.

Mr. Coyle: Q. Are any of those stores in Whittier?

A. No.

Q. Are any of them in Garden Grove?

A. Yes.

Q. How about Downey?

A. No.

Q. Alhambra?

A. Time out. I have to write down the stores first. Roughly we have about five borderlines.

Q. In what areas are they, could you tell me? Including the one in Anaheim?

Mr. Alsup: Why don't you ask him, Mr. Coyle, and he will give them to you.

The Witness: I will give them to you as they come to my mind readily.

We have a store in Eagle Rock, we have a store I already mentioned on Huntington Drive in San Marino, we have a store at Fairfax and Olympic. I wasn't thinking about the one you mentioned in Garden Grove, but it is actually in Anaheim and I add that to the list.

Mr. Coyle: Q. You have four so far.

A. I will give you the store on Valley Boulevard in [fol. 53] Alhambra. I will give you another store in Lancaster. We have increased the list already.

Q. Are any of these stores up for sale?

A. No.

Q. Do you think that some of them in Lancaster will be profitable if you hold onto them long enough?

A. We have made no effort to dispose of them yet. We are making every effort to make them profitable and should we fail to make them profitable we will dispose of them.

Mr. Coyle: I don't have any more questions.

Recross-examination.

By Mr. Alsup:

Q. This store in Eagle Rock, Mr. Von der Ahe, was that a Von's or was it a Shopping Bag Store?

A. It was a Shopping Bag Store.

Q. Do you have any idea how old that store is?

A. Oh, it's 20 years old. I have no idea but it is real old.

Q. And this store on Huntington Drive in San Marino you testified is not profitable for you. Was that a former Von's or Shopping Bag Store?

A. That was a Shopping Bag Store.

Q. How about the one you mentioned on Fairfax and Olympic?

[fol. 54] A. That is a Von's Store.

Q. How about the one in Anaheim?

A. Shopping Bag.

Q. I think you mentioned a store on Valley Boulevard in Alhambra. What was that?

A. That is a Shopping Bag Store.

Q. How about the one in Lancaster that you mentioned?

A. Shopping Bag.

Q. Was it your testimony, Mr. Von der Ahe, that these are not profitable stores for your company?

A. That is correct.

Q. This Shopping Bag Store in San Marino on Huntington Drive, is that near San Gabriel Boulevard?

A. That is the north and south street there. Yes.

Q. How far is that from the Shopping Bag Store west on Huntington Drive in San Marino?

A. I guess about a mile.

Q. And that other was a Shopping Bag Store prior to the merger?

A. Also, yes.

Q. Have you made any observations as to whether or not Shopping Bag Stores generally were located close or far apart from one another?

Mr. Coyle: That is a pretty vague question.

The Witness: I don't know if there would be any general scheme involved, but I have noticed that some Shopping Bags were opened rather close to existing markets, much [fol. 55] closer than some of the Von's markets that I can think of. But in each case I could see where Mr. Hayden was trying to serve a neighborhood or an area, and there are some instances where the stores are fairly close to each other.

Mr. Alsup: I have no further questions.

Redirect examination.

By Mr. Coyle:

Q. Are you considering disposing of any of those stores in those neighborhoods where they are fairly close to each other?

A. Not over above what I have just given to you, with maybe some few exceptions that don't come to my mind.

Q. Maybe a few more in addition to these six that are borderlines?

A. Time will tell.

Q. Have you disposed of any stores in the last three years?

A. No.

Q. When did you last dispose of any stores?

A. We disposed of a store at Manchester and Vermont and I can't guess how many years ago it was now. But I would just say seven or eight years ago.

Q. Did you sell that to an independent?

[fol. 56] A. Sold it to an independent.

Q. Is he still operating it?

A. Yes. And making money.

Mr. Coyle: No more questions.

Mr. Alsup: No more questions.

(It was stipulated by and between counsel that the fore-

going deposition be signed before any notary public with the same force and effect as though read, corrected and signed in the presence of the notary public before whom it was taken.)

——, ——, (Signature of the Witness.)

Subscribed and sworn to before me this — day of ——, 1963.

——, ——, Notary Public, in and for the County of Los Angeles, State of California.

[fol. 57] STATE OF CALIFORNIA,
County of Los Angeles, ss:

I, HAROLD M. LEIBOVITZ, C.S.R., a Notary Public within and for the County of Los Angeles and State of California, do hereby certify;

That prior to being examined, THEODORE A. VON DER AHE, the witness named in the foregoing deposition, was by me duly sworn to testify the truth, the whole truth and nothing but the truth;

That said deposition was taken before me pursuant to oral stipulation, at the time and place therein set forth, and was taken down by me in shorthand and thereafter transcribed into typewriting under my direction and supervision; that the said deposition is a true record of the testimony given by the witness;

That it was stipulated by counsel that said deposition may be read, corrected and signed by the witness before any notary public in and for the County of Los Angeles, State of California.

I further certify that I am neither counsel for nor related to any party to said action, nor in anywise interested in the outcome thereof.

In Witness Whereof, I have hereunto subscribed my name and affixed my seal, this 6th day of June 1963.

Harold M. Leibovitz, Notary Public in and for the County of Los Angeles, State of California.

DEFENDANTS' EXHIBIT BB

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60 C

[Title Omitted]

AFFIDAVITS OF DEFENDANT'S OTHER INDUSTRY WITNESSES

* * * * * * *

AFFIDAVIT OF JOHN COKER

STATE OF CALIFORNIA,
County of Los Angeles, ss:

JOHN COKER, being first duly sworn, does hereby depose and state as follows:

I am the Regional Sales Manager for the American Chicle Company. I have been with that company for 28 years, 14 of which have been spent primarily in the Los Angeles area.

American Chicle Company sells chewing gum, mints and certain other products to virtually every grocery store in the Los Angeles Metropolitan area. Our customers also include drug stores, liquor stores, and other retail outlets. Grocers in Los Angeles can buy our products directly or through Certified Grocers of California, Ltd. or other co-operatives.

In order to conduct my business properly, it is necessary for me to become well acquainted with the business operations of my customers. As a result, I am quite familiar with the business conducted by all of the larger chains and many smaller concerns in the retail grocery business in this area.

In my opinion, the single store operator or small chain has every opportunity to compete successfully against the larger chains. The smaller concern has greater flexibility in the merchandising methods he employs and he can make changes in his operations more quickly than a chain. The

sale of chewing gum, for example, depends in large measure on where and how it is displayed in a store. We are constantly urging our customers to display our products in display racks, which we will provide, and to locate them in the most desirable place in their store, which is usually close to the check-out stands. I know from my own experience that once you persuade a single store operator to follow your suggestions, he can make the necessary changes in a matter of hours. But when you are dealing with a chain executive, the task is far more complicated. We must supply him with the display racks and find a means of getting them to the stores. He must send out bulletins to all of his store managers instructing them to make the change. Invariably, days elapse before the change is actually accomplished. The same thing happens with other products and other changes which any grocer, whether large or small, is continually making. It is obvious that in this respect the independent can always get the competitive jump on the chains.

Also, the independent can buy his groceries as cheaply if not cheaper than the chains through Certified or Orange Empire Co-op. People sometimes do not appreciate what a tremendous factor Certified is in this market. My company's records show that Certified is the largest, single customer we have in the United States. Through its buying power, an independent can gain every possible buying advantage which a direct buying chain enjoys.

In my opinion, as long as smaller concerns have these advantages, there is no reason to conclude that the chains now doing business in Los Angeles will attain a position of economic dominance.

I do not see how the merger of Von's and Shopping Bag could in any way affect the competitive opportunities of smaller concerns, or stifle the growth of any grocer who may want to expand his business. Most of this area's larger chains began right here as one or two store operations and you can bet that there are a number of small concerns in the business today who will expand into chains in the next 10 or 20 years. The growth of smaller concerns into large local chains has characterized the grocery business for years, and I know of no valid reason to suspect that this will not be the case in the future.

I suppose that my views with respect to the Von's-Shopping Bag merger boil down to this. That merger occurred in March, 1960, nearly three years ago. So far as I can see, that merger has thus far proven to be an insignificant event in the history of grocery retailing in this area. It has been productive of no discernible change. It has not brought any new and powerful concern into the area nor has it resulted in the closing of any stores. Both Von's and Shopping Bag stores continue to do business from the same stands just as they did before the merger. There is no doubt that since March, 1960, some changes have occurred in grocery retailing in this area. Many new stores have been opened. Discount houses have begun selling food. Experiments in the operation of bantam stores and so-called convenience markets have been instituted. Liquor stores and other types of outlets have begun selling more and more grocery products. We have experienced a mild recession. Some larger chains have failed. Others, such as Food Giant and Alpha Beta, have expanded rapidly. But I cannot think of a single change in the grocery business which attributable even indirectly to the merger. The merger has not affected competition, competitors, methods of doing business, entry into the market or any other aspect of grocery retailing. It seems to me that if the merger has nad no adverse effect on competition in the last three years, it is reasonable to conclude that it will have no such effect in the next three or the next thirty years. For this reason, I am of the view that the merger cannot possibly lessen competition or tend to create a monopoly.

John Coker.

Subscribed and sworn to before me, this 13 day of February, 1963.

Kathryn E. Hagerty, Notary Public in and for said County and State, [Seal.]

My Commission Expires June 22, 1963.

AFFIDAVIT OF CHARLES CHAMBERLAIN

STATE OF CALIFORNIA,
County of Los Angeles, ss:

CHARLES CHAMBERLAIN, being first duly sworn, does hereby depose and state as follows:

I am the President of City Refrigerator Co., a company which supplies store fixtures to retail grocery concerns in Southern California, and principally in Los Angeles and Orange Counties.

Commencing in the late 1920's, I was associated with Castendyck Construction Company. Our business included developing various properties for use as retail grocery stores in the Los Angeles area. We would choose a likely location, draw plans for the store, interest the owner in building it, find a tenant to operate it, erect the building, supply the operator with necessary fixtures, help him with the layout of his store and in any other way possible promote the development of the store.

In the early 1930's, I went into the business of selling fixtures to grocers. In order to promote the sale of fixtures, I promoted the development of grocery stores and assisted the grocer with the layout of the store.

This sort of promotion usually followed a pattern. First, I would find a location which I thought would make a good grocery store. I would contact the owner of the property and tell him I thought I could find him a tenant who would pay $500 a month in rent. If the owner expressed interest, I would try to find a groceryman or someone interested in going into the grocery business who might be willing to operate a store at this location. I would try to sell him on the location. I might suggest that he sign the master lease on the store but operate only the grocery concession. I would then suggest that I could find a meat man to run the meat department who would pay $150 a month rent, a produce man to run the produce concession and pay the same amount, and operators for the delicatessen and dairy departments who would pay $125 a month each. This would allow the grocery concession to be operated rent free. If the grocer approved this plan, I would then find the tenants

to operate the other concessions. If I was successful, I would then design the interior layout of the market for each concessionaire and sell them the fixtures.

In later years, it became popular for one man or one company to operate all concessions in a store. Later the supermarket developed and larger stores were built. I continued my efforts to find locations for these stores and promote their development in order to sell fixtures. I am sure that it would be no exaggeration to say that I have promoted the development of hundreds of grocery stores.

I performed these kinds of services for most of the successful grocers doing business in Los Angeles in the 1930's and 1940's. Among my customers were Ted and Will Von der Ahe, who started Von's Grocery Co. with one store in the early 30's and have built it into a large chain; Rube Hayden, who developed the Shopping Bag Chain from a one store beginning; Sam Alexander, who developed Alexanders Markets from one store; Bill and Larry Fredricks, who operated the Hollywood Ranch Market, and many, many others. Today, my customers include grocery concerns, both large and small, doing business in all parts of Southern California.

While I still plan store layouts for my customers, in recent years I have been able to forego some of the other elaborate promotional techniques which I used to employ in order to sell fixtures. Nonetheless, I am still well acquainted with the location, merchandising methods, facilities and management of countless grocery stores in Los Angeles and elsewhere. I am active and interested in the grocery business and I think I know it pretty well.

Ever since I can remember, I have heard some people say that the days of the independent were numbered and that the grocery business in Los Angeles would soon be dominated by chains. These predictions have proven false in the past and will in the future, in my judgment. I base my opinion in this respect on a number of things.

First, there is no question in my mind that an independent has an excellent competitive opportunity in Los Angeles. A grocery store is a business run by people. It does not run itself, and its success or failure depends on the ability and effort put into it by the people who own and operate it. A single store operator is always in his store,

personally overseeing all aspects of his business and directing all his attention to that one store. A chain executive, no matter how good a groceryman he may be, must divide his attention and talents among many stores. He must run his business through supervisors and store managers while he sits in chain headquarters. He cannot make his decisions on the basis of competitive conditions in one community but instead he must consider all of his stores and he must formulate a chain-wide policy. As a result, the independent gains a tremendous competitive advantage in terms of his ability to move quickly and decisively with only the operation of one store in mind and without having to take into account the wide range of complex problems which confront any chain by reason of its larger and more diversified operations.

In the same vein, a single store operator can personally serve his customers, get to know them, and gain their confidence and friendship by personal contact. "Personality" is of great importance in attracting and holding customers in the grocery business. A store will reflect the "personality" of its owner, and in this respect, an independent can create and maintain a friendly, courteous, appealing atmosphere which contrasts with the always more or less impersonal atmosphere of any chain store.

An independent can personally supervise his business and by watching costs closely and contributing his own labor to his business, he should always be able to earn a greater margin of profit on every dollar of sales than the chain.

Finally, through Certified Grocers and other buying cooperatives, a small concern can buy its groceries for no greater cost than paid by the chains.

Thus, there is plainly an excellent opportunity open and available to almost any qualified person who wants to own a grocery store. Because of the proven ability of small concerns to compete successfully with larger chains and because entry into the grocery business is relatively easy, there always have been and still are many people willing to take advantage of this opportunity. In the past, a great number of these people have made a lot of money. Some have expanded their businesses into today's chains. Some have been content to operate one or two stores. The retail grocery business in Los Angeles has seen too many successes to ever conclude that in the years to come there will be no

new successes, no new chains or single store operators and no new opportunities. The past history of the business and the plain fact that opportunity still exists makes it appear inconceivable to me that the chains now doing business in Los Angeles will or can attain any degree of economic dominance.

Naturally, I recognize that the grocery business also has resulted in failure for some. Both large and small concerns have failed and some percentage of today's grocery concerns can be expected to fail in the future. I am familiar with the facts surrounding many of these past failures. In one case, failure may result from under-capitalization, in another case rapid over expansion may be the cause. Inexperience, lack of ability, changes in neighborhood from residential to commercial, and the apparent unwillingness of some to work hard have taken their toll, as they will in the future. But these failures did not occur because of any lack of opportunity or any competitive disadvantage suffered by small or large concerns.

Nor should these failures be regarded as necessarily resulting in net losses to competition. I am reminded of a statement made to me 30 years ago by Walter Oppen, who was at that time operating a small grocery store on Jefferson Boulevard near the University of Southern California. We were discussing the failure of a grocery store and the fear being expressed even then, that independent grocers were a dying breed. Walter said that he did not believe that the independently owned and operated grocery store would ever become extinct. Instead, he felt that there would always be others who would come to take the place of those who left the business. As he put it, "Independents are like flies; when one dies, six others come to the funeral." This was true then, and it still is. The past has shown that there is a steady stream of newcomers in the grocery business. No doubt they are attracted by the opportunities which I have previously tried to describe. But for whatever reason, they seem to keep coming.

In fact, I am willing to go out on a limb and make a prediction. In my opinion, in the next 10 years, we will see more grocery concerns in Los Angeles, both large and small, than at any time in the past 20 years. In making this prediction, I am aware of statistics which seem to show a decline in the number of grocery stores being operated in Los

Angeles and Orange Counties in the past decade or so. I do not know if these statistics are accurate. Also, if they take into account only grocery stores, they undoubtedly overlook the fact that other types of stores, including liquor stores, sell more groceries today than many small corner grocery stores. But if there has been a decline in the number of grocery stores, I am sure that it is due in large measure to the fact that the old, small, corner grocery store has been replaced by the large supermarket, which of course, does much more business and serves many more people than the older, smaller type store. Therefore, fewer of these large stores are needed. The competition waged by these larger stores is more intense today than ever, and is likely to become more so as newcomers enter the market and existing firms grow. And the fact that there are fewer stores today will not limit future opportunities for entry or growth, in my opinion.

So far as I can see, the merger of Von's and Shopping Bag has had absolutely no effect on the opportunities available to others in the grocery business, on the intensity of competition or on any other aspect of grocery retailing in Los Angeles. In my opinion, it is ridiculous to think that the merger could adversely affect competition or lead in any way to market dominance by Von's or anyone else. I just don't see how a merger of Von's and Shopping Bag could "tend to create a monopoly" in any way in an industry composed of hundreds of vigorous, able competitors who are successfully operating thousands of stores and opening new stores every day.

In fact, I believe that in at least one respect, the merger may have benefited competition by resulting in the preservation of the continued competitive activity of Shopping Bag's stores. From what I know of Shopping Bag's operations prior to the merger, there was a chance that without the merger, that concern would have failed. I base my views in this respect on three principal factors:

1. Shopping Bag's top management was dangerously "thin." Rube Hayden and perhaps one or two others in the Shopping Bag organization were and are very able grocerymen, but they did not have enough such people to take care of all the complex management problems which arise in the operation of a 38 store

chain. This meant that some of these problems had to be ignored or neglected.

2. Many of Shopping Bag's stores were in outlying areas which had been relatively free of strong competition for many years. But in the few years prior to the merger, these areas had caught the eye of other concerns, both large and small, who were building new stores to compete with Shopping Bag.

3. Shopping Bag for many years had engaged in a rapid expansion program on a minimum of capital and many people felt that Shopping Bag was under-financed. In early 1961 (after the merger), another company which had been doing the same thing—Fox Markets—finally filed a petition in bankruptcy. Hundreds of Fox's suppliers were badly hurt, and immediately suppliers throughout Los Angeles began cracking down on all grocery concerns in order to collect past due accounts and get their payments on a current basis so as to avoid losses such as had been experienced in the Fox bankruptcy. I believe that this pressure from suppliers dealt the final blow to other under-financed concerns such as Yor-Way Markets and McDaniels Markets and forced them into assignments for benefit of creditors. But for its merger with a well-managed, financially sound company such as Von's, it is possible that Shopping Bag would have suffered a similar fate.

In short, it is my opinion that the Von's-Shopping Bag merger benefited both companies and their stockholders and possibly saved the closing of some or all of Shopping Bag stores without in any way adversely affecting either competitors or competition and without in any way raising the slightest fear of domination of this market by Von's alone or larger concerns in general.

Charles Chamberlain.

Subscribed and sworn to before me this 15 day of February, 1963.

Eva M. Trisler, Notary Public in and for said County and State, [Seal.]

My Commission Expires April 29, 1964.

AFFIDAVIT OF CYRIL C. NIGG

STATE OF CALIFORNIA,
County of Los Angeles, ss:

CYRIL C. NIGG, being first duly sworn, does hereby depose and state as follows:

I am the President of Bell Brand Foods, Ltd., a company which sells potato chips, peanut butter, nut meats and other products to virtually every grocery concern doing business in Los Angeles and Orange Counties. We also sell our products in other areas of Southern California.

I have been engaged in the business of supplying grocers in this area since 1929 when I went to work as a salesman for the Kellogg Company. I was with that concern for 16 years, and during that time rose to the position of District Manager. In 1945, I purchased Bell Brand Foods, Ltd. and have headed that company ever since.

Since 1929, I have been intimately aware of developments in grocery retailing in the Los Angeles area. I have witnessed the growth of chains. I am acquainted with the business operations of many independents. I have seen grocers, both large and small, succeed, and I have seen others fail.

I have been asked by attorneys for Von's Grocery Co. to express an opinion as to the effect of the merger of Von's and Shopping Bag Food Stores on competition in the retail sale of groceries in Los Angeles and Orange Counties. In my opinion, that merger has not and will not affect competion in any way for the following reasons:

1. In the first place, there were very few Von's and Shopping Bag stores near enough to each other to compete for the same customers. For the most part, Von's had its stores in the south-western sections of the Los Angeles metropolitan area while Shopping Bag stores were located mainly in the northern sections. Thus, there was little, if any, competition between the two concerns which could have been affected by the merger.

2. There are literally hundreds of grocery concerns in Los Angeles and Orange Counties operating thousands of stores. In every community served by a Von's

or Shopping Bag store there are stores of other chains and independents effectively competing for the patronage of customers.

3. The merger gave Von's no competitive advantage over its rivals. It has been proven time and again both before and since the merger that any experienced, hard-working grocer can compete successfully in this area. The single-store operator can compete very effectively with chain stores. He can buy his groceries as cheaply as chains through Certified Grocers or some other cooperative. He can operate with greater flexibility than a chain. I cannot conceive of any reason why an independent grocer could not compete as effectively now against a Von's or Shopping Bag store as before the merger. If anything, he ought to be doing better since Von's is now a larger and hence more impersonal, less flexible chain.

4. The grocery business in Los Angeles has always been characterized by change, innovation and the emergence of new concerns. This is as true today as ever. Discount houses are selling groceries. So are liquor stores and other types of establishments. Competition is coming from an increasing number of new sources. Under these circumstances, I cannot see how the merger of Von's and Shopping Bag could in any possible way lead to a monopoly or domination of the retail food business by a few large concerns.

Cyril C. Nigg.

Subscribed and sworn to before me, this 11th day of February, 1963.

Helen E. Bean, Notary Public in and for said County and State, [Seal.]

My Commission Expires June 3, 1966.

AFFIDAVIT OF EDWARD F. PASINI

STATE OF CALIFORNIA,
County of Los Angeles, ss:

EDWARD F. PASINI, being first duly sworn, does hereby depose and state as follows:

I am the Plant Manager and Southern California Manager of Langendorf United Bakeries, Inc., a position I have held for the past thirty-five years.

Langendorf sells bread and other bakery products to virtually all the grocery stores located in Southern California. In addition, Langendorf sells its products to other types of retail establishments, such as liquor stores and to institutional and restaurant accounts.

Our customers are solicited and deliveries of our products are made to them by route men who are assigned specific territories. We also have supervisors whose duty it is to supervise and regulate the activities of our route men. As part of their job, these employees are required to become familiar with the location and business affairs of every customer or potential customer in their respective territories. Of course grocery stores have always been the principal outlet for Langendorf products, and our route men and supervisors have a particular knowledge of the grocers and grocery stores in their territories.

It was because of this fact that in April 1962 attorneys for Von's Grocery Co. came to Langendorf and to me with a request that through our route men and supervisors we conduct a survey of certain designated grocery stores in Los Angeles and Orange Counties. Von's attorneys advised us that they had obtained from the California State Board of Equalization a list of the names and addresses of grocery stores which had allegedly closed their doors in 1960 and a list of the names and addresses of grocery stores which had allegedly opened in 1960, but which were closed by November 15, 1961. The list of grocery stores closed in 1960 was designated as "Table A." It was segregated into stores operated by companies with two or more outlets (multiple outlet concerns) and companies with only one outlet (inde-

pendent grocery stores). The list of stores opened in 1960, but closed by November 15, 1961, was designated as "Table B," and was similarly segregated.

Von's attorneys wanted us to check the accuracy of those tables and to supply any other information concerning the stores in question. In order to comply with this request, I instructed our route men and supervisors to check each location listed on Tables A and B and to provide me with any information they had or were able to find out concerning it. I made it clear to the route men and supervisors that their reports should be accurate and complete. I instructed them not to speculate or guess, but to be sure that their reports were in all respects correct.

Our check was made in April and again in October, 1962. Our route men and supervisors checked a total of 295 locations in all. We found that 16, or approximately 5% of them, were not now and, so far as we could tell, never had been grocery stores. For example, in one case the location listed by the Board of Equalization had been a hot dog stand for a number of years and was still being operated as such. In another case, the location was a private home. In addition, we found that 19 of the stores checked (approximately 6%) were still being operated by the persons or entities which, according to the Board of Equalization, had ceased doing business at the location listed. In addition, we found that 20 of the stores listed by the Board in its tables were duplications of stores already listed at some other place in the tables. This apparent error accounted for approximately 6% of the total.

It is apparent that the above-referred to locations, totaling 55 in all, should not have been listed in the Board's tables in any case. They were either not grocery stores at all or had not been closed and had not experienced any change in ownership or they represented only a duplication of a store listed elsewhere on the Board's tables.

By subtracting those 55 stores from the total listed by the Board of Equalization, we are left with 240 locations. We found that a successor business entity had operated a grocery store at 81 (or more than 33%) of those 240 locations *after* the discontinuance of the business of the entity listed by the Board. In all but 12 of those 81 cases a grocery

store was still being operated at the location in question as late as October, 1962, when we made our last check. This shows that in a number of cases the discontinuance of the business referred to in the Board's tables did not result in the elimination of a grocery store, but only a change in ownership. We note that the Board's tables purport to reflect only the closing of stores which were not later operated as grocery stores by a successor concern. These 81 stores were improperly listed, therefore, because of the subsequent operations of a successor.

By adding these 81 stores to the 55 previously mentioned, it is apparent that the Board's tables include 136 locations which have no place in a list of grocery stores closed without any successor. Those 136 locations constitute 46% of the 295 stores listed.

Our study also showed that of the 159 stores remaining after elimination of those which were improperly listed, 18 (or approximately 11%) had been closed because the owner moved his grocery business to a new location. 29 (or nearly 20%) had closed because a freeway or some other public improvement had resulted either in the condemnation of the store property itself or of the surrounding homes it served. 21 (or more than 13%) were closed due to the death, retirement or illness of the owner. 5 (or 3%) were closed because of a fire or the loss of a lease. 2 (or 1%) were sold for a profitable sum to make way for another type of business such as a gas station.

This leaves only 84 of the total of 295 stores listed which closed for good because of business failure or for reasons which our route men and supervisors could not otherwise explain. Of these we found 5 locations which had not been used as grocery stores for several years prior to 1960. Most of these 84 stores were extremely small. In one case, the "store" consisted of a trailer parked a quarter of a mile off a highway in Lancaster on a bad dirt road. It had a total inventory worth about $60. While this is an extreme example, it does show that almost any business, no matter how small and how unlike the customary grocery store, was listed as such on the Board's tables if it sold food products of any kind or in any amount. Also we found that in most instances the 84 business failures listed by the Board were poorly operated.

Our detailed findings are set forth below under the classifications and table headings used by the Board of Equalization.

Table "A"

Names and addresses of Grocery Stores of Multiple-outlet Concerns in the Los Angeles Metropolitan Area Listed by the Board of Equalization as Closed Out (Discontinued without a Successor) during 1960 in Los Angeles and Orange Counties.

Name & Address	Comments
Safeway 16241 So. Paramount Blvd., Paramount	Moved to a new, larger location just up the street. First State Bank now occupies this location.
Safeway 676 E. Green Street, Pasadena	Moved to So. Fair Oaks Ave. to new store. Old store had no parking facilities. Building now being used for Blue Chip Stamp Redemption Center.
Safeway 1208 E. Compton Blvd., Compton	Moved to new and larger location. Salvation Army now occupies store.
Safeway 7515 Long Beach, Walnut Park	Now owned and operated by Bob Kasperan as Signal #2.
Safeway 908 So. Hillview, East L.A.	Moved to new and larger store. No adequate parking. Now occupied by Anthony Loye, Inc., light garment manufacturing.
Safeway 1045 W. Washington Blvd., L.A.	Santa Monica Freeway took out homes served by this market. Now a Social Club.
Safeway 5121 W. Pico Blvd., Los Angeles	Moved to new store. Now occupied by a garage.
Safeway 120 So. Eucalyptus,	Moved to larger and better location about 2 years ago.

Name & Address	Comments
Inglewood	Location sold to Bestway Market, which later closed due to fire. Listed under Bestway on Tables A and B.
Safeway 220 E. Chapman St., Orange	Very small store and quite old, with inadequate parking. Moved to larger store approximately 6 blocks away in new shopping center. Location now occupied by Building & Loan Co.
Safeway 115 W. Colorado, Monrovia	Closed this store and moved to new one on Huntington Drive. Presently unoccupied.
Safeway 9130 W. Olympic, Beverly Hills	Closed store and moved into new building at Beverly Drive & Olympic Blvd. in October 1960. School at this location now.
Safeway 7323 So. Main St., Los Angeles	Moved to larger and better location. Catering Service occupied the building approx. July 1958.
Safeway 8207 So. Western Ave., Los Angeles	Moved to new and larger location 2 years ago. Building now used as Blue Chip Stamp Redemption Center.
Safeway 3455 W. 8th St., Los Angeles	Small store. Closed. Safeway opened new store nearby at 10th and Western.
Safeway 8221 Melrose Av., Los Angeles	Opened big, new store about 6 blocks away. Now business offices.
Safeway 5425 Long Beach Blvd., Long Beach	McCoy's Market took over and now operating this store. Safeway moved to new location.

Name & Address	Comments
Safeway 1930 E. Walnut St., Pasadena	Moved to new location. Building now used as Headquarters for flags, Horti-Van Advertisers.
Safeway 501 W. 4th St., Santa Ana	Old store and very small; inadequate parking. Moved to larger market. Now occupied by a furniture store.
Safeway 4903 So. Normandie Ave., Los Angeles	Safeway closed due to poor business and to build a new store in a more desirable location. Store has been open and operating under ownership of Buddha Market Inc. since January 1959.
Jolly Jim Markets 1945 E. 4th Ave., Long Beach	Sold. Now F & W Market, owned by Ben Martin.
Jolly Jim Markets 2420 Santa Fe Ave., Long Beach	Closed. Sold to Shop Rite Mkts., who operated it for a few months and moved. Building now occupied by Value Village Discount Mdse. (no groceries).
Fred Geonette 900 Aragon Ave., Los Angeles	Mr. Geonette still in business.
Rankins, Inc. 7421 Hillrose Ave., Los Angeles	Sold to Piggly Wiggly, who in turn sold to Country Cousins Mkts. Inc. Then purchased by Dick Stiener who is operating a grocery store there.
Kram's Foods, Inc 12714 Sherman Way, North Hollywood	Poor merchandising and a dirty operation closed the doors. A Mr. Clyde Cranmer now owns business and doing approx. $60,000 a month. Location good. Pl[illegible] owned this between Kram and Cranmer.

Name & Address	Comments
Kram's Foods, Inc. 7133 Crenshaw Blvd., Los Angeles	Store never closed. Now operating as Ram's Mkt.
Kram's Foods, Inc. 105 Windward Ave., Venice	Operates under name of Ritz Market.
Carl's Ranch Markets 12005 So. Avalon Blvd., L.A.	Sold to Food King Market. Now operated as Ranch King Market #2.
Walkers Markets 700 Lower Azusa Rd. W., El Monte	Sold. Now operating as Food Giant Mkt. #65.
The Pantry Food Markets 2044 E. Colorado, Pasadena	This is a wrong address. It should be 3844 E. Colorado. Is now Big Ben Factory Shoe Outlet.
Mayfair, 402 Colorado Ave., Santa Monica	Closed because of lack of business. Sears bought out lease and made a sporting goods store of it.
Mayfair, 2225 W. Whittier Blvd., Whittier	Sold. Now operating as Patton's Market #8.
Mayfair 8725 So. Broadway Los Angeles	Sold to Mike Levy when it was called Market Place. Sold to Micky Moss, who went bankrupt. Store still unoccupied.
Valley Stores, Inc. 14907 Magnolia Blvd., Van Nuys	Closed. Now used for Blue Chip Redemption Center.
Mayfair 18401 Van Owen St., Reseda	Sold to Fox Market (#9). Operated by them until August 1, 1962, then closed. Their lease expired and they didn't renew it. Building now up for lease.
Mayfair 1131 E. Wardlow Rd., Long Beach	Sold. Now operating as Shopper's Market.

Name & Address	Comments
La Salle Market 2093 W. Washington, L.A. LaSalle Market 1914 W. Washington Blvd., L.A. La Salle Market 1900 W. Washington Blvd., L.A.	These three markets are in reality only one, the correct address being 1900 West Washington Blvd., Los Angeles, Calif. The Santa Monica Freeway took out the customers of this store. It is now empty. Also listed on Table B.

Table "A"

Names and Addresses of Independent Grocery Stores in the Los Angeles Metropolitan Area Listed by the Board of Equalization as Closed (Discontinued Without a Successor) During 1960 in Los Angeles and Orange Counties.

Name & Address	Comments
Frank De Leon 1146 Effie St., Los Angeles	Golden State Freeway through here.
Frank Pino 1467 Hooper Ave., Los Angeles	Building does not exist any more. Was a small neighborhood type market and building was demolished and removed for Santa Monica Freeway. No building in its place.
Jacob E. Hill 4709 Melrose Ave Los Angeles	Small market. Lost lease. Building now occupied by Engineering Company.
Alphonse Straub (Straub's Grocery) 2057 Judson, Los Angeles	This store is closed and has been for some time. It is backed up to the freeway. Very few homes around it.
Courtesy Market 1908-10 No. Hillhurst Ave. Los Angeles	Gasoline station bought whole corner and tore down the building.
Michael Poti 4711 Melrose Ave. Los Angeles	Retired. Building now occupied by book store. (Was small market).

Name & Address	Comments
Ben's Market 1102-04 So. Lorena St. Los Angeles	This market is in operation as R & J Market. Godinez & Rubio, owners.
Harry K. Eug 821 W. Third St. Los Angeles	Empty store. State took over property on Bunker Hill, thereby eliminating its customers.
H. B. Market 2027 So. Hoover Street Los Angeles	No such number now. Santa Monica Freeway.
Pilar Duran 3027 Garnet St. Los Angeles	Has been closed for about 2 years. Freeway left store without many homes to draw from. Now being used as a residence.
Sim's Market 1335 W. Fifth Street Los Angeles	No such address on West 5th Street. Apt. Bldgs.
Antonia's 1146 Effie St. Los Angeles	Golden State Freeway through here. Same address as Frank De Leon, above.
Sam's Market 334 W. Venice Boulevard Los Angeles	Closed account Santa Monica Freeway.
Morris' Market 1408 Venice Blvd. Los Angeles	Now Standard Oil Station.
Charles & Selina Doss 2231 So. Griffith Ave. Los Angeles	Never a store at this location. It is a very small Hot Dog Stand and has been there for many years.
J & H Food Market 2366 W. Pico Blvd. Los Angeles	Owner died. Closed market. Now a TV and Radio Parts Co.
Mr. R. M. Saches 945 No. Beaudry Ave. Los Angeles	Closed account Hollywood Freeway.
Emilio Flores 156 So. Main St. Los Angeles	Building torn down for State Building.

Name & Address	Comments
Olivas Market 1020 So. Lorena St. Los Angeles	Has been closed for a number of years. Building now empty. Near Freeway. Traffic cannot stop. No houses to draw from. Will build an apartment house on this location.
Allan D. Thompson 4416 W. Pico Blvd. Los Angeles	No store there for 10 years. Now small TV Shop.
Bill's Market 3735 No. Mission Rd. Los Angeles	Present owner is Joseph Yabarra.
Joe's Market 7276 Melrose Ave. Los Angeles	Very small. Now open as Norm's Screens. Neighbors said it never had a chance to succeed because of size.
Chicago Creamery 2116 Brooklyn Ave. Los Angeles	This market still in operation. Also listed under Solomon Chasin on Table B.
Hernandez Grocery 1529 W. 11th St. Los Angeles	Store closed a year ago due to death in the family.
Paul's Grocery Store 833 No. Alma, Los Angeles	Never was a store here. This is a private home.
Petri's Market 5422 Alhambra Ave. Los Angeles	New owner, Alex and Marion Dmidoff. Same entity listed on Table B.
Mrs. Corine Davis 1561 E. 25th St. Los Angeles	Is a private dwelling now. Was a small Ladies' Dress & Skirt Shop. Never was a market.
Marsh's Market 3201 So. San Pedro St. Los Angeles	Market still open, never closed. Store under name of Leo's Market.
Lara's Market 7414 Hooper Ave. Los Angeles	Two square blocks of homes taken out for a grammar school, which took the business from this store. Store closed.

Name & Address	Comments
Willard G. Hammack 330 So. Catalina Redondo Beach	This was a small market which had no potential and couldn't make a go of it, so it closed. Building now occupied by Redondo Marine Boat Sales.
Bertha Mae Bragg 16525 Prairie Ave. Lawndale	Small store, poorly operated, with very little stock. Building now occupied by a beauty shop.
Frank & Mary Martin 10323 So. Figueroa Los Angeles	At one time this market did a fair amount of business. The Harbor Freeway took out too many homes and customers, so the store had to close. Now empty.
Leon Scott 1417 E. Brenon Ave. Los Angeles	Must be incorrect address. Cannot locate.
Weissman, Cohen Market 1745 E. 41st St. Los Angeles	Sold out to Bradstreet Rubber Co., 7816 Emerson St., Los Angeles 45, who bought the entire property. Old frame building is for sale by owner.
Aiko Sone 3725 So. Western Ave. Los Angeles	Store still in operation. Same owner. Same address.
Harry's Market 4331 Dalton Ave. Los Angeles	Closed approximately 4 years ago due to keen competition of Vernon & Western Market. Building now being used as a church.
John's Market 2054 E. 103rd St. Los Angeles	Now open as Top's Sea Food & Bar-B-Q.
N. L. Stutts 15827 Hawthorne, Lawndale	Store operated very poorly. Very little stock. Building now occupied by upholstery shop.

Name & Address	Comments
Little David Kennedy 11208 Wilmington Ave. Los Angeles	This market consisted of a very small room. Because of inadequate experience it did not succeed. Now a used furniture and clothing store.
Joe & Rose Fregoso 4181 So. Alameda Los Angeles	Original owners died and left store to the children. They closed it up because they own another store in Duarte and "didn't need the money." Building now for rent.
Eugene Wade 7410 So. Central Ave. Los Angeles	This small store was opened as a market, but because it was too small and a very poor location it was not successful and closed. Now the S & J Mkt.
Pic'N Save Food Market 8115-19 Avalon Blvd. Los Angeles	Market closed because of a fire and did not reopen. Inside completely burned out.
Leo's Market 2059 Nadeau St. Los Angeles	La Fortuna Market now at this location. Joe Lona, owner. New owner says former owner "took too mucha da vino".
Charlie's Market 5511½ So. Figueroa St. Los Angeles	Closed July 1959 account Harbor Freeway. Now vacant.
Hardy & Grace Thomas 642 E. 109th Place. Los Angeles	Owner retired. New owner James Colquitt.
B & L Market 11941 Inglewood Blvd. Hawthorne	There have been 3 different owners at this location in past 2 years. None of them could make a go of it. Boys' Market came in on Hawthorne Blvd. just 2 blocks over from this stop. Store hasn't been any good since. Now liquor store warehouse.

Name & Address	Comments
Simon & Adela Bernstein 4215 So. Alameda St. Los Angeles	Closed account of death. Husband died and wife is touring the world.
Doug's Food Market 6738 Compton Ave. Los Angeles	Owners of this market moved across the street and opened another market. This address is now Sequoia Mexican Candy.
Roy's Market 5114 Central Ave. Los Angeles	Store closed approx. Sept. 1961. Now shoe repair shop.
Jefferson Market 1886 W. Jefferson Blvd. Los Angeles	Closed due to no business. Store operated very sloppily. Monthly receipts probably less than $2000.
Anthony & Helen Wright 4208½ So. Broadway Los Angeles	Closed April 1961 due to poor business and lack of operating capital. Baptist Church now there.
Scott's Market 725 So. Broadway, L.A.	Now F. W. Woolworth store.
Bob Matsumoto 11105 So. Wilmington Ave. Los Angeles	Bob Matsumoto has gone back to Japan. Now known as Chuck's Wholesale Meats.
Henry McRay & Ceaser Le Flore 6524 So. San Pedro, L.A.	This is the old Friendly Market with different owners and name changed to the above. Still in operation. Also listed on this table as Friendly Grocery.
Ralph Campobasso 8634 So. Main St. Los Angeles	Poor operation against keen competition and market went bankrupt. Building now used as a 2nd hand store.
Ruby Huey Prince 4821 So. Hooper Ave., L.A.	Was a liquor store. Sold to Mr. Uddles. Probably purchased it for a liquor license.
Pasto & Carlott Herrera 5555 Bandero St., Los Angeles	Alba Eng. Inc. bought them out for a parking lot.

Name & Address	Comments
Thor's Market 11001 So. Figueroa St., L.A.	Market still open under name of Borinquen Mkt.
Eleventh Ave. Market 3301 W. 54th St., Los Angeles	When this store closed 5/1/57 it was vacant for several months and a TV and Radio shop moved in 11/1/59.
Mrs. Salvadore Rivera 3819½ So. Vermont Los Angeles	Not a market. Key's Barbeque.
Echo Market 642 So. Ramona Ave. Hawthorne	Building condemned. Now unoccupied.
Quality Pi-Up Market 4801-03 Avalon, Los Angeles	Closed April 1959. Building now vacant. Store moved across the street (Buddha).
Fred's Ranch Market 7400 So. Avalon Los Angeles	The inside of this market burned out, closing the market. Now empty.
Flavius & Zora Rowell 5011 So. Western Ave., L.A.	Owner had a stroke and closed October 1959. Restaurant now occupies spot.
Toini La Mont, Maria Rajala 2305 Redondo Beach Blvd. Redondo Beach	Store was catering to Spanish people. Not enough in the area. El Indio Mexican Food across the street. Now E.Z. Radio & TV Repair.
Hommes Market 9101 So. Normandie Ave. Los Angeles	This was a small meat market. The owners forced the man out of business when the lease ran out and made the building a Laundermat. The grocery man next door verified this.
Lee's Grocery Store 4070 So. San Pedro St. Los Angeles	Closed February 1962 due to lack of operating capital and lack of business. Thrifty Employment Agency presently occupies this location. This store also listed on Table B.

Name & Address	Comments
Friendly Grocery 6524 So. San Pedro St. Los Angeles	Market now open as Henry McRay & Ceaser Le Flore. Also listed on this table under new owners.
Best Way Market 120 So. Eucalyptus Inglewood	Had a fire. Closed up. Also listed on Table B and as Safeway on this table.
Joe Duchin 10912 Compton Compton	Store closed account owner's poor health. Now occupied by second hand store.
Magnuson's Food Market 1016 W. Magnolia Blvd. Burbank	Was small neighborhood market, practically a milk and bread stop at best. Freeway took too many houses and traffic, so market closed. Now Comber Motor Parts (automobile accessories).
Harry & Evelyn Steffel 11119 Burbank Blvd. North Hollywood	Demand for this type grocery store in area very poor. Not enough business. Sold to Italian American Mkt., which also couldn't make ends meet. Location now up for lease.
E & W Market 9407 San Fernando Road Sun Valley	Market sold to Volks because of death. Market very small with very small inventory. Has never enjoyed good business. Affected by Freeways and lack of parking space.
Ray's Liquor & Grocery 601 Kalisher Street San Fernando	This market has been closed for 3 years. Lack of business. Freeway and removal of homes as well as approx 20 small grocery stores in a square mile area exaggerated this condition. Now a family dwelling.

Name & Address	Comments
Art's Market 14047 Van Owens, Van Nuys	Market has been closed for 2 years. Now a beer cafe.
Jimmie & Martha Peterson 4742 Woodman Ave. Sherman Oaks	Freeway cut down traffic and buying public. Stock very limited. Sold out to Italian American which lasted for about 2 years. Now forced to close.
William Drake 20059 Roscoe Blvd. Canoga Park	Formerly Bill's Mkt. Store leased by Drake who sold off all stock at reduced prices approx. 2 yrs. ago, and went to Apple Valley. Bldg. now vacant and for rent.
Jerry Market 16109 Van Owen Van Nuys	Airport took a great portion of homes in area, forcing him to close. Now a Beer Cafe, which is doing good business.
Josefina Villavana 615 San Fernando Mission Blvd. San Fernando	Freeway came through and removed homes in this area. No business. Owner died, market closed. Building vacant.
Hyde's 8714 Glen Oaks Blvd. Sun Valley	Freeway came through. Store moved to new location and closed shortly after. Building now being used as a church.
La Perla Market 1300 Woodsworth St. San Fernando	Affected by Freeway. Lack of capital and demand made location poor business risk. Mexican Store still in operation at this address, still known as La Perla.
Robert C. Woolfork 3505 W. Avenue F Lancaster	Market ¼ mile off highway on a bad dirt road in a trailer 8′ x 20′. Total inventory about $60. Total daily sales probably $12 per day. No store or trailer at this location now.

Name & Address	Comments
Valley Food Service 13735 Victory Blvd. Van Nuys	Store opened as a discount house. Poor merchandising and poor location, with no demand in area forced closing. Building now used as a storeroom for a liquor and deli store. Person owning property put up a small store on front of lot, which is still in operation as a liquor-deli.
La Scala Bros. 7879 San Fernando Rd. Sun Valley	Changed ownership several times in last few years. Location of store and no neighborhood demand forced closing. Opening of Golden State Freeway and removal of homes played a major part. Building still vacant.
Qik Market 7601 Vineland Ave. Sun Valley	Still operating as a grocery store. Limited stock and poor merchandising.
Motis Mart 8549 Sepulveda Blvd. Sepulveda	Closed store because of sickness. No parking area adequate. People drove by market because of traffic condition. Building now an appliance and repair shop.
Shady Lane Trailer Court Grocery, 13890 La Rue St. San Fernando	No market here for 2 years. Poor location and insufficient business forced closing. Now a dwelling.
Phil's Kosher Market 9930 Commerce Ave. Tujunga	Inadequate demand for this Kosher style deli; out of business. Now Gil & Thelma's Restaurant and Commerce Buffeteria Deli.

Name & Address	Comments
Tony's Market 1619 Burbank Blvd. Burbank	Freeway caused removal of homes. Poor market location. Inadequate parking facilities. Bldg. for lease. Same as Cox's below. Also listed on Table B.
Cox's Market 1619 Burbank Blvd. Burbank	Freeway, removal of homes, poor location, caused closing of market. Bldg. for lease. Same as Tony's above.
Mid Valley Wholesale Foods, Inc. 14532 Friar, Van Nuys	Closed about 5 yrs. ago. Now All Star Office Equipment & Furniture in this location.
Sypherd's Grocery 13428 Telegraph Rd. Santa Fe Springs	Very small. Volume approx. $3 per day. They retired. Now occupied by a 2nd hand store.
Shefferd Johnson 7933 E. 7th St., Downey	This is a private residential neighborhood. No store.
La Economia Grocery 10211 E. Whittier Blvd. Whittier	Grocery and service station in Mexican neighborhood. Freeway caused people to move. Closed and building has been removed.
Joe & Julia Ramirez 401 So. Rowan Ave. Los Angeles	Medina Market. Closed 9/21/62 account Pomona Freeway taking it out.
Clarence L. Russell 3910 E. Florence Ave. Bell	Small operation. No business from the street so they closed for good. Now a liquor store.
Monterey Market 3558 E. 1st St., Los Angeles	Still open. Known as Fruiteria.
Spurlin's Market 7052 E. Compton, Paramount	Closed. Now a residence.
Joseph Campagna 726 So. Atlantic Los Angeles	There was a paint store adjacent to this market which owned the building. They wanted to expand so did not renew the lease.

Name & Address	Comments
Perez Market 349½ Brooklyn Ave. Los Angeles	This store open under name Chelo Market.
Edmond F. Alva 3920 E. Third, Los Angeles	Still open. New owners, Ester & Rudolph Tovaz.
Salvatore Segura 2962 E. Gage Huntington Park	Not in business. No further information. Presently Lutheran High School Gift & Thrift Shop.
Anthony Lo-Cicero 2806 Bellgrave Huntington Park	Presently Jim's Market.
Pasquale & Anna Cutrona 247 So. Painter Ave. Whittier	Small Italian Deli. Closed approx. 2 yrs. ago. Sales poor. Bldg. now occupied by Design Consultation.
Morrison's Market 358 W. Poplar St., Compton	This was a small neighborhood market owned by an elderly couple who had it torn down and a new home put in its place.
Robert Tate 903 W. Compton Blvd. Compton	Very small store, about 10′ x 20′. Closed account no business. Now a record shop.
Joseph C. Scott 5840 Main St. Hollydale	Has been closed for 2 or 3 years. Was small neighborhood store. Changed owners 5 times. Now a Youth building for Church across the street.
James Labrum 6812 Live Oak St. Bell Gardens	Went broke. Neighborhood couldn't support 2 small markets.
Mercy Market 420½ No. Poplar Ave. Montebello	Closed in 1960 account no business. Still empty. Approx. business $400 monthly.
Village Mart 16509 Leffingwell Rd.	Good sized neighborhood market in a growing area.

Name & Address	Comments
Whittier	People say owner was drinking too much, with poor management. Closed approx. 2 years ago. Building now occupied by beer parlor.
C & M Market 2100 Hatchway, Compton	This is closed. Now a Church of Christ.
Brac's Market 4214 E. Olympic Blvd. Los Angeles	Now in operation under new owner, Mr. Carlin.
Francisco Grenado 446 No. Gage Ave. Los Angeles	Building is gone. Now a service station at this location.
Owen C. Lindner 15037 Alondra Blvd. La Mirada	Went broke because of poor operation. It was a new store in a new neighborhood with good potential but he was a butcher and lacked ability to operate a grocery. Store now owned by Bob O'Connor and is prospering nicely.
Family Produce Co. 13027 E. Rosecrans Norwalk	These people were the 3rd or 4th owners of this produce stand. First owners lost business due to poor merchandise they tried to sell. None of the following owners was able to lure the business back. Building now rented to the B.P.O.E.
Arelio & Maria G. Urangia 921 No. Hazard Ave. Los Angeles	Very small operation. Has closed and opened numerous times in the past. Now known as La Montana Tortilleria.
Speedee Mart 209 Beverly Blvd. Montebello	Closed in 1960 account poor business. Building for lease at present. Also listed on Table B twice.

Name & Address	Comments
Speedee Mart 4520 E. Alondra Blvd. Compton	Market still open. Also listed on Table B.
Star Food Market 3426 Eagle Rock Blvd. Los Angeles	This market was located on Ave. 34 and Eagle Rock Blvd. about 10 years ago. Colorado Freeway coming through removed houses. Store closed. Then occupied by a Used Furniture store, which has also gone out of business. Building up for lease.
Len's Market 1901 Glendale Blvd. Glendale	Closed account Freeway.
Bob's Market 521 Museum Dr. Los Angeles	Has been closed for 2 years. Apts. upstairs have been rented. Downstairs is store room. Paul (owner) runs grocery in Hollywood).
Joe B. Ramos 1882 Normandie Ave. Gardena	The San Diego Freeway now occupies the entire block.
Garden St. Market 2207 W. Compton Blvd. Gardena	Store closed 7/15/60 account lack of business. Boys' Market opened down the street. Building owner subdivided it into 3 stores—Bicycle Repairs, Laundry, Barber Shop.
Dusan's Market 4335 E. 10th Long Beach	Closed because of poor health. Was operated by two women. Presently used as The Long Beach School Employee's Credit Union.
Bay Market 1150 E. 7th St. Long Beach	Closed because of poor management. Now a used furniture store.
Ida M. Brewer 450 Oliver St., San Pedro	Market still open and operated as Oliver Street Market.

Name & Address	Comments
Kinzer's Market 821 Lime Ave., Long Beach	Closed account of death in family. Fixtures still in store but no stock.
Mrs. Emma Brunner 25004 Narbonne Ave. Lomita	This was a very small grocery store, with no business, so it closed. Is now a small plating shop.
The Corner Store 1123 E. Anaheim Wilmington	This was a very small market. There was another small market next door. The property and market were purchased and the owners tore the market down.
Juan N. Rubio 1034 E. Pac. Coast Hwy. Wilmington	There is a small store in operation at this location owned by Mr. Sanchez.
Gaffey Public Market 1400 So. Gaffey St. San Pedro	Market closed. A large Safeway store opened close by. Location was poor for a grocery store. Now used as a hardware store.
Rancho Market 415 W. 2nd Street San Pedro	Bldg. vacant for over a year. Neighbors do not know why he closed. Very small store.
Napoleon Market 214 Atlantic Ave. Long Beach	Has been closed for about 2 years. Now a Gift and Card Shop.
Slick's Market 540 E. 1st St. Long Beach	Store in operation under new management and new name, Mock's Market.
Alfred & Fred Nieto 1724 Seabright Ave. Long Beach	Deceased. Closed. Still vacant.
Elm Haven Market 18630 So. Figueroa Gardena	Market still open under same name. Owned by Israel Shahon. Listed 4 times. Twice on this table; once on Table B as Elm Haven and once as Wallenfand and De Vaun.

Name & Address	Comments
Elm Haven Market 18630 So. Figueroa Gardena	
Ideal Pork Shop 655 Pine Ave. Long Beach	Closed because of poor management and divorce. Now occupied by Lamp Co. Also listed on Table B.
Little Farmers Market 640 E. Carson St. Torrance	This is small open produce market which closes every Winter because of the seasonal produce business. Closed now. Also listed on Table B.
Farm Boy Market 10425 E. Alondra Bellflower	Small operation. Poor location. Closed. Now a garage.
John L. Grabill 300 E. 2nd St. Pomona	Mr. Grabill retired because of old age. Remodelled building and rented to Kalolo Hut.
Frank & Mary Sllmon 285 Martello Ave. Pasadena	Store has been closed for 2 years due to sickness in family.
Irvine Dectar 6375 No. Figueroa Los Angeles	There is still an ice cream parlor there.
James & Jerrell Smith 1190 So. Main Pomona	New sewers were put in. Road was torn up. This cut off access for a prolonged period. Store is now closed and the building was removed.
Ted's Triangle Market 5661 Aldama Ave. Los Angeles	Now Carl's Triangle Market.
Benner Market 5934 Benner St., Los Angeles	Out of business. Now occupied by an apt. building.
Virginia Inn Market 616 E. Valley Blvd. El Monte	Closed 1960 account poor business. Was a small neighborhood market. Building now occupied by a beer parlor.

Name & Address	Comments
Oatley's 261 Linda Rosa Pasadena	Mrs. Oatley closed market due to sickness. Sold to Lucille Hawkinson. Now in operation.
Jung's Food Mart 4203 No. Huntington Dr. Los Angeles	Store was vacant for about 1½ years. Now occupied by M & H Barbosa. Their old location about 5 blocks away was torn down so they moved.
West Woodbury Market 543 W. Woodbury Rd. Altadena	Closed about 1 year ago. Poor health caused owner to close. Very small operation. Building now for sale or lease.
Butler's Pantry 2225 No. Glenrose Ave. Altadena	Changed to Gray's Mkt. until 6 months ago. Now Neighborhood Market, owned by Jim Busey.
Variety Wholesale Food Dist. 9526 E. Las Tunas Dr. Temple City	Closed 1960 because of poor business. A type of co-op store trying to sell customers wholesale on a membership basis. Building now occupied by a beauty salon.
Grindlers Market 5210 York Blvd., Los Angeles	Store was too much for her. Closed up.
Edw. L. Martinez 4414 Huntington Dr. So. L.A.	This was a meat market and has been out of business for some time. Ill health of owner caused him to cease operations. Now open as Tamale King. Makes and sells Tamales and Mexican Foods.
Handy Market 303 Pasadena Ave. So. Pasadena.	Still in operation.

Name & Address	Comments
G. Atinsky 3212 E. Century Blvd. Lynwood	No information on this one. There is a Real Estate and Tax office at this location now.
Donald Ellis 14345 E. Garvey Baldwin Park	San Bernardino Freeway cut off homes from store and the widening of Puente Ave. and new bridge caused store to close.
R & J Market 2545 Rosemead So. El Monte	Small neighborhood grocery. Closed 3 years ago. Building has had other tenants since of different type. Now empty and for rent. Also listed on Table B.
Vern-O-Kay Grocette 58 E. Holly St. Pasadena	Closed. This store was hemmed in by commercial and there was no residential trade to draw from. Also listed on Table B.
S. H. Eggleston 11624 Santa Monica Blvd. W. L.A.	Owner passed away. Store closed.
David Sperling 321 Ocean Front, Venice	Lease expired. Owner retired. Now operated as Pizza & Sandwich Shop.
Abell Foods Inc., 812 So. La Brea Ave., Los Angeles	Now operating as Bag & Basket at 817 So. La Brea.
B & B Stores, 12912 Venice Blvd., Los Angeles	Formerly Mar Vista Pizza Cafe. Now Holmquist Sound Co.
Norborhood Grocery 200—30th St. Newport Beach	Closed. Now a laundry.
The Little Ranch Market 14022 So. Flower Garden Grove	Not able to locate this spot. Address not correct.
McCowan Market 1111 So. Bristol, Santa Ana	This market open and operated by Mr. McCowan.

Name & Address	Comments
Florence Market 10452 Wintersburg Ave. Santa Ana	This was a small Spanish store in a home in the farming district.
Palisades Market 2002 S.E. Palisades Rd. Santa Ana	This party sold property for quite a profit, and Oil Company will put gas station on the property.
Knott Avenue Market 6521 Knott Ave., Buena Park	This was an old shack type building. It was destroyed for a new industrial tract.
John Nora Market 326 W. Santa Fe Placentia	A good town store several years ago. Mr. Nora passed away 3 years ago. New operator closed up in 1960 because of poor business. Building now for lease.
Cabinland Market 28424 Silverado Road Silverado Canyon	We do not cover this area.
Pennywise Market 312 E. Central Ave. La Habra	Closed 1960. Was one of best stores in town several years ago. Lost business because of market centers in suburbs of town. Building now occupied by Pancake House.
Victor's Super Mart 2561 Sawtelle Blvd. West L.A.	Taken out for Freeway.
Sale's Fulton Market 345 No. Beverly Dr. Beverly Hills	Store closed 10/16/60 by the creditors. Mismanagement. Now occupied by a Hobby Shop.
Gill's Savon Market 3511 Centinella Ave. Los Angeles	Owner closed due to insufficient return on his money. Now occupied by Santa Monica Tool Crib.
Robert L. Miller 461 No. Beverly Drive Beverly Hills	Store closed March 1961 due to insufficient parking space and too high overhead. Presently being occupied by Renoire Beauty Shop.

Table "B"

Names and Addresses of Grocery Stores of Multiple-outlet Concerns in the Los Angeles Metropolitan Area Listed by the Board of Equalization as Having Opened in 1960 and Closed by November 15, 1961, in Los Angeles and Orange Counties.

Name & Address	Comments
Lucky Stores 306 Florence Ave. Los Angeles	Lucky Stores still own building but are presently leasing it to Better Foods Market.
Shoppers Markets 2750 Pacific Coast Hwy. Torrance	Still in operation.
McDaniel's Markets 1117 W. Manchester Inglewood	Poor location and there have been a chain of unsuccessful attempts to operate it. McDaniels sold to a Japanese couple who also had to close. Now open as Glen Mart.
McDaniel's Markets 126 So. Glendora Blvd. West Covina	
Yourway Markets 16635 Crenshaw Torrance	Closed. Went bankrupt. Poor management. Building still vacant. Rumor is it may be torn down to put an apartment building in its place.
F & W Markets 1945 E. 4th St., Long Beach	Still operating. Present owner: Ben Martin.
Minit Market 26881 Camino De Estaella L. A. County	Now open as Palisades Market.
Minit Market 12816 So. Van Ness, Gardena	Still operating. Now operated by Holly Foods Market.
Minit Market 1530 So. Flower St. Santa Ana	Presently operating as a Speedee Mart.

Name & Address	Comments
Dearborn Stores 1600 W. 5th Ave., Pomona	Sold, and now operating as Tru Value Market.
Dearborn Stores 6127 Sepulveda Blvd. Los Angeles	Jim Collins & Mr. Leonard opened this market. When the Freeway took all the trailers out across the street, they leased to Woody Hughes. He operated it as a market, but no business. Now leased to a Catering Co. which supplies Lunch Wagons.
Dearborn Stores 14545 Friar St. Los Angeles	Purchased by a former Dearborn Store Manager. His reserve capital wasn't great enough to keep the market in operation. Closed about June 15, 1962. Building still vacant and for lease.
Jolly Jim Markets 2420 Santa Fe Ave. Long Beach	Purchased by Shoprite. Has been closed for alterations for some time.
The Buss Boys 3922 Anaheim, Long Beach	Sold, but could not clear escrow. Store now occupied by The City Carpet Co.
The Buss Boys 2444 E. 4th St., Long Beach	Now being operated as Bradley's Market.
Carl's Ranch Market 1500 W. 6th St., Los Angeles	Still operating.
Sunfair Market, 7822 E. Garvey Blvd., So. San Gabriel	Now a Shopper's Market.
La Salle Market 2093 W. Washington Blvd. Los Angeles	1900 W. Washington Blvd. is correct address for this market. Closed by Santa Monica Freeway. Listed on Table A three times.
McCoy's Market, 5425 Long Beach Blvd., Long Beach	This was a Safeway Market about a year ago. Now McCoy's Market.

Name & Address	Comments
Yor Neighbors Market 5519 Cherry Ave. Long Beach	Sold to a new owner and now being operated as Wright's Market.
Chatsworth Market 10249 Topanga Canyon Blvd. Chatsworth	This market was purchased by Mr. Horace Lyons. Market was successful operation but the location was more valuable as a service station. Gas station erected there in June 1962.
Chatsworth Market 21213 Devonshire St. Chatsworth	Market still operating. Store very small.
Pennywise Market 427 So. Holt El Monte	Closed 1961 account disagreement between partners. Opened 1962 by Larry Drum under name of Key Fair.
Farmer Boys 203 No. Harbor Ave. Los Angeles	This address is actually San Pedro, not Los Angeles. Market changed hands. Now operated as San Pedro Farms.
Bradbury Grocery Los Angeles County	This store on North Garfield in Monterey Park. Now open as Dennis Market.
Tobias Tuchmayer & Alex Schwartz, 2112 So. La Brea Ave., Los Angeles	Liquor store now in operation at this address.
Story & Miller Co. 18121 Saticoy St. Los Angeles	Market sold to Mr. Bob Harrison, but was repossessed by original owners. Now being operated by one of the owners, Lou Miller.
Sureway Markets 2461 W. Washington Blvd. Los Angeles	Closed account Santa Monica Freeway. Auction House now occupies premises.

Table "B"

Names and Addresses of Independent Grocery Stores in the Los Angeles Metropolitan Area Listed by the Board of Equalization as Having Opened in 1960 and Closed by November 15, 1961, in Los Angeles and Orange Counties.

Name & Address	Comments
Hollywood Food Town, Inc. 6630-34 Hollywood Blvd. Los Angeles	Money stolen by partner. Had to close. Reopened 7/11/62 as Hollywood Food Town.
Beef's Chuck 4926-30 Hollywood Blvd. Los Angeles	Still doing business in same place, but has changed hands. This is a restaurant.
Blue Goose, 1528 Sunset Blvd., Los Angeles	Still in business.
Hernandez Grocery 1529 W. 11th St., Los Angeles	Store closed 1 year ago, due to death in family.
Petri's Market 5422 Alhambra Ave. Los Angeles	Still in operation but under new owner. Also listed on Table A.
Mr. Solomon Chasin 2116 Brooklyn Ave. Los Angeles	Now called Chicago Creamery, but looks like it does very little business. Also listed as Chicago Creamery on Table A.
Food Spot Market 9315 So. Avalon Blvd. Los Angeles	Change of ownership to John & Mona Soo Hoo who took over from former owner about 6/19/61. Former owner forced to quit because of heart trouble.
Mr. Bartolome Merced 10956 So. Main St. Los Angeles	Was occupied by Rosario Market, who went broke 3/1/62. This location is 1 block from new ABC. Now occupied by a carpet and drape shop.

Name & Address	Comments
Ernest Newson 5043 So. Normandie Los Angeles	This store was never closed. Now operating under name of Quality Market #2.
Lee's Grocery Store 4070 So. San Pedro St. Los Angeles	Closed February 1962 due to lack of operating capital and lack of business. Thrifty Employment Agency now occupies this location. Also listed on Table A.
Bestway Market 120 So. Eucalyptus St. Inglewood	Closed due to fire. This location is an ex-Safeway store. Building partially destroyed now. Also listed on Table A twice.
Leonard Cohen 823 Garnet St. Redondo Beach	Still in operation as Bob's Market.
Tenerelli's Italian Food Market 308 Avenue I Redondo Beach	Still in operation.
Snappy Food Mart 4172 W. Imperial Hwy Inglewood	This store still operating at this location. Does a very good business.
Simmons Market 101 So. Broadway, Redondo Beach	Still in operation as Martinez Market.
Dave's Market 4610 So. Avalon Los Angeles	Was Dave's about 6 years ago. Last time it was in operation went by the name of Young's Market which closed December 1961. Building vacant.
Tony's Market 1619 Burbank Blvd. Burbank	Freeway caused removal of homes. Poor market location. Inadequate parking. Bldg. closed and for lease. Also listed on Table A, once as Tony's, once as Cox's.

Name & Address	Comments
Grant & Son (Mr. Robert Grant) 13069 Van Nuys Blvd. Pacoima	Freeways in area removed most traffic from streets. Store too small and no merchandise. Closed. Building now a 2nd hand store and pawn shop.
Mr. Harry Woods 11940 Ventura Blvd. Studio City	Correct address is 12043 Ventura Blvd. Closed about 5 years ago. Market unable to grow because of poor location. Freeway took most traffic off Ventura Blvd. Bicycle shop in location now.
Speedee Mart 208 Beverly Blvd. Montebello	Closed 1961. Court case still pending. 2 different ownerships. Now empty. Listed twice on this table and once on Table A.
Mr. Anthony Valdez 373 W. Compton Blvd. Compton	This market still in operation under new owners as meat market and grocery store.
Hastings' Market 6836 E. Motz, Paramount	Closed about December 1960. Has never been reopened.
Speedee Mart #304 4520 E. Alondra Blvd. Compton	Still operating under new management. Also listed on Table A.
Mac's Market 5559 So. Atlantic Blvd. Maywood	Still operating as Mac's Market.
Arnold's Market 1900 E. 19th St., Compton	This market was closed for a short time and then reopened as Frisco's Market.
Speedee Mart #305 12142 Downey Ave., Downey	Still open and operating at this address. Doing well.
Speedee Mart #301 209 E. Beverly Blvd. Montebello	Closed 1960 account poor business. Building now for lease. Also listed on Table A and again on this table.

Name & Address	Comments
Bull's Market 1545 Wilmington Blvd. Wilmington	Now Miller's Market and still operating.
Elm Haven Market 18630 So. Figueroa Gardena	This market now operating; owner Israel Shahon. Listed 4 times. Twice on Table A as Elm Haven and again on this table as Wallenfand & De Vaun.
Ideal Pork Shop 655 Pine Ave., Long Beach	Lost store because of divorce. Now occupied by Lamp Co. Also listed on Table A.
Little Farmers Market 640 E. Carson St. Torrance	Not a grocery store but a produce stand. San Diego Freeway took it out of business. Also listed on Table A.
Mr. Ralph M. White 3961 W. 174th St. Torrance	Speedee Mart operated this store until about July 1, 1962. Building now empty and for lease.
Parkwood Market 17101 Woodruff Ave. Bellflower	Very small operation. Poor location. Reopened by Mr. Lee as Lee's Market, but he also had to close.
Mr. James E. Gunn 747 W. Willow St. Long Beach	James Gunn is now manager of McCoy's Market, Lynwood. He walked out of market at this location, which was known as Speedee Mart #307 account of loss.
Mr. Edward M. Smith 5115 E. Willow St., Long Beach	First owner of this market. Now open as Speedee Mart #302.

Name & Address	Comments
Norman Wallenfand & Robert De Vaun, 18630 So. Figueroa Gardena	These men operated this market as the Elm Haven Mkt. two years ago. They closed without notice, leaving several bills. Market now open and operated by Israel A. Shahan as Elm Haven Mkt. Listed twice on Table A and once on this table as Elm Haven.
Food Market Company 12816 So. Van Ness Ave. Gardena	This market still open and now called Holly Foods Market.
Handy Market 303 Pasadena Ave. So. Pasadena	Still in operation.
Mr. Finis C. Myers 303 No. First Ave. Arcadia	Market now in operation by Mr. Sakatone. Has had 2 operators since Mr. Myers sold.
R & J Market 2545 Rosemead So. El Monte	Has been closed for approximately 3 years. Bad location for small market. Also listed on Table B.
Vern-O-Kay Grocette 58 E. Holly St. Pasadena	Closed. This store hemmed in by commercial and there was no residential trade to draw from. Also listed on Table B.
Mr. Anthony G. Donato 20 W. Valley Blvd. Alhambra	Closed for 2 years. Was small confectionery. Still empty.
The Viking Shop 1610 Montana Ave. Santa Monica	This was at one time a liquor store, never a grocery store. The liquor store moved to a better location. Building presently occupied by the Montana Florists.

Name & Address	Comments
Mr. James I. Yamamoto Sr. 1800 Sawtelle Blvd. Los Angeles	Sold to Lucky Market. Now operating.
Charles & Irene Uller 7461 La Palma Buena Park	This is a Speedee Mart operation and still open.
Mr. John T. Maxwell 1310 Nicholas St., Fullerton	This is a Speedee Mart and doing well.
Carl & Mary K. J. Ellin 12562 Garden Grove Blvd. Garden Grove	This is a Speedee Mart operation, open now with new people.
Mr. Rayford L. Jones 10541 Bolsa Ave. Garden Grove	Now a Speedee Mart operation. Still open under new people.
John & Sarah Stevens 801 So. Euclid Anaheim	Speedee Mart operation. Open and operating under new people.
Jack H. Roop 2437 Ball Road, Anaheim	Speedee Mart operation. Operating under new people.
Kenneth Roundy 536 So. La Brea Blvd. Brea	Was opened as one of the Speedee Mart franchise chain. Had 2 operators but had to close because of poor business. Building now occupied by beer parlor.
In and Out Market 4622 W. Bolsa Ave. Santa Ana	This market presently being operated as J & M Market.

In addition to the foregoing, I would like to make some further remarks concerning the retail grocery business in Los Angeles. I have been intimately familiar with that business for the past 35 years. I have seen grocery concerns fail, and I have seen others succeed. I have personally witnessed the changes in grocery retailing which have occurred during those years.

Twenty or thirty years ago, the grocery business was conducted almost exclusively from small stores. In most cases, the grocery concession was run by one man, the meat concession by another, the produce concession by a third,

and so on. After World War II, however, an innovation in food retailing hit Los Angeles—the supermarket. These stores were much larger and newer than the small corner grocery store. They often times were able to serve as many people as two or three of the older, smaller type stores, and they became immensely popular. Since the War, almost all of the new stores built have been of the supermarket variety. Small stores have been closed to make way for new supermarkets. Because of their larger size, a few supermarkets may adequately serve a community previously served by a number of smaller stores. Safeway, for example, has had a program under way for some time now designed to eliminate its smaller stores and replace them with fewer, but larger supermarkets (see, for example, Table A, *supra*).

I have been advised by Von's attorneys that other statistics developed by the Board of Equalization show a decline in the number of stores being operated in Los Angeles and Orange Counties since 1948. It may be that there are fewer stores today than in 1948 (although I have my doubts concerning the accuracy of the Board of Equalization's figures in view of our findings as set forth above). I am also sure that this decline, if it exists, is attributable in large measure to the popularity of the supermarket.

There have been other changes in grocery retailing over the years. For example, it used to be that the small corner grocery store had to meet only the competition posed by other small corner grocery stores within a radius of a few blocks. Most of the grocer's customers could walk to his store from their homes. This is not so today. First of all, people are more mobile. They travel in automobiles to do their shopping. They will go further to shop than before. They want to go to a store which provides such advantages as adequate parking facilities. Thus, today, any grocer must meet the competition posed by stores as far as 2 miles from his, and he must meet that competition on all levels, not only in terms of the quality and price of his products, but also in terms of convenience, accessibility and the other intangible inducements which are demanded by the public.

Moreover, today's groceryman must deal with competition from outlets which did not concern him at all 20 years ago. Today, grocery products are sold in discount houses,

drug stores and liquor stores. For example, it has been Langendorf's experience that in recent years, we have sold more bread through certain large liquor stores than we have in some supermarkets.

Therefore, it is obvious to me that grocery retailing is much more complex and many-sided than ever before. Competition is and always has been vigorous. It is becoming more so as the passage of time brings change, not only in the geographic area of competition faced by any store, but in the form, content and character of competition as well. There may be fewer stores today than in the past, but I seriously doubt that any retailer could say that he faces less competition today than in former years.

It is equally obvious to me that in a business as competitive as grocery retailing, a grocer to succeed must perceive and adapt to these changes which occur in competition. If he does not, he will fail. In order to succeed, he must be experienced and able, and he must move forward with the times in order to take full advantage of his opportunities. However, the grocery business has not always attracted only experienced and able men. Many find it easy to open up a small store since there are few businesses today which require a lesser initial capital outlay. But those who do open a store are not always sufficiently equipped to meet the demands of competition. Hence, business failure is not uncommon. It has taken its toll not only in the case of small chains and single stores but in the case of comparatively large chains as well.

I do not believe that these instances of failure can be attributed to any competitive advantage held by larger chains over smaller concerns. Anyone who reached a contrary conclusion would, in my opinion, have to overlook the plain fact that there are today and always have been successful grocers with one, two or three stores. Many of today's chains had their beginnings with one store. Examples are Von's, Shopping Bag, Market Basket, Shoppers, Pantry, Michaels, and many others. Other grocers have made good money with one or two stores and have not chosen to expand. They compete quite successfully with chain stores in the communities where their outlets are located. These people were not just lucky, any more than those who have failed were just unlucky. The grocers who

have succeeded did so because of hard work, careful planning, ability and experience. The fact that they were and are successful is proof of the ability of smaller concerns to compete with larger chains. I know it can be done because I have seen it done so often.

Under these circumstances, I certainly cannot foresee that this market will become dominated by a few large chains. On the contrary, I believe competition will become more vigorous and less concentrated. Certainly, I do not see how the merger of Von's and Shopping Bag could in any way lessen competitive vigor or lead to domination of the grocery business by large concerns.

Edward F. Pasini.

Subscribed and sworn to before me, this 18th day of December, 1962.

Georgia V. McLeod, Notary Public in and for said County and State, [Seal.]

My Commission Expires September 21, 1964.

AFFIDAVIT OF CAMPBELL STEWART

STATE OF CALIFORNIA,
County of Los Angeles, ss:

CAMPBELL STEWART, being first duly sworn, does hereby depose and state as follows:

From 1927 until 1945, I operated retail grocery stores in various locations in Los Angeles County. Also, for a number of years prior to 1945, I served on the Board of Directors of Certified Grocers of California, Ltd. In 1945, I was elected General Manager and Vice President of Certified, and in 1955, I became that organization's President, a position I held until my retirement in 1961. Since that time, I have been retained as a consultant by Certified and have devoted a good portion of my time to that organization's business affairs.

Certified had its beginning in 1922 when 15 grocery retailers, who operated one or two stores each in Los Angeles,

met at the Hotel Green in Pasadena. The problem they faced was this—they could not effectively compete against many of the chains then doing business in Los Angeles because those chains could purchase groceries directly from suppliers in large quantities, while the small retailer had to purchase his groceries at higher prices from independent wholesalers. As a result, chain store retail prices were sometimes lower than the prices for which a small retailer could purchase groceries from his wholesaler.

These small retailers decided to try something new. They agreed to pool their resources in order to buy jointly through one common headquarters warehouse. They were thus able to purchase directly from manufacturers and other original sources of supply in sufficiently large quantities, so that they could obtain quantity discounts. In addition, a central warehouse would permit reduction of operating costs.

This was the beginning of cooperative buying in the Los Angeles area. The experiment proved to be successful, and in 1924, Certified Grocers of California, Ltd. was incorporated. All of the stock in that corporation has been and is held by retailers who purchase from Certified, and Certified sells only to its retailer-owners (called members).

Today, Certified is the largest retailer-owned food wholesaler in the United States. Its membership consists of 873 retail grocery concerns operating approximately 1,557 retail stores. In addition, Certified's wholly owned subsidiary, Spartan Grocers (also a retailer-owned cooperative), has 1,200 members who operate 1,255 stores. Most of the members of these cooperatives do business in Los Angeles and Orange Counties, although Certified also serves some members in other parts of the Southern California trading area and in parts of Arizona, Nevada and elsewhere. The members of Certified and Spartan do a retail business estimated at $1.9 billion a year. According to the Federal Trade Commission, in 1958, Certified's member sales were greater than those of any grocery chain in America, with the exception of A & P, Safeway and Kroger Co.

Here are some additional facts about Certified:

1. Certified sells more than 13,000 items to its members, consisting of dry groceries, frozen foods, delicatessen prod-

ucts and certain non-food products such as health and beauty aids, housewares and appliances. Our members usually can purchase these products at the lowest possible price and as cheaply as any chain. As evidence of this fact, Certified is now supplying many of the area's discount food outlets—establishments which exist because they believe they can undersell the chains. Additionally, several chains who presumably could operate their own warehouses find it more advantageous to buy from Certified.

2. Certified has its main offices and warehouse at 2601 South Eastern Avenue, Los Angeles, on a 30 acre site. The warehouse at that location has 535,280 square feet of storage space, and in addition, Certified owns and operates another warehouse in the San Fernando Valley, which is approximately half as large as the main warehouse on Eastern Avenue. In addition, Certified has a coffee processing plant, a bean packaging plant and a frozen food warehouse. Certified's transportation fleet, which has approximately 340 tractors and trailers, travels more than 2½ million miles a year delivering merchandise to Certified's member stores.

3. While Certified deals primarily in branded items, it also has certain products available under its own private label—Springfield.

4. Certified has been a pioneer in the distribution of many new food items including frozen foods. Certified was instrumental in developing an economical method of distribution that helped cut frozen food handling costs to a point where any merchant could afford to carry this now important type of merchandise.

5. Certified employs seven trained men on a full-time basis who travel more than 10,000 miles a year to assist Certified's members in any way possible with grand openings, special promotions, store layouts, new store site selection, advertising and accounting problems. In addition, Certified's advertising department keeps members advised of advertising and promotional allowances offered by suppliers to Certified and its members. In addition, the advertising department is always available to assist members with advertising mats and layouts or display materials.

I am convinced that Certified has done far more than

just allow independent grocers to stay in business. On the contrary, Certified has contributed significantly to making independents in the Los Angeles metropolitan area potent competitive factors having most of the advantages which flow from size without sacrificing the advantages which come from the independent operation of a small business. As members of Certified, the independent can usually buy as cheaply as a chain, and he can receive assistance in merchandising, advertising and promotional techniques which would otherwise not be available to him. As a small merchant, he can control costs more closely than can the chain, he can become an active member of his community and give his customers the personal touch which wins so many of them away from the chain store. He can move more quickly to meet local competition or take advantage of local conditions, while the nearby chain store must often await orders from its central headquarters.

In proof of my opinion in this respect, I need only to point to the success of many able and aggressive independents. There are countless independents who day after day compete successfully and in many cases out-compete their chain rivals. Year after year, I see independents increase their business and build new stores. Most of the leading chains in Los Angeles began as independents with only one store and a Certified membership. Von's and Shopping Bag are two good examples of the success story of Certified independents who started with one store and grew from there.

Naturally, I also recognize that some independents have failed. So have some chains. The failure of a few is inevitable in any business where margins are as thin and competition as keen as in the retail grocery business in Los Angeles. But these failures should not be over-emphasized. It is my belief that failure is the exception and success the rule. I base this belief on my own observations and on this undeniable fact—Certified could not have grown and succeeded as it has unless its members, its only source of business, had likewise grown and succeeded. The record in this respect is clear. In 1948, Certified's wholesale sales reached a then all-time high of $87 million. By 1954, wholesale sales had increased to $198 million a year. By 1958, annual sales had reached $339 million, and by 1962, they

were $345 million. This represents an increase of nearly 400% in 14 years.

Obviously, I am directly concerned with any development in food retailing which affects small grocery retailers, since they always have been and still are the primary source of Certified's business. If small concerns are hurt, so is Certified. If they are placed at a competitive disadvantage, Certified would be adversely affected. It is with this thought in mind that I have considered the effect of the Von's-Shopping Bag merger. In my opinion, that merger has not and will not lessen the keen and intense competition which characterizes the Los Angeles grocery business. It will not lead to dominance of the market by one or more chains, and it will not adversely affect the independent's competitive opportunities. In my opinion, the individual store operator is in an excellent position to make a success of food retailing, and there is no question in my mind whatever that the able and aggressive independent can continue to prosper. The merger of Von's and Shopping Bag cannot affect that prospect, in my judgment. So far as I can see, an independent would have no greater difficulty competing with a nearby Von's or Shopping Bag store now than it had competing with that same store prior to the merger.

A charge that this merger may substantially lessen competition or tend to create a monopoly is, in my opinion, wholly refuted by even a casual glance at the past history of food retailing in Los Angeles, and with the continued existence of Certified and Spartan, I am confident that independents and small chains will continue to grow and prosper and that the Los Angeles grocery business will not be dominated by a few large concerns.

Campbell Stewart

Subscribed and Sworn to before me, this 20th day of December, 1962.

C. Maxine Gwaltney, Notary Public in and for said County and State, [Seal.]

My Commission Expires Oct. 8, 1966.

SUPPLEMENTAL AFFIDAVIT OF THOMAS H. LINDEN, SR.

STATE OF CALIFORNIA,
County of Los Angeles, ss:

THOMAS H. LINDEN, SR., being duly sworn, does hereby depose and state as follows:

On January 5, 1962, I signed an affidavit in the above action in my capacity as President of Marketing Services Corporation. The following is a supplement thereto:

The price book published by Marketing Services Corporation reflects prices on approximately 3000 grocery products. The average supermarket carries approximately 7000 products.

Information set forth in the price book is determined by checking shelf prices at one of the stores operated by each of the chains whose prices are listed in the book. Such checks are made approximately once each week.

The price book is a useful guide to those interested in the range of prices being charged by various chains, but it does not purport to nor can it reflect actual prices being charged by the chains surveyed on all items at any given point in time for the following reasons:

(1) Prices change almost daily in the grocery business in Los Angeles and no survey can hope to record every change made;

(2) Not all prices of all chains are checked on the same day. For example, we may check Ralphs' prices on Tuesday and Safeway's prices on Thursday. Assume that both chains were selling a particular item for the same price on Tuesday. On Wednesday, each reduced its price on that item by one cent and again were selling the item at the same but a lower price. Our survey and price book, however, would show Ralphs' Tuesday price and Safeway's Thursday price and would hence show a price variation between the two of one cent, though, in fact, both chains were selling the item in question at the same price;

(3) The prices listed in our price book are retained from week to week without change unless a change is

found and noted by one of our checkers. Such changes are not always found because:

(a) When an item does not appear on the shelves of the store checked, it is not known whether the item has been discontinued or the store has merely sold all its existing supply;

(b) Our survey reflects only ordinary shelf prices and does not purport to record prices on items which are "on special" or as to which there is a temporary price reduction for any other reason. It is not always possible, however, to distinguish between "specials" and actual reductions in shelf price; and

(c) In checking 15,000 items a week, there are bound to be some errors made.

(4) There is necessarily a time lag of from four to seven days or in some cases longer between the day on which any given price change is made and the day on which our subscribers learn of the change. It takes at least that long for our checker to learn of the change, for the change to be made in the price book, and for the book to be printed, mailed and received.

Marketing Services Corporation's principal competitor is a firm which publishes a price book known as Grocer's Weekly Guide. To my knowledge, that price book—which has been published for at least the past seven years—has never reported Shopping Bag's prices. It has listed the prices of a number of other chains in the Los Angeles area.

In addition to the foregoing, I have the following observations to make based upon my 30 years' experience in the retail grocery business in Los Angeles:

(1) Price is not the most important factor in competition. Of equal importance is convenience, courtesy, the availability of near-by parking, shelf display, store layout, variety of products sold, advertising, quality of products, length of check out lines, general store atmosphere, special services and the like;

(2) By far the most important and influential factor in the determination of grocery store prices in the Los Angeles area at the present time is the emergence,

growth and activity of discount houses which sell food. All recent price reductions on grocery items can be attributed to mounting concern on the part of grocery retailers over the necessity to meet or at least approach discount house prices;

(3) The price book published by Marketing Services Corporation is sold primarily to retailers who operate one, two or three stores—the so-called independents. My experience with independent grocers is that they can and do compete effectively and profitably against the larger chains. Chains have advantages in some ways over independents, but by the same token independents have some advantages over chains. Often, the independents' costs of operation are lower. They can more easily adapt to local competitive conditions. They can act quickly where the chain store must await orders from the home office. They can render more courteous, friendly and efficient service. By reason of affiliation with cooperatives such as Certified Grocers, they can buy groceries as cheaply as the chains and can profitably sell them for the same prices as charged by the chains. Naturally, some independents do not do well. Some fail. But, usually, those who fail are inefficient or inexperienced. Too many independents have prospered to conclude that independents are at a competitive disadvantage; and

(4) The merger of Von's and Shopping Bag has not lessened competition in the retail sale of groceries in Los Angeles. Competition was intense and vigorous before the merger; it continues to be. I have noticed no change in competition as a result of the merger, nor do I know of any independent or chain which has suffered because of it.

Thomas H. Linden, Sr.

Subscribed and sworn to before me this 5th day of Febr., 1962.

Robert G. Powell, Notary Public in and for said County and State, [Seal.]

My Commission Expires August 1, 1965.

Affidavit of M. W. Engleman

State of California,
County of Los Angeles, ss:

M. W. Engleman, being first duly sworn, does hereby depose and state as follows:

I am the manager of the Adjustment Bureau of the Credit Managers Association of Southern California, a concern engaged in the business of representing creditors in connection with bankruptcies, assignments for benefit of creditors and otherwise. I am also a member of the California Bar.

On March 17, 1961, Yor-Way Markets, Inc. and its wholly owned subsidiary, C. S. Smith Metropolitan Markets, Inc., executed a general assignment for benefit of creditors to me as assignee. Thereafter, and until December 6, 1962, I was personally engaged, along with other representatives of the Credit Managers Association, in winding up the affairs of Yor-Way and C. S. Smith Metropolitan Markets. Our duties included negotiating for the sale of the assignors' markets, or if a sale of the market was not possible, a sale of the merchandise and fixtures contained therein. The Credit Managers Association also operated those markets until a satisfactory sale could be made or the decision was made to close them.

At the time of the assignment for benefit of creditors, Yor-Way was operating 12 stores and C. S. Smith was operating 5 stores, all of which were located in Los Angeles and Orange Counties. Both companies were under a single management.

The records of the Credit Managers Association show that the following 9 Yor-Way or C. S. Smith stores were sold as going concerns by the Association to the following named persons or firms on the following dates:

Store Address	Purchaser	Date of Purchaser
9434 Venice Blvd., Los Angeles	Balian's Markets, Inc.	4/26/61
2990 Santa Fe, Long Beach	Myer Wolfson	5/16/61
101 Azusa Avenue, Azusa	Fry Bros.	4/26/61
1803 Huntington Dr., Duarte	Morris L. Goren	3/31/61
5311 Santa Monica Blvd., Los Angeles	Supreme Foods Co.	3/30/61
290 Harbor Dr., Redondo Beach	Mayfaur Markets	4/12/61
10237 Rosecrans, Bellflower	Your Market	4/25/61
401 S. Alameda, Compton	Mednick Bros.	4/18/61
1451 W. Washington, Los Angeles	Myer Stepnick	5/ 4/61

The remaining 8 Yor-Way and C. S. Smith stores were closed after the assignments for benefit of creditors, and the merchandise, fixtures and other assets therein disposed of in liquidation sales.

In March, 1961, Fox Markets filed a Chapter XI petition in bankruptcy. A substantial number of Fox's creditors filed their proofs of claim through the Credit Managers Association. I know from my own personal knowledge that Fox's receiver in bankruptcy has sold a number of Fox's markets to other grocery concerns.

The Credit Managers Association in August, 1961, was also the assignee for benefit of creditors of McDaniels Markets. Prior to the assignment, McDaniels had sold a number of its stores to other grocery concerns, and at the time of the assignment, it was operating 10 grocery stores in Los Angeles, Orange and San Bernardino Counties. Nine of these stores were sold to Food Giant. The remaining store was closed and its inventory and fixtures sold.

In the course of my duties on behalf of the creditors of the chains mentioned above, I have learned a good deal about their operations and the reasons for their failure. Based upon this information and my own experience, I am of the view that over-expansion, under-capitalization, the selection of poor locations at high rentals and, in some instances, inadequate managerial and fiscal controls, led to the Yor-Way, C. S. Smith, Fox and McDaniel's failures. In my opinion, the merger of Von's and Shopping Bag in no way contributed to or had anything at all to do with the failure of those concerns.

M. W. Engleman.

Subscribed and sworn to before me, this 14th day of February, 1963.

Edward P. Renzi, Notary Public in and for said County and State, [Seal.]

My Commission Expires July 20, 1966.

Affidavit of Clive W. Johnson

State of California,
County of Los Angeles, ss:

Clive W. Johnson, being first duly sworn, does hereby depose and state as follows:

I am an attorney for Mayfair Markets, a chain of retail grocery stores located in California, Oregon, Utah, Idaho, Arizona and Nevada. I am also a member of the Board of Directors of Mayfair Markets.

I have been advised that Government counsel in *United States of America* versus *Von's Grocery Co.* have procured the affidavit of Dr. Willard F. Mueller, who has compiled a list of acquisitions of stores made by 9 retail grocery chains in the Los Angeles Metropolitan area between 1948 and 1958. Among them is Mayfair which, according to Dr. Mueller, acquired 18 stores in that period. Apparently, this evidence will be offered in an attempt to show an increase in concentration in grocery retailing in Los Angeles and Orange Counties.

In so far as Mayfair is concerned, Dr. Mueller's statistics show an incomplete picture. While Mayfair acquired 18 stores between 1948 and 1958, it sold 35 stores in Los Angeles and Orange Counties to other concerns during the same period of time, leaving a net loss from acquisitions and sales of 17 stores. Moreover, from 1959 to 1962, Mayfair sold an additional 11 markets, meaning that from 1948 to 1962, Mayfair sold a total of 46 stores to other concerns. The following table lists those 46 stores by county and shows their addresses, the Mayfair number each such store was assigned, and the year in which each was sold.

Los Angeles County—Total 36

Address	Mayfair No.	Year of Sale
92nd St. & Western Ave., Los Angeles	34	1948
11919 S. Central Ave., Los Angeles	35	1948
3138–48 W. Pico Blvd., Los Angeles	38	1948
1900 W. Washington Blvd., Los Angeles	39	1948
1712 W. Temple St., Los Angeles	40	1948
156th St. & Crenshaw, Gardena	46	1948
5820 Bellflower Blvd., Bellflower	48	1948
12010 S. Garfield, South Gate	49	1948

Address	Mayfair No.	Year of Sale
Third St. & Fairfax, Los Angeles	8	1949
211 10th St., Lancaster	29	1949
409–17 Valley Blvd., Alhambra	41	1949
7 W. Huntington Dr., Arcadia	45	1949
100 N. Garfield, Alhambra	60	1949
1830 So. San Gabriel Blvd., San Gabriel	61	1949
12210 Venice Blvd., Mar Vista	64	1949
140 W. Foothill Blvd., Monrovia	69	1949
Hollywood Way & Verdugo, Burbank	81	1949
2207 W. Florence Ave., Los Angeles	4	1951
317 S. Broadway, Los Angeles	6	1952
6422 N. Sepulveda, Van Nuys	68	1952
2990 Santa Fe Ave., Long Beach	47	1953
9434 Venice Blvd., Culver City	66	1953
130 N. Glendale Blvd., Glendale	67	1953
4411 W. Slauson, Los Angeles	7	1954
18623 Ventura Blvd., Tarzana	28	1954
5767 White Oak Ave., Encino	2	1956
520 W. Willow, Long Beach	12	1956
1320 San Fernando Rd., San Fernando	48	1956
4831 Whittier Blvd., Los Angeles	1	1957
10147 San Fernando Rd., Pacoima	36	1957
8725 W. Broadway, Los Angeles	5	1959
2225 W. Whittier Blvd., Whittier	57	1959
18345 Van Owen St., Reseda	22	1960
2309 E. Pacific Coast Hwy., Signal Hill	58	1961
4700 Los Coyotes Diagonal, Long Beach	5	1962
11758 E. South St., Artesia	53	1962
Orange County—Total 10		
520 N. Spadra, Fullerton	33	1948
240 S. Coast Blvd., Laguna Beach	14	1949
1919 S. Main St., Santa Ana	37	1950
134 W. Commonwealth, Fullerton	56	1957
906 E. Center, Anaheim	73	1958
1812 S. Main St., Santa Ana	27	1961
2030 W. First St., Santa Ana	50	1961
10700 E. Garden Grove, Garden Grove	51	1961
330 S. Main St., Orange	59	1962
6672 Westminister, Westminister	75	1962

Clive W. Johnson.

Subscribed and sworn to before me, this 18th day of January, 1963.

Ethel Ringe, Notary Public in and for said County and State, [Seal.]

My Commission Expires February 13, 1963.

AFFIDAVIT OF HOWARD KRUGER

STATE OF ARIZONA,
County of Maricopa, ss:

HOWARD KRUGER, being first duly sworn, does hereby depose and state as follows:

From 1946 to October, 1962, when I retired due to poor health, I was employed by the Kroger Co., the nation's third largest retail grocery chain. My duties for Kroger up to 1961 centered around problems and research in grocery merchandising. I have been called upon many times by Kroger Co. to analyze the performance of retail stores and to evaluate the competition faced by various stores.

In August, 1957, I was assigned the task of making a survey and report concerning three grocery chains in Los Angeles. Kroger was then considering acquiring one of them, if possible, in order to enter the Los Angeles market. Those three chains were Von's, Shopping Bag and Alexander's. Together with Harris Lawless, of Kroger's property division, I conducted interviews of a number of persons who were acquainted with the retail grocery business in Los Angeles and obtained statistical data from various sources, including newspapers.

Then Mr. Lawless and I visited the stores of the three chains being studied. We went inside each store to gain an impression of its size, age, sales layout and the like. We then traveled by automobile around the vicinity of each store to observe stores of competitors in the area. In some instances, we went inside competing stores to look at them.

I wrote a report to my supervisors setting forth my observations and the facts I had learned during this survey. A copy of that report is Exhibit AF.

My conclusions, based upon this survey, include the following:

1. There was very little, if any, competition between Von's and Shopping Bag in 1957 when my survey was conducted.

2. The only area in which I found any indication of competition between the two concerns was Whittier. However,

competitive stores in the same area were being operated by Alpha Beta and Market Basket.

3. In most of the areas I visited, I found that the stores of Von's and Shopping Bag faced competition from nearby stores operated by other chains and independents.

4. It was quite obvious that competition in the Los Angeles metropolitan area was intense and vigorous, and that no chain or group of chains dominated the market.

Howard Kruger.

Subscribed and sworn to before me this 31st day of October, 1962.

Marian Denney, Notary Public in and for said County and State, [Seal.]

My Commission Expires Dec. 29, 1964.

AFFIDAVIT OF FRANKLIN L. MILLER

STATE OF CALIFORNIA,
County of San Francisco, ss:

FRANKLIN L. MILLER, being first duly sworn, does hereby depose and state as follows:

I am a marketing consultant to the food industry. Prior to 1932, I was a food salesman and later Branch Manager of the Saturday Evening Post in New York. In 1931, I was employed as the Manager of the American Weekly in Cleveland and later became that magazine's Western Manager. In these various capacities, I devoted considerable time to problems of marketing and merchandising in the food industry, in part because that industry was always a major source of advertising revenue.

In 1945, I began making frequent reports dealing with a wide range of problems to approximately 74 retail food chains and independent groups as well as to many manufacturers of items distributed through food chains. I have also been retained by innumerable chains and independents

to study particular areas in which they have problems or which they are considering entering.

I have also been retained for various purposes by the National Association of Food Chains, the Association of National Advertisers and other groups.

In March and April, 1961, I conducted a survey of competition in the retail grocery business in the Los Angeles metropolitan area at the request of attorneys for Von's Grocery Co. In this connection, I visited and surveyed several communities in the area. The purpose of this affidavit is to set forth my findings.

Garden Grove-Anaheim Area

I was told that one of the areas in which Von's and Shopping Bag had stores relatively close to each other was in the Garden Grove-Anaheim area. I was frankly astonished at what I found there. Within a few square miles of the Von's and Shopping Bag stores were 26 supermarkets, three corner grocery stores and three discount houses with food departments. In addition to the Von's and Shopping Bag stores, there were 4 Safeway stores, 3 Alpha Betas, 2 Mayfairs and 2 U-Totems. Also represented in the area were Ralph's, Minit Mart, Speedee Mart, Food Giant, Thriftimart, Greater All-American, Market Basket and Cole's. At least 5 independents were also operating. Large discount houses such as Gemco, Fedco and CMA were selling groceries in the area.

The Reseda Area

In Reseda, I found a Von's at 18247 Sherman Way and a Shopping Bag at 19333 Victory Boulevard. I also found 21 competing supermarkets in a three mile radius of the Von's and Shopping Bag stores.

I stood in the parking lot of the Shopping Bag store and observed 152 cars leave the lot. 149 of them turned out of the lot in a southerly or westerly direction, or in other words, *away* from the Von's store. It is reasonable to assume that most of these customers left the lot to go home, and it is therefore permissible to conclude that Shopping Bag drew most of its customers from an area distant from

the Von's store and not from an area between the two stores. A similar observation was made in Von's parking lot—most of its customers turned to the north or east, *away* from the Shopping Bag store. It would therefore appear that the Von's and Shopping Bag stores in Reseda do not draw their customers from the same areas. One of the principal reasons for this is, undoubtedly, that the Los Angeles River and Wilbur Wash run just north of the Shopping Bag store. They form a partial barrier to traffic between the two stores.

The Monterey Park Area

The Von's and Shopping Bag stores in Monterey Park are about 2½ miles from each other. They are separated by Coyote Pass and the Garvey Reservoir. Only two streets, Atlantic Boulevard and Garfield Avenue, run between the two stores. In view of the distance and lack of access between them, one would not expect to find these stores competing for the same customers.

This conclusion is reinforced when consideration is given to the competition posed by other concerns in this area. The Von's store is completely surrounded by stores operated by A & P, McDaniel's, Safeway, Food Giant, Thriftimart, Market Basket and McKeon. The Shopping Bag store is surrounded by two circles of competition, one close by and one farther out. These stores are operated by Alpha Beta, Gateway, Shopper's, Crawford's, Sunfair, Boy's, Market Basket, Safeway, Ralph's, El Rancho and Star Market.

With this battery of competition, it is exceedingly doubtful that the Von's and Shopping Bag stores had customers in common or that the merger would in any way affect the intensity of competition in this area.

The Downey Area

In this area, I found a Von's about 2½ miles from a Shopping Bag. In this same area, competition was offered by Ralph's, All American, Boy's, Dixie Market, Don's Market, Alpha Beta and Shoppers. Again, it is difficult to see how the merger could lessen competition under these circumstances.

The Whittier Area

Whittier is an area which appears to me to have more stores than the population could support. Yet, there they are. For example, there are three huge supermarkets at one intersection, a Safeway, a Food Giant and a King Cole. Also represented in the area are Town & Country, Mayfair, Gateway, Jim's, Fox, Thriftimart, Serv-Mart, A & P, and Alpha Beta. These stores are apparently engaged in a savage battle for customers, for I observed that many different forms of promotional campaigns had been instituted at competing stores. There are also two Shopping Bags and one Von's in the Whittier area, but in view of the distances between them and the competition in the area, it is doubtful that they competed for the same customers.

The West Covina Area

This area is not only served by a Von's and Shopping Bag but by an Alpha Beta, a Glen's Market, an Alexander's, a Thriftimart, a Food Giant, a Farmer's, a Codd's Market, a Sunrise Market, a Fairgrove Market and a large, new Safeway, all of which are south of the San Bernadino Freeway, which more or less cuts the city in half. Competition is also offered in this area by discount houses with food departments. I cannot see how the merger of Von's and Shopping Bag could adversely affect this sort of intense competition.

Other Areas

In addition to the foregoing areas where there is a Von's and a Shopping Bag store, I visited other areas in which there was no potential competition between the two concerns. They include Covina, where I found a Shopping Bag store and many other stores including those of Safeway, Yor-Way, Alexander's, Valleydale, McDaniels, Food Giant, Market Basket and Codd's. In El Monte, I found stores of Shopping Bag, McDaniels, Commonwealth Market, Carlton Market, Miles Market, Safeway, Food Giant, Market Basket, Crawford's, Fox, Jax Market and Fine Market.

Knowing that only a few years ago Von's and Ralph's were the only prominent competitors in the Crenshaw area,

I decided to visit that community as well. This time I found the Von's store surrounded by stores operated by Boy's, Jay's, Safeway, Better Foods, Daylight, Alpha Beta, Thriftimart and Fox.

The only conclusion I can draw from my observations is that competition is intense and vigorous in Los Angeles and becoming more so.

It is also of significance that two of the nation's largest chains have recently entered this market. They are American Stores, through its acquisition of Alpha Beta, and Food Fair, which is now operating Fox Markets. Add these two powerful concerns to the national and regional chains already in Los Angeles (Safeway, A & P, Lucky and Mayfair), a multitude of local chains and a vast number of independents, and it is apparent that Von's does not and cannot dominate this market. From my own knowledge of this area, I can state that competition in the retail grocery business has been and is intense and vigorous.

Under these circumstances, I cannot see how the merger of Von's and Shopping Bag could lessen competition in any way. First, there was little if any competition between Von's and Shopping Bag before the merger, so, on this score, there was virtually nothing to eliminate or lessen. Second, the Shopping Bag stores remain as competitive factors in each of the communities where these stores are located. Third, in each of those communities as well as in every other area I have seen, there are a number of able, vigorous competitors carrying on an intensive battle for patronage. Nothing resulting from the merger can change that, or, as far as I can see, stem the tide of increasing competition among the area's numerous chains and independents.

By the same token, I see no indication that this market will become concentrated or dominated by a few concerns. A quick comparison of this area and others with which I am familiar, such as Milwaukee, where A & P alone has a third of the market and other chains all but approximately 12%, or Washington, D. C., where four national chains control 75% of the market, or Philadelphia, where four chains control more than 65% of the market, or Albuquerque, where Safeway alone has 27% of the market, shows that the Los Angeles area is not concentrated. The intensity of com-

petition and the number of competitors in Los Angeles, including the strength of the independents associated with Certified Grocers and Orange Empire, indicates that no chain has any chance of controlling or dominating this market. The strength of Certified Grocers and Orange Empire distinguishes this market area from other major marketing areas in the United States.

Franklin L. Miller.

Subscribed and sworn to before me, this 18th day of October, 1962.

Marion M. Gorman, Notary Public in and for the City and County of San Francisco, State of California, [Seal.]

My Commisison Expires Oct. 18, 1964

DEFENDANTS' EXHIBIT BC

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60 C

[Title omitted]

AFFIDAVIT OF WILLIAM DOVER

STATE OF CALIFORNIA,
County of Los Angeles, ss:

WILLIAM DOVER, being first duly sworn, does hereby depose and state as follows:

I am presently Vice President of The John B. Knight Company, an independent market research firm. From February 1938 to January 1962, I was the Director of the Business Research Division of the Los Angeles Examiner. The Examiner ceased operations on January 6, 1962.

In the summer of 1961 and while I was still with the Examiner, I was requested by attorneys for Von's Grocery Co. to prepare a map showing the location of each of the stores operated in the Los Angeles metropolitan area by the following 27 chains as of July 1961:

A & P	Gateway	Mednick Brothers
Alexander's	Greater All-American	Pix
Alpha Beta	Hughes	Ralph's
Better Foods	Jurgensen's	Safeway
Boy's	Kory's	Shoppers
Carl's Ranch Markets	Lucky	Shopping Bag
Cole's	Market Basket	Sunfair
Crawfords	Mayfair	Thriftimart
Food Giant	McCoy's	Von's

I had on many occasions in the past prepared similar maps for use by the Examiner, its customers and others.

In order to prepare the map requested by Von's attorneys, I first solicited each of the above named concerns for a list of the locations of each of its stores as of July 1961. The information received in response to that request is set forth in a report I prepared (Exhibit J).

Working under my supervision and direction, employees

of the Examiner's Business Research Department located on a map the addresses of each store listed by the chains (as set forth in the report referred to above) and inserted a colored pin at each store location. The color of the pin used identifies the chain operating the store in accordance with particular colors previously designated for each chain. In order to assure complete accuracy, the location of each pin was thereafter rechecked on two separate occasions against the lists furnished by the chains. This map is Exhibit K.

The map shows the number and location of stores operated by the 27 leading chains in the Los Angeles metropolitan area up to July 1961. Of course, it does not include the stores opened by these same chains since that time or the hundreds of stores which are operated by other chains and independents in this area.

William Dover.

Subscribed and sworn to before me this 21st day of February, 1963.

—— Matsumoto, Notary Public in and for the County of Los Angeles, State of California, [Seal.]

My Commission Expires July 22, 1963.

DEFENDANTS' EXHIBIT BD

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60 C

[Title Omitted]

AFFIDAVIT OF DOROTHY D. COREY

STATE OF CALIFORNIA,
County of Los Angeles, ss:

DOROTHY D. COREY, being first duly sworn, does hereby depose and state as follows:

I am the director of Facts Consolidated, which in 1961 became a division of C-E-I-R, Inc. Prior to that time, Facts Consolidated was a partnership (in which I held a partnership interest), and later, commencing in 1960, a corporation (of which I was President).

Facts Consolidated was and is a marketing research organization which has been in business in Los Angeles since 1938. It has conducted in excess of 5,000 marketing studies covering an extensive range of subjects and involving virtually all types of research problems. It annually serves an average of 150 clients. Among them are many companies involved in food distribution.

Facts Consolidated has had extensive experience in studying the retail grocery business in Los Angeles. On a continuing basis for the last 18 years, Facts Consolidated, under my supervision and direction, has conducted in-the-home surveys to determine consumer preference for the areas of various food chains. These surveys have been made for the Los Angeles Times and are contained in the Times' Continuing Home Audit, which is distributed every two months. A copy of the most recent Home Audit dealing with the grocery business is attached to this affidavit.

Facts Consolidated has also been employed on many occasions to conduct customer surveys to determine reactions to existing or proposed grocery stores, or the effectiveness of grocery store advertising, or the areas served by a par-

ticular store. Von's Grocery Co. has called upon Facts Consolidated to conduct such surveys on frequent occasions in the past.

Survey of Competition Between Von's and Shopping Bag Prior to the Merger

In November, 1959, O'Melveny & Myers requested Facts Consolidated to determine the extent of existing competition between Von's stores and the stores operated by Shopping Bag Food Stores. The procedure which we followed in making this study, which included conducting interviews, compiling data thus obtained and analysing that data to reach our conclusions, are procedures which have been regularly followed by Facts Consolidated for many years (see, for example, Exhibits S through Z), and which have been adopted by other recognized research organizations in making comparable surveys. These procedures and the results achieved through their use have proven reliable in the past and have consistently affored Von's and other of our clients with information on which they have relied in making business decisions.

We first set out to establish which stores of the two chains were in sufficiently close proximity to each other to make it appear possible that competition existed between them. We concluded that the stores which should be made the subject of study were the Von's and Shopping Bag stores in Whittier, Garden Grove, Downey, Alhambra and Monterey Park.

On Friday and Saturday, November 13 and 14, 1959, we stationed trained staff interviewers in the parking lots of each store being studied. Using a prepared questionnaire, our staff members asked customers questions designed to determine where each did most of his shopping, the market which was his second choice, the principal reasons for his shopping habits and the like. The customer was also asked to identify the street intersection nearest his home.

In the course of this study, more than 3,000 interviews were conducted. The results of those interviews were analyzed and tabulated in a detailed report (Exhibit M).

Following the making of said interviews, Facts Consolidated obtained maps of the vicinities surrounding each store. A red star was placed on those maps at the location

of each Von's store and a green star placed at the location of each Shopping Bag store. The intersection named by each person interviewed was located on the map in question and a colored dot entered at that point, one dot for each respondent. If the person interviewed stated that he did most of his shopping at a Von's store, a red dot was used. If he said he most frequently shopped at a Shopping Bag store, a green dot was used. Thus, these maps (Exhibits N through R) show the area from which the stores in question drew their customers. Attached to each map is a list of the number of dots placed in each intersection mentioned by the persons interviewed.

Our report and the maps referred to above demonstrate that as of November, 1959 (prior to the merger), there was very little competition between the Von's and Shopping Bag stores so surveyed. The following are the highlights of our study.

The Whittier Area

The maps we prepared indicate strongly that there was very little overlap in the draw areas of the two Shopping Bag and one Von's store in Whittier.

Our interviews show that of the 264 residents who named Von's as their first choice, only 26, or 10%, named Shopping Bag as a second choice. It would appear that the Von's store in Whittier faced greater competition from Alpha Beta and Thriftimart stores than from Shopping Bag.

Only 4% of the patrons at Shopping Bag's store at 1183 Quad Way, Whittier, named Von's as their second choice. Of greater competitive significance were stores operated by Market Basket and Food Giant. At Shopping Bag's store at 127 North Hacienda, Whittier, 21% of the customers naming Shopping Bag as their first choice named Von's as their second choice. However, a greater number preferred Alpha Beta, which also has a store nearby.

The Garden Grove Area

The draw areas of the Von's and Shopping Bag stores in Garden Grove do not overlap except that a more or less isolated number of Von's customers came from the vicinity

immediately surrounding Shopping Bag's store. However, the larger area just a little farther out from the Shopping Bag store is very predominantly populated by Shopping Bag customers.

Our interviews showed that only 5% of Von's customers in Garden Grove regarded Shopping Bag as their second choice. Thirteen percent of Shopping Bag's customers named Von's second. Stores operated by Alpha Beta, and Thriftimart were more significant competition for both Von's and Shopping Bag stores than were Von's and Shopping Bag to each other. Von's also faced competition from stores of Food Giant, Coles and Safeway, which competition appeared to be of greater significance than the competition offered by the Shopping Bag store.

The Downey Area

The trading areas of the Von's and Shopping Bag stores in Downey are quite distinct and separate as our map shows. This conclusion is borne out by our interviews. Only 3% of those naming Von's as their first choice named Shopping Bag as second choice. Only 6% of Shopping Bag customers named Von's second. Stores of Alpha Beta, Ralph's and a number of small concerns were stronger competitors of both Von's and Shopping Bag

The Alhambra Area

Our map shows that the Von's store in Alhambra has a larger, more scattered draw area than the Shopping Bag store. However, the Shopping Bag store had strong loyalty from customers in its immediate vicinity, and again, there was very little overlap in the draw areas of the two stores.

Only 5% of Von's customers named Shopping Bag as a second choice. Von's faces much stiffer competition in this area from the stores of Crawford's, Gateway, Market Basket and Safeway. Six percent of Shopping Bag's customers indicated Von's as their second choice. Of greater competitive significance to Shopping Bag were stores operated by Crawford's and Gateway.

The Monterey Park Area

Our Monterey Park map shows a competitive situation similar to that in Alhambra. Again, the Von's store had a more scattered trading area, Shopping Bag had strong loyalty from nearby customers, and only a few Von's customers came from areas which were otherwise predominated by Shopping Bag customers.

Von's customers indicated that the stores of Market Basket, McDaniel's, Food Giant and Alpha Beta were all more significant Von's competitors than was the Shopping Bag store, which received only 4% of the second choice votes. Shopping Bag's principal competitor was Gateway, while Von's was indicated as a second choice by 18% of Shopping Bag's customers.

Conclusions

The conclusions which I draw from the foregoing study are that:

1. Prior to the merger, there was very little competition between the stores of Von's and Shopping Bag. For the most part, they drew their customers from different areas.

2. In none of the areas studied was either Von's or Shopping Bag the other's principal competitor. In no case did a Von's store appear as the most important second choice of Shopping Bag customers. In no case did a Shopping Bag store appear as the most important second choice of Von's customers.

3. In each area studied, both Von's and Shopping Bag faced competition from the stores of at least 6 other chains and a number of independents. This competition was significantly more important than any competition between the stores of Von's and Shopping Bag.

4. Our study also shows that by far the most important reason given for preferring one store over another was convenience. Forty-eight percent of those interviewed who indicated that they do most of their shopping at a Von's store gave convenience as their reason. Fifty-eight percent of those who preferred Shopping Bag did so on grounds of convenience. These statistics are consistent with other

studies we have conducted of the grocery business in Los Angeles. Apparently shoppers in this area will most often be drawn to the store closest to them, and it is undoubtedly proximity, and hence, convenience, which contributes more than any other factor to the limited draw areas of particular stores. Convenience is again the reason why the existence of nearby competition may cut down a store's trading area. Our studies have shown that since it is more convenient to shop at the supermarket nearest one's home, most shoppers will not pass by one store to shop at another farther away. Thus, the existence of competing markets in the vicinity of Von's and Shopping Bag stores undoubtedly limited the competition between these two concerns by limiting their trading areas. In each area studied, Von's and Shopping Bag faced competition from stores operated by a number of other concerns.

Other Surveys

In past years, the staff of Facts Consolidated, under my supervision and direction, has conducted a number of surveys for Von's using procedures substantially similar to the ones employed in the study of competition between Von's and Shopping Beg. The following is a list of some of the more significant survey reports prepared for Von's together with a brief description of what they show:

1. "Map Overlay Study for Von's Grocery Co., October, 1955" (Exhibit S)—This study was conducted for Von's advertising department in order to determine the area from which each of its stores in 1955 drew its customers and hence the areas in which Von's advertising ought to be centered. Our study involved locating the addresses of a representative number of Von's customers on a map and then determining the distance from their residences to the Von's store where they shopped. As a result of our study, we concluded that in every case, the majority of customers came from less than 2 miles away. In most cases, the majority of customers came from less than a mile away. The results of our study for each of Von's 22 stores are as follows:

Store No.	% of Customers From Within 1 Mile	% of Customers From Within 2 Miles
1	61%	83%
2	48%	82%
3	84%	94%
4	40%	70%
6	58%	87%
7	76%	91%
8	94%	97%
9	88%	99%
10	68%	84%
11	95%	100%
12	76%	89%
13	52%	78%
14	48%	89%
15	35%	63%
16	48%	85%
17	38%	67%
18	56%	78%
19	55%	85%
20	47%	73%
21	87%	90%
22	29%	62%
23	35%	77%

It must also be emphasized that the above study was conducted in 1955. Since that time, new stores have been built by competitors in the vicinity of almost all of Von's stores. This is particularly true in the San Fernando Valley, where Von's stores Nos. 17, 22 and 23 are located. As we have noted above, the operation of nearby competitive stores tends to limit the draw area of a given store so that there is no doubt that in many areas Von's draw area has been reduced since 1955.

2. "Consumer Shopping Habits—Area 1—Eightieth and Emerson Avenue for Von's Grocery Company—March, 1955" (Exhibit T)—This customer survey showed that Von's faced competition from Ralph's, Jim Dandy, Mayfair, Thriftimart and other concerns in the area surveyed.

3. "Consumer Shopping Habits in the Vicinity of Florence Avenue and Paramount Boulevard and Riverside Drive and Fulton Avenue for Von's Grocery Co.—March, 1955" (Exhibit U)—These customer surveys show intense competition in the areas involved. In the Florence-Paramount area, Von's was an insignificant competitive factor as compared to Raisin Markets, Don's, Safeway, Ralph's, All American, Shopper's, Horton's and other miscellaneous meat, produce and fish markets. In the Riverside-Fulton area, Von's faced competition from Thriftimart, Ralph's, Alexander's, Safeway, Valley Village, McDaniel's, Fox,

A & P, Mayfair, Bon's, L-V Foodland, Nero's Food Mart, Gelson's, Carty Brothers, Butler Brothers, Stop & Shop and others.

4. "Consumer Shopping Habits in the Vicinity of Carson Street and Woodruff Avenue, Lakewood, for Von's Grocery Co., February, 1956" (Exhibit V)—This customer survey shows Von's was an insignificant factor in an area served by Hiram's, Iowa Pork Shop, McCoy's, Boy's, Thriftimart, U-Tel-Em, Market Basket, Greater Central Market, Alpha Beta, Safeway, Shorty's, Cole's, F & W Market, Royal Market, McDaniel's, Clark's, Plowboy's Market, Jim Dandy, Ralph's and Raisin, among others.

5. "Consumer Shopping Habits in the Vicinity of Santa Gertrudis Avenue and Whittier Boulevard for Von's Grocery Company, February, 1956" (Exhibit W)—This survey shows that Von's had an insignificant share of a market divided between Alpha Beta, Shopping Bag, Market Basket, Esko Foods, Stater Bros., Raisin, Nixon's Market, Mayfair, Safeway, Ralph's, Colima Food Center, Town and Country Market, Orcutt's Whittier, and others.

6. "A Study of Resident Reaction to a Proposed Shopping Center at Pacific Coast Highway and Calle Mayor, Hollywood Riviera, conducted for Von's Grocery Co.—June, 1950" (Exhibit X)—This survey of customers showed that a proposed Von's store in a relatively undeveloped area would meet competition from Jim Dandy, Food Giant, Thriftimart, Safeway, Frontier Market, Howard's, Ralph's, De Simone's, Moore's Market and a host of other chains and independents.

7. "Opinion Study of Stores in the Crenshaw Area, conducted for Von's Grocery Co., August, 1959" (Exhibit Y)—This customer survey showed that most residents of the Crenshaw area preferred stores operated by Boy's, Ralph's and Daylite to the one operated by Von's and that competition also came from Safeway, Alpha Beta, Thriftimart, Patton's, Fox, Dobson's and others.

8. "Shopping Habits Among the Residents of a Portion of the Sherman Oaks Area, prepared for Von's-Shopping Bag, April, 1960" (Exhibit Z)—This customer survey showed that a Von's store in Sherman Oaks would face competition from Hughes, Safeway, Ralph's, Thriftimart, Fox, Gelson's, Bel-Air Market, Bestway and others.

Opinion of Effect of the Merger on Competition

As is in part indicated by the foregoing studies, the retail grocery business in the Los Angeles metropolitan area has been for many years and still is intensely competitive. In my opinion, the Von's-Shopping Bag merger has not resulted in any diminution of that competition. If anything, competition is keener and more vigorous now than before the merger.

It is also my opinion based on my experience of the past 25 years that no chain or group of chains has in this period dominated the Los Angeles market, and I do not see any sign or indication that any chain or even a group of chains could control competition in this area. For years, the Los Angeles metropolitan area has been subjected to the influx and competitive effort of numerous chains and independent stores. No concern has yet been able to capture a decisive or dominant share of the market, and there is no reason to expect that any will in the foreseeable future. The hundreds of smaller chains and independents have demonstrated their ability to compete effectively against the stores of Safeway, Ralph's and the other leaders in the market. There is no reason to conclude that they cannot continue to compete effectively against Von's, and my studies of the grocery business since March of 1960 have demonstrated to me that they can and do compete effectively against Von's and that there has been no lessening of competition as a result of this merger.

Dorothy D. Corey.

Subscribed and sworn to before me, this 22nd day of October, 1962.

Darleen Caligiuri, Notary Public in and for said County and State, [Seal.]

My Commission Expires April 30, 1966.

LOS ANGELES TIMES

CONTINUING HOME AUDIT

Covering Homes Representative of the Los Angeles Metropolitan Area[1]

Question asked: "Where did you

		COMBINED ANNUAL FINDINGS			
		1959[2]	1960	1961	Ja
Homes Buying	Per Cent	99.2%	99.4%	99.3%	
	Number[3]	1,984,696	2,233,321	2,313,246	2,
MARKET POSITION 1		SAFEWAY 10.6%	SAFEWAY 11.6%	SAFEWAY 11.6%	SA
	2	RALPHS 8.8	RALPHS 8.8	RALPHS 8.2	VO
	3	VON'S 5.1	VON'S SHOP.B 8.6	VON'S SHOP.B 7.9	RA
	4	MKT. BASKET 3.9	MKT. BASKET 5.9	MKT. BASKET 5.4	FO
	5	FOX 3.7	FOOD GIANT 4.6	FOOD GIANT 5.3	MK
	6	FOOD GIANT 3.5	ALPHA BETA 4.0	ALPHA BETA 4.3	TH
	7	THRIFTIMART 3.5	THRIFTMART 3.8	THRIFTMART 3.9	AL
	8	SHOP. BAG 3.3	FOX 3.7	BOYS MARKET 3.3	BO
	9	MC DANIEL'S 2.6	BOYS MARKET 2.2	FOX 2.6	HU
	10	ALPHA BETA 1.9	MC COY'S 2.0	SHOP. MKT. 2.0	SH
	11	BOYS MARKET 1.9	SHOP. MKT. 1.7	LUCKY 1.6	LU
	12	MC COY'S 1.5	MAYFAIR 1.6	HUGHES 1.6	FO
	13	SHOP. MKT. 1.1	ALEXANDER'S 1.2	MC COY'S 1.6	AL
	14	ALEXANDER'S 1.0	LUCKY 1.2	MAYFAIR 1.1	MA
	15	YOR-WAY 1.0	MC DANIEL'S 1.2	BETTER FOODS 1.0	MC
	16	CRAWFORD'S 0.9	HUGHES 0.9	ALL AMERICAN 1.0	CO
	17	MAYFAIR 0.9	A & P 0.7	ALEXANDER'S 0.8	BE
ALL OTHERS		44.8	36.3	36.8	
TOTAL		100.0%	100.0%	100.0%	

* Previously included in "All Others."

[1]Los Angeles and Orange Counties. Methodology available upon request.

[2]Findings prior to 1960 do not include Orange County.

[3]Per cent of Homes Having, as [illegible] Audit, applied to number of dwelling units as of January each ye

GROCERY PURCHASES
Store

B-1

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you buy the majority of your groceries last week?"

1962 BIMONTHLY FINDINGS					
January-February	March-April	May-June	July-August	September-October	November-December
99.2%	99.8%	99.5%	99.0%		
2,405,464	2,420,013	2,412,739	2,400,614		
SAFEWAY 11.8%	RALPHS 9.6%	SAFEWAY 11.9%	SAFEWAY 11.8%		
VON'S SHOP. B. 8.5	SAFEWAY 9.0	RALPHS 6.7	RALPHS 8.2		
RALPHS 8.3	VON'S SHOP. B. 9.0	VON'S SHOP. B. 6.4	VON'S SHOP. B. 6.7		
FOOD GIANT 5.4	MKT. BASKET 6.0	MKT. BASKET 5.6	MKT. BASKET 6.1		
MKT. BASKET 5.0	FOOD GIANT 5.5	ALPHA BETA 4.9	FOOD GIANT 4.9		
THRIFTIMART 4.4	THRIFTIMART 4.0	FOOD GIANT 4.8	ALPHA BETA 4.2		
ALPHA BETA 3.1	ALPHA BETA 2.9	THRIFTIMART 4.3	THRIFTIMART 3.7		
BOYS MARKET 3.0	BOYS MARKET 2.7	BOYS MARKET 3.8	BOYS MARKET 3.2		
HUGHES 2.7	HUGHES 2.5	FOX 2.8	HUGHES 2.4		
SHOP. MKT. 2.3	SHOP. MKT. 2.4	HUGHES 2.7	LUCKY 2.2		
LUCKY 2.0	FOX 2.1	LUCKY 2.7	ALEXANDER'S 1.6		
FOX 1.7	LUCKY 2.0	ALEXANDER'S 1.9	FOX 1.6		
ALEXANDER'S 1.5	COLE'S MARKET 1.5	MC COY'S 1.5	BETTER FOODS 1.4		
MAYFAIR 1.4	ALEXANDER'S 1.4	BETTER FOODS 1.4	GELSON 'S* 1.2		
MC COY'S 1.4	BETTER FOODS 1.2	STATER BROS.* 1.3	SHOP. MKT. 1.1		
COLE'S MARKET* 1.2	MC COY'S 1.2	FOODS CO.* 1.1	DALES* 1.0		
BETTER FOODS 1.1	MAYFAIR 1.0	ABC GROCERY* 1.0	PANTRY* 1.0		
35.2 100.0%	36.0 100.0%	35.2 100.0%	37.7 100.0%		

Prepared by the MARKETING RESEARCH DEPARTMENT of the Los Angeles Times
FIELD WORK and IBM TABULATIONS by FACTS CONSOLIDATED

each year.

[fols. 1-2] DEFENDANTS' EXHIBIT BD

IN THE UNITED STATES DISTRICT COURT

No. 33-60-CC

[Title omitted]

Deposition of DOROTHY D. COREY, taken on behalf of the Plaintiff, at Room 806, Federal Building, Los Angeles, California, commencing at 11:15 A.M., Wednesday, May 22, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to oral stipulation.

[fol. 3] DOROTHY D. COREY, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Coyle:

Q. Mrs. Corey, would you state your full name and address for the record, please?

A. My business name is Dorothy Corey, my married name is Mrs. Roy S. Frothingham.

Q. What is your address?

A. My business address is 9171 Wilshire Boulevard, Beverly Hills.

Q. Mrs. Corey, when did you first become affiliated with Facts Consolidated?

A. In 1938.

Q. What was your position with Facts Consolidated at that time?

A. I opened the Los Angeles office.

Q. What was your employment prior to opening the Los Angeles office of Facts Consolidated?

A. Immediately prior?

Q. Yes.

A. I had been with Elmo Roper in New York City.

Q. Were you doing marketing work with him?

[fol. 4] A. Marketing research, yes.

Q. What position did you have with him?

A. I was pre-testing and developing questionnaires, assistant project director.

Q. What formal training do you have in the field of market research?

A. I have a Bachelor's and graduate work in marketing and statistics from Northwestern. I don't have my Master's.

Q. What year did you get your Bachelor's Degree?

A. '25. That was in '32 I believe I was studying at Northwestern under Dr. Linden Brown.

Q. Do you have a copy of your affidavit with you, Mrs. Corey?

A. Yes, I do.

Q. You state on Line 23 of Page 1: "On a continuing basis for the last 18 years, Facts Consolidated, under my supervision and direction, has conducted in-the-home surveys to determine consumer preference for the areas of various food chains." When you refer to "consumer preference," do you mean the personal preference of consumers to buy particular products at particular stores?

A. Yes. A preference or a more factual answer as to where they buy most of their groceries, most of their meats, most of the vegetables. The interviewers would always ask the question exactly as it is worded on the questionnaire.

Q. Have you found by making these interviews and [fol. 5] these studies you are able to measure personal preferences statistically?

A. Yes. The answers are tabulated and presented in statistical form to the questions.

Q. And they are statistical measurements of personal preferences?

A. They are either—if the question asks preference it would be a statistical measure. It would be a statistical measurement of the content of the question.

Q. Is it your opinion that these activities and these studies are of a practical benefit and assistance to food stores?

A. Yes.

Q. Are these statistical measurements of personal preferences generally accepted in the marketing field as valid?

A. Yes.

Q. Do established authorities in the marketing field acknowledge that you can measure consumer personal preferences statistically?

Mr. Alsup: I object to the question on the ground that it is confusing and ambiguous. She testified the consumer preference is as a result of interviews and the results of those interviews are tabulated statistically.

Mr. Coyle: Would you read my question back.

(The reporter read the pending question.)

[fol. 6] Mr. Coyle: Q. I will add: On the basis of the interviews which you tabulate.

A. I would like to say that your use—I am not sure that I know your use of the word "preference." If I might illustrate.

Let me say that there is a coffee shortage and we ask people what brand of coffee they prefer and then we ask what is on hand. There might be a difference. But if there is no coffee shortage and there is a marked preference, the brand a person prefers and the brand that is on hand is apt to be the same. In the continuing home audit we get into 85 per cent of the kitchens and check the brands on hand. It is as factual a study as we can make it rather than depending upon attitudes. And you are asking me about this study, the continuing home audit where we are in 85 per cent of the kitchens.

Q. I was really asking you more, or intended to ask you more about the personal preference of a consumer to shop at a particular grocery store. Can you measure that statistically on the basis of your interviews?

A. Yes, I think that we can. I believe that we can, because most people shop where they prefer to shop. There may be certain exceptions to that in which you might prefer to shop in some wonderful specialty store, but nevertheless shop at the most convenient supermarket. But the question that is asked on the continuing home audit is, "Where did [fol. 7] you buy most of your groceries last week?" The question is not, "Which store do you prefer?"

Q. But you measure the preference on where they buy.

A. Buy most of their groceries. And in checking brands

on hand there is a constant remembrance of the shopping pattern.

Q. You state on Page 2 of your affidavit that you have major surveys on the effectiveness of grocery store advertising. On the basis of these surveys and your background in the industry have you found that grocery store advertising is an important aspect of developing consumer preference for a particular store?

A. Will you repeat the question?

(The reporter read the pending question.)

Mr. Vaughn: I will object to the question. I don't know what grocery store advertising you are talking about. Is this price advertising or institutional advertising?

Mr. Coyle: I am referring to grocery store advertising that she referred to on Page 2.

The Witness: Could I say this, that studies we have made in grocery store effectiveness have been confidential studies made for particular clients. They are not published as the home audit is and there is a great deal of difference in grocery store advertising effectiveness, depending upon the skill of the advertising department. That is one of the reasons for making the study.

Mr. Coyle: Q. Do you advise as to good advertising policies as a result of your study?

A. We are not an advertising agency. We are only a marketing research agency. We do analyze the findings and in some cases we would make recommendations.

Q. If a store uses marketing research and sound advertising policies can it develop consumer preferences for its stores?

Mr. Vaughn: If you know, Mrs. Corey.

The Witness: I think both of those are tools but they are not the entire picture.

Mr. Coyle: Q. But they are part of it.

A. It would only be a tool if they use it properly. They may not use it properly. That depends on management. I wouldn't want to say.

Q. What other tools would management have to develop consumer preference?

A. I think that would be up to management. There would be many tools.

Q. As a result of using these tools do stores build up consumer preferences for their trade?

A. The purpose of advertising is to communicate, and certainly if you are going to measure the results of advertising effectiveness you have to define the goal of the advertising. Now, if the goal of the advertising is to build up consumer franchise then the research company measures [fol. 9] how effectively that has been done.

Q. Have you in your research measured how effectively that has been done?

A. We have.

Q. And have some chains built up a substantial consumer preference for their stores as a result of that?

A. No. Those are confidential studies.

Q. In your opinion. I am not asking you to name any particular store, but have you formed an opinion as to whether stores are able to develop consumer preference?

A. I don't know.

Mr. Vaughn: I object to the question as calling for a conclusion with the word "substantial" and being confusing and ambiguous you refer to some chains and don't say where.

The Witness: I don't know what the goal of the store—the market you are talking about is. I would say some do a better job than others.

Mr. Coyle: Q. And the ones that do a better job develop consumer preferences for their stores, do they not?

A. That would be the goal of their advertising, I should assume.

Q. And it is based upon the premise that good advertising can build up consumer preferences, is it not?

A. I have never thought so. In my experience, sir, the worse thing you can do is advertise a bad product. The first thing you have to do is have a good product. But if [fol. 10] you have a good product and advertise it, do you build up consumer preferences for the store?

A. You have to have a good price.

Q. If you have a good price and a good product and advertise it?

A. You may have to have a good location and many more.

Q. What are some of the other factors that go into building up consumer preference?

A. If you ask me——

Q. You said, "Many more."

A. Management of the store, personnel of the store, arrangement of the files, lighting in the store, color factors, exits and entrances, noise, parking lot convenience. That is a few more.

Q. Would layout of the store be an important factor?

A. It could or could not be.

Q. It is one of the factors, is it not?

A. It is one of the factors in the store, yes.

Q. And the sum total of all these factors would build up the consumer preference of a particular store.

A. I mentioned location, which is very important.

Q. Yes.

A. Parking facilities are very important. The hours in which the stores are open may be very important. Even check cashing might be important, personnel. All of these things would go into it.

[fol. 11] Q. And do all of these things go together to form an image that is placed before the consumers?

A. I would say that those go into the image or the profile of the store.

Q. And the image or profile of the store then would determine the consumer preference, would it not?

A. It would certainly contribute. Let's say cleanliness and variety of merchandise and the brands and maybe even the fact whether the type of meat, whether there are butchers available, whether there is a liquor store or not. There are so many factors that go into it.

Q. It is your business to conduct these interviews and conduct the surveys to determine how effective the store is with respect to these various facets and then to tabulate these interviews statistically, is it not?

A. Well, we are a problem solving organization and we don't sell a technique. We try to solve a particular problem once it has been clearly stated and defined.

Q. And some stores have come to you, or some chains have come to you and asked you to help make a study of their operations in a particular area or a number of areas

to determine how effective they are in building up consumer preference, have they not?

A. In marketing areas, yes. Not in manufacturing areas.

Q. I understand just in marketing areas.

[fol. 12] A. That's right.

Q. And on the basis of that you make the statistical tabulations and help them try to solve their problems.

A. Statistical tabulations are usually part of it, yes.

Q. In the course of these studies that you have conducted over the years have you noted that a housewife will generally shop at more then one store during a given period of time, say a three-week period?

A. Well, I have findings of some of the studies.

Q. And have your findings been that the housewives generally will shop at more than one store?

A. I think we have a study that has been submitted to you that shows that people can always name one store and a smaller percentage can name two, and a smaller percentage can name three.

Q. But more than half will name more than one store, won't they?

A. I would say.

Q. And more than half would name two stores?

A. I doubt that.

Q. I meant more than half will name one store and not more than half will name two stores?

A. Yes.

Q. Of course, is that over a two- or three-month period or for how long a period?

[fol. 13] A. It all depends upon the question. You can ask it in the last week or last month, depending upon what your question is.

Q. On the basis of your studies, your general studies, not the particular studies that you have done here, have you made any findings or formed any conclusions as to how many stores a housewife will shop at, that is the average housewife will shop at in a three-month period?

A. Not particularly. I don't recall particularly a three-month period. The average housewife shops once a week. A family will do shopping once a week and in Los Angeles we find that the man often does the shopping. It becomes

a question of who has the most muscles when you carry the groceries home.

Q. Do most housewives shop by automobile?

A. In Los Angeles?

Q. Yes.

A. Yes.

Q. Would you say that more than 90 per cent of them shop by automobile in Los Angeles?

A. I would want to check that figure.

Q. Does that sound about right?

A. I think it would vary by area in the city. In the Wilshire district I would say that it would be much lower than that. It would vary by area.

Q. Los Angeles is a very mobile community, as com-
[fol. 14] munities go, is it not? Compared to the rest of the country it is one of the more mobile areas, is it not?

A. I think you could call it mobile in that most people own cars.

Q. And do a lot of driving; isn't that right? Don't they do a lot of driving?

A. They do a lot of driving. Not necessarily for groceries but they drive. In studies we have made for automobile usage it shows that it is fairly high from the rest of the country too. But maybe a little higher, particularly because so many families are two car and three car families.

Q. You say that most families shop once aweek. Do most families do incidental shopping during the course of the week in addition to their principal shopping that they do once a week?

A. When you say "most," do you mean over 50 per cent? Is that what you mean by "do incidental shopping"?

Q. Yes.

A. This is just an opinion. I would say in my opinion that most do incidental shopping.

Q. And when they do their shopping one day a week do they generally shop at the same store or do they shop at several stores on that one day a week?

A. I would say that generally they shop at one store and maybe a second store.

[fol. 15] Q. Have you done any studies as to the extent which consumers will study the weekly advertising in the metropolitan papers prior to doing their shopping?

A. The metropolitan papers?

Q. Yes.

A. If I may be helpful, I would say, yes, but also—I will say "Yes."

Q. Have you made studies as to the extent to which they study the local papers?

A. You mean the community papers?

Q. Yes.

A. The paid dailies?

Q. Yes.

A. Yes.

Q. What percentage of the consumers will study either the metropolitan papers or the local papers, that is the local community papers, prior to doing their weekly shopping?

Mr. Vaughn: You mean study the grocery ads in the papers, Mr. Coyle?

Mr. Coyle: She said she made studies whether they all study them. I am asking what percentage study them.

The Witness: Have those studies been introduced?

Mr. Vaughn: There have been some of them that have been.

The Witness: It varies from time to time. I think most [fol. 16] of the studies—I don't want to quote a figure because it varies in various areas and it varies——

Mr. Coyle: Q. This is another item in building consumer preference, is it not, that weekly advertising in newspapers?

A. Yes. And this is an item of interest not only to the market but to the media.

Q. And it's a pretty important way of building consumer preference, is it not, this newspaper advertising?

Mr. Vaughn: I think that calls for the conclusion of the witness.

Mr. Coyle: She is an expert witness.

The Witness: I would say that various media have been used, newspapers, the stores use direct mail. I mean there are many types of media to communicate.

Mr. Coyle: Q. And is newspaper advertising the most effective medium to communicate?

A. I think that would depend on what you are trying to

communicate. And I wouldn't want to state that between radio, TV, newspaper and so on, that any one medium is the most effective.

Q. There is much more newspaper advertising in the grocery field than radio and television advertising, is there not?

A. For the Thursday specials and so on, yes, I would say so. So evidently in their opinion they think it is the [fol. 17] most effective.

Q. And in your studies you haven't found that it is not the most effective, have you?

Mr. Vaughn: Would you repeat that?

Mr. Coyle: Q. Have you found in your own studies whether they are correct in their conclusion that it is the most effective medium?

A. Well, I say that I think it is effective. I don't want to say which medium is the most effective because it would depend upon each newspaper, how they spend their advertising budget.

Mr. Hughes: Each grocery chain.

The Witness: Each grocery chain.

Mr. Alsup: Or each newspaper.

The Witness: Each grocery chain, how it spends its advertising budget.

I am sorry, but these are kind of complex, where management in markets disagree. It is hard to come to a "Yes" or "No" conclusion.

Mr. Coyle: Q. On the middle of Page 3, Line 10 you refer to a study which you made for counsel in this case in which you interviewed 3,000 people. Were these interviews made to determine the consumer preferences and to record them statistically with respect to two Shopping Bag stores and one Von's store in Whittier, one Von's store and one Shopping Bag store in Garden Grove, one Von's and one [fol. 18] Shopping Bag store in Downey, one Von's and one Shopping Bag store in Alhambra and one Von's and one Shopping Bag store in Monterey Park?

A. If you have read correctly, and I am sure you have, yes.

Q. That is a total of 11 stores, is it not?

A. I believe that is 11 stores.

Q. How representative are these 3,000 interviews?

A. I think they are very representative.

Q. How many consumers would each interview represent?

A. How many consumers would each interview represent? Frankly, I don't know because I don't know how many customers they have.

Q. Do you have any opinion? Did you go into the question of how many customers the 11 stores would have?

A. No, we didn't.

Q. How did you arrive at the number of 3,000?

A. Well, actually we operate on the theory that it is the size of the sample rather than the universe, the statistical theory. It is the size of the sample rather than the size of the universe that is important.

Q. Wouldn't the size of the sample have to be related to the universe?

A. There is a certain relationship but not an absolute relationship. In other words, when you are talking about a sample of 3,000 or a sample of 300, we sometimes describe [fol. 19] it to our people in this way. We say that we have three bowls of vegetable soup and one is big and one is middle-sized and one is little, and each bowl is completely stirred up. And we ask them to sample each bowl and they use the same size spoon, that is the sample for each one. And you can get as good a sample of the big bowl with that spoon as you can of the little bowl, if it is properly stirred up. It is the size of the sample.

We have an article that we have had thousands of requests for from universities, professors, marketing research organizations since this has been written and we have reproduced this and reproduced this to bring out the point that it is the size of the sample rather than the size of the universe.

Of course, more and more our clients, you know, have had some experience with statistics. But in the early days of research you were dealing with clients that had none and you couldn't—the client is always right, too. But just to try to bring them into the picture of some idea of sampling, why, we have used articles of this type to leave with them.

Mr. Vaughn: If you are not going to offer this into evi-

dence, the document which Mrs. Corey has just referred to, which is entitled "Monthly News Letter Prepared For Western Advertising By Facts Consolidated," indicating that it comes from the research notebook, we will. Do you want to wait? I thought it was more convenient to have it [fol. 20] at the same point in the record where she referred to it.

Mr. Coyle: I think she is your witness. She is not here to be introducing your exhibits.

Mr. Vaughn: I will be happy to wait. I thought it would be useful to get the description of this document on the record as she refers to it.

Mr. Coyle: Off the record.

(Discussion off the record.)

Mr. Vaughn: I will ask that the court reporter mark this as Corey Exhibit No. 1. It is the bulletin to which Mrs. Corey just referred to.

(The document referred to was marked by the notary public as Corey Exhibit 1 for Identification and returned to counsel for the defendants.)

Mr. Coyle: Q. Mrs. Corey, have you, as a result of your studies in this area, arrived at any conclusion or opinion as to the expenditures by the consumers in the Los Angeles metropolitan area on a weekly basis at a particular shopping center or at the average shopping center? What does the average consumer spend for groceries on a weekly basis?

A. At one particular market?

Q. Yes.

A. We have never gotten into that.

Q. What do they spend at all markets?

[fol. 21] Mr. Vaughn: You mean one consumer in all the markets she shops?

Mr. Coyle: Yes.

The Witness: I don't know the average or the median. It will probably vary from $10 a week to $100 a week in a scale, depending upon the income and the size of the family. There is some information available along that line but I don't have anything on that myself for a particular store.

Mr. Coyle: Q. How many customers would a store the size of the Von's and Shopping Bag Stores, which you studied in your survey, have to have during the course of a week's time in order to make the gross annual sales which these stores make?

A. I don't know.

Q. You have no idea how many customers were represented by this 3,000 sample that you took?

A. No. I told you that I didn't know how many, but we could find out.

Mr. Alsup: Let her finish her answer.

The Witness: That information from Von's would be available.

Mr. Coyle: Q. Maybe Mr. Von der Ahe would know it and we will ask him tomorrow.

Assuming, until we hear from Mr. Von der Ahe, that the Von's Store would have 3,000 customers in the period of a week's time, then a sample of 260 customers, the result [fol. 22] of that would be that each interview would represent more than ten, probably ten or twelve customers, would it not?

A. Yes. We usually in training our interviewers, because we train them for a kind of honesty that is a little different —honesty is so important, and integrity. Just as an offhand figure we tell them, "That you just remember that every home you interview, or every interview you make may be projected to 150,000 homes, and so the accuracy and the carefulness and everything that you do must be so careful."

Q. And these interviews that you made in connection with this study for defense counsel weren't made to project them to 150,000 in each interview, were they?

A. That wasn't part of the problem, no. However, it wouldn't be if you say 3,000 would be representative for a week. I don't know, as I told you, how many customers Von's or Shopping Bag, or these other stores have a day or a week. Truthfully I don't know.

Q. On Page 3, Lines 11 and 12, you say, "The results of those interviews were analyzed and tabulated in a detailed report." And then there is the word "exhibit," and the number of the exhibit is left blank. Are you there

referring to a document which is marked here Defendants' Exhibit No. 3?

Mr. Vaughn: We have changed those numbers since we gave those to you, Mr. Coyle. And the reason this is blank in the affidavit, as you will find all our exhibit numbers are blank, is that we haven't decided in what sequence they will [fol. 23] be offered.

If you have a document there which in the box in the middle of the page says "A survey to determine existing competition between Von's and Shopping Bag Markets, December 1959," you have the exhibit to which Mrs. Corey refers in her affidavit.

Mr. Coyle: Q. Which day of the week has the heaviest traffic in grocery stores in the Los Angeles metropolitan area?

A. It varies, depending upon area and also depending on some of them give special stamps on special days and so on. Thursday, Friday and Saturday are all heavy days. Sunday has become heavier in some areas.

Q. Isn't Thursday generally accepted as the heaviest day?

A. I believe Friday and Saturday are heavier in most stores than Thursday—Friday and Saturday in most markets are the heaviest. There, of course, again it depends on paydays too. You know some people always do all their shopping on payday.

Q. When does the newspaper advertising generally occur?

A. They advertise their weekend specials and their food day is on Thursday. But we find that many people do not always act on it that particular day. That is an advertisement in the papers that have it on Thursday, those are [fol. 24] usually their Thursday, Friday and Saturday specials. We consider in almost anything we are doing that Thursday, Friday and Saturday are equally heavy days.

Q. Now referring to Page 1 of the study which you prepared for O'Melveny & Myers—Let me ask you a question before I refer to this. Have you found in the course of your work in this area that grocery retailing is a very competitive field?

A. Yes, I think it is a very competitive field.

Q. Have you found that most grocery stores, including the stores operated by Von's and Shopping Bag, which were the subject of this study, face competition from a number of stores?

A. Yes, I have.

Q. Do they face heavy competition from a number of stores?

A. I think so, yes.

Q. Now referring to Page 1 of your study prepared for defense counsel, and referring to the column entitled "Von's Store No. 1," does this column indicate the percentage of the persons interviewed on the Von's parking lot who stated that they buy most of their grocery shopping from a particular store?

A. 77 per cent are the people who said "Yes."

Q. Does this show that 77 per cent of the people interviewed stated that they did most of their grocery shopping [fol. 25] at that particular Von's store?

A. Yes.

Q. Then 23 per cent of those interviewed by inference would have stated that they did not do most of their grocery shopping, or they stated that they did most of their grocery shopping at some store other than Von's store?

A. Yes.

Q. Going to the next line on that column, does that indicate that 15 of the people interviewed, or 5 per cent of all interviewed, stated that they did most of their grocery shopping at the Shopping Bag store?

A. Yes.

Q. Would that indicate that——

A. It doesn't indicate which Shopping Bag. It is just "a Shopping Bag."

Q. It might be a Shopping Bag that would be some Shopping Bag in addition to the Shopping Bag store in Whittier?

A. Well, it's a Shopping Bag. It was in Whittier. The assumption was that it was a Shopping Bag in Whittier. The chances are that is a Shopping Bag in Whittier.

Q. Does the study also show that the Alpha Beta chain also represented 5 per cent?

A. Yes.

Q. Would you conclude as to this Von's Store No. 1 that

Shopping Bag and Alpha Beta were the hardest competitors of that Von's Store No. 1?

[fol. 26] A. Well, I would want to go over—We had an additional question, "Which market is your second choice for grocery shopping?" And I think that that brings out the competition. And in that—We have that table twice. We have it percentaged against all the people and we have it percentaged against the people who do most of their shopping at Von's. And this Page 2 is against those who do most of their shopping at Von's. And, let's see, Thriftimart was the second choice of 16 per cent, Alpha Beta of 13, Safeway of 12 and Shopping Bag of 10, Gateway of 5, Market Basket of 3, McDaniels and so on. And then all other stores, which probably just get about one mention, was 17 per cent. And then we had 22 per cent who said it didn't make any difference as a second choice, they either had none or they had no preference for a second store.

Q. But doesn't this indicate that of all the people interviewed, referring to Page 3, 14 per cent listed Shopping Bag as their first or second choice and 16 per cent listed Alpha Beta as their second choice?

A. I don't see the 14 per cent for Shopping Bag.

Q. If you would add the 5 per cent that is listed for Shopping Bag as their first choice and the 9 per cent who listed Shopping Bag as their second choice, wouldn't that be 14 per cent?

A. Well, you couldn't—You don't want to add the percentages if they are worked on different bases.

[fol. 27] Q. Aren't these worked on the same bases, if you add Page 1 and 3, aren't they both worked on the same bases?

A. Yes, they are.

Q. And then if you add Page 4, Page 4 is worked on the same basis, is it not?

Mr. Vaughn: I will object to the question because I don't believe it is. I think there is a smaller universe on Page 4.

The Witness: Page 4 is based on the base as Page 2. One is the first choice and one is the second choice.

Mr. Coyle: Q. What is Page 5 based on?

A. Page 5 is based on the total.

Q. So Pages 1, 3 and 5 are based on the same universe.

A. Yes.

Q. And from Pages 1, 3 and 5 would you form the conclusion that 22 per cent of all persons interviewed on the Von's parking lot in Whittier also shop at the Shopping Bag Stores?

A. Well, I would prefer to just base it on what we found.

Q. Isn't that what you found?

A. We found that 5 per cent of the people that we found on that parking lot did most of their—said they did most of their shopping at Shopping Bag. And we found that a second choice, that 9 per cent we asked mentioned Shopping Bag. But 16 per cent also mentioned——

[fol. 28] Q. Which page are you on now?

A. 3. 9 per cent.

Q. And 16 per cent——

A. Is Von's. And 9 per cent. And then we say, "Are there any other markets where you sometimes shop?" There again we had that mention of a 3 per cent. So we have Von's with 77, 16 and 3, if you want to add it that way.

Q. But Shopping Bag had 5, 9 and 7.

A. But one is a first. I think it is more specific and more meaningful to apply it just the way we presented it.

Q. But you presented it both ways. You presented it this way too.

A. But we didn't add it up, because one is a first choice, "Where you do most of your shopping?" and one is a second choice, and then the other is a different question entirely, "Are there any other markets where you sometimes shop?" And this was really just exploring where people ever shop, where you sometimes shop. So I don't think you should add up those percentages unless you want to say that they are places where they sometimes shop.

Q. Isn't that what that would show, that 22 per cent of the persons on the Von's parking lot on that given day sometimes shop at Shopping Bag?

A. Yes, sometimes. If we put it at that level.

Q. And then going over to the next column on the Whit-

[fol. 29] tier store, the Whittier store shows that 5 per cent——

Mr. Vaughn: Which Whittier store?

Mr. Coyle: Shopping Bag No. 2.

Q. That shows that 5 per cent of the people on the Shopping Bag lot shop at Von's most of the time, that an additional 5 per cent list Von's a second choice——

A. That is four actually.

Q. We are on Page 3.

A. Excuse me. Three, yes.

Q. Five. And 3 per cent list Von's as a sometimes choice, which means that——

A. 13 per cent.

Q. —that 13 per cent of those interviewed sometimes and all the times, or a second choice, shop at Von's. And then going to the next——

Mr. Vaughn: No, wait a minute. Are you going to ask her the question there or are you making a statement?

Mr. Coyle: Isn't that what that indicates?

Mr. Vaughn: I will object to the question because this obviously involves double counting and is ambiguous and misstates the facts.

Mr. Coyle: Q. Does that involve double counting?

Mr. Vaughn: Can I finish stating my objection? I think it assumes facts not in evidence and contrary to the evidence, because you are counting in the Von's percentage people you counted in the Shopping Bag percentage.

[fol. 30] Mr. Coyle: I will restate my question to the witness.

Q. Do Pages 1, 3 and 5, as they relate to the people on the Shopping Bag Store No. 2 parking lot when this sample was taken, show that of all the people interviewed on that lot 13 per cent stated that they shop at the Von's store either for most of their groceries as a second choice or sometimes?

A. Yes, it does.

Mr. Vaughn: I object to the question. I think it improperly summarizes the evidence.

Mr. Alsup: When you are saying 13 per cent you said they are shopping most of the time.

The Witness: Some of the time.

Mr. Alsup: Your question would be more accurate if you limited it to "sometimes."

Mr. Coyle: Q. 13 per cent said that they shopped there sometimes, 10 per cent said that they shopped there most of the time or as a second choice, and 5 said that they shopped there all the time.

A. No. Just 5 said they shopped there as a second choice and 5 said as a first choice.

Q. And 3 said sometimes.

A. Sometimes.

Q. And the total is 13 that shop there sometimes——

A. Sometimes.

Q. —or most of the time or as a second choice.

[fol. 31] A. I say you are adding up three times.

Mr. Vaughn: Mrs Corey, wait until I finish my objection. I object to the question as improperly summarizing the the evidence and being argumentative, and it being contrary to the evidence.

Mr. Coyle: Q. Let me clarify something. On this page 5, in answer to Question 7—look first on Page 4 where you state, "In answer to Question 1, 'Where do you do most of your grocery shopping?' " and Question 7, "Are there any other markets where you sometimes shop?" Now, directing your attention to Page 5, those nine persons who state that they sometimes shop at Shopping Bag, would those nine persons—I mean the ten persons who say they sometimes shop at Von's store, would they include the 16 persons who say they do most of their grocery shopping at the Von's store? It obviously wouldn't.

A. No.

Q. And referring to Page 3, would those ten persons include the 16 persons listed on Page 3 who state that Von's is their second choice?

A. No. As you see, we went to every extreme to try to get the complete shopping questions.

Q. You had a preceding line of questions.

A. We were trying to explore in depth as much as we could their first choice, their second choice and any other. [fol. 32] So we were leaning over backward to get the complete shopping pattern.

Q. And when you add the 16 persons on Page 1 to the

16 on Page 2, and the 10 on Page 5, there isn't any double counting, each of these persons is a different person: isn't that correct?

A. That is right. I thought I had already told you that.

Q. That is what I thought too.

Now going to the next column relating to Shopping Bag Store No. 3, does this column show that Von's accounted for most of the grocery shopping done by 5 per cent of the persons interviewed on the parking lot?

A. Yes. Would it help if I would show you how the statistical tables are read? That is what it does show.

Q. I think I know how they are read. I am just trying to get it on the record. And does Page 3 show that for Shopping Bag Store No. 3 17 per cent of the persons interviewed listed Von's as a second choice?

A. That's right.

Q. And then going to Page No. 5, does it show that 13 per cent of the persons interviewed listed Von's as a second choice as a place where they sometimes shop?

A. That's right.

Q. So that 35 per cent of the persons interviewed at Shopping Bag Store No. 3 would list Von's as a store [fol. 33] where they sometimes shopped?

A. Yes. "Sometimes" could be very infrequent, however, in the third question. It is not defined.

Q. "Sometimes" would also include anything other than the second choice. If they had a third choice it would fall within the "sometimes."

A. That's right, it could. But, as you know, the "No preference" goes up very high in Question 7. We have the people who could name no third store on the bottom line.

Q. Does that "No preference" mean that——

A. That included the people who could name no third store.

Q. But nonetheless 5 per cent of the people interviewed sometimes shop at Von's Store.

A. Shopping Bag No. 3, Store No. 3.

Q. And referring again to Page 1, with respect to Shopping Bag Store No. 2, is Von's at least the second strongest competitor of Shopping Bag Store No. 3 with respect to accounting for most of the persons interviewed, the grocery purchasers?

Mr. Vaughn: I will object to the question as being ambiguous, uncertain and unintelligible.

Mr. Coyle: If the witness understands it she can answer.

The Witness: This is on Page 1 you are asking as their second choice?

Mr. Coyle Q. No. I am asking you, what does that [fol. 34] show as to the competition between Shopping Bag and these other stores listed?

A. I am asking is this Shopping Bag Store No. 2?

Q. 3.

A. That is what I didn't get. Well, at first it shows that Shopping Bag was listed 71 per cent, which is good.

Q. That is Shopping Bag's own parking lot and you would expect that.

A. That's right. And Alpha Beta is second as a specific store. Miscellaneous stores got 9 per cent of the market and 3 per cent have no preference. 5 per cent named Von's, 4 per cent Thriftimart and 2 per cent Gateway.

Q. And that means that four more people named Alpha Beta than named Von's, and Von's was named by more people than any other store with the exception of Alpha Beta.

A. With the exception of Alpha Beta and all the little stores.

Q. Those little stores were——

A. That was 22.

Q. That was no particular store.

A. No, It was the fact that there are some little stores in the area that got 9 per cent of the business and 3 per cent had no preference.

Q. Then going over to the second choice, Page 3, does that indicate that 42 people named Alpha Beta as their second choice and 37 people named Von's as their second choice?

[fol. 35] A. And 42 named Shopping Bag.

Q. But this is again on the Shopping Bag parking lot, which would indicate again, would it not, that Von's and Alpha Beta were Shopping Bag's heaviest competitors on the basis of this study?

A. I would say that Gateway could be mentioned as a competitor with 15.

Q. They are a competitor, Thriftimart is a competitor too.

A. Yes.

Q. Is Market Basket a competitor?

A. Yes, Market Basket.

Q. Would Ralphs have been a competitor?

A. All of those stores were mentioned and 36 of them mentioned those other stores that come up even more as a competitor.

Q. So there would be a number of competitors, but at least the second strongest competitor to that particular Shopping Bag store would be Von's.

Mr. Vaughn: The second?

Mr. Coyle: The second strongest competitor.

Mr. Vaughn: I think that asks for a conclusion which is not warranted by that one table alone.

Mr. Coyle: I am asking the witness as to that particular store on the basis of that study.

Q. What does it prove?

[fol. 36] A. As I say, the first thing I think of importance is that 18 per cent named Shopping Bag as their second choice and then 18 Alpha Beta and Von's and 17 per cent named it compared with the large percentage that Shopping Bag got as the first choice. It is mentioned, yes, the 17 per cent figure is correct.

Q. And it indicates that that Shopping Bag and Von's did compete with each other, doesn't it?

A. It indicates that 17 per cent centioned Von's as a second choice for grocery shopping in that area on the Shopping Bag parking lot.

Q. What does that show to you?

A. Simply what I say, that 17 per cent indicated Von's as a second choice.

Q. On the basis of this tabulation appearing on Pages 1, 3 and 5 with respect to Whittier, are you able to form any conclusion as to whether there was much or little competition between these particular Von's and Shopping Bag stores?

A. Frankly I am a marketing research expert in the techniques of doing these surveys. I think that as to the amount of competition I wouldn't say that it was a great

deal of competition between one store and another. In fact looking at it it would seem to me that that was an area in which it would call for more stores to build up more competition because of the heavy Shopping Bag penetration in three. And so many of the stores weren't mentioned at all, you see.

[fol. 37] Q. You mean there is an area where there was not much competition?

A. I would say that Shopping Bag did not have much competition in this area. Because we go back—What did they mention on Page 1? Shopping Bag was 71 per cent and then it was mentioned 18 per cent, and then it was mentioned 8 per cent. And the number of stores mentioned first on Question 1, "Where do you do most of your grocery shopping?" there were very few mentioned. It would seem to me that that is an area where the competition was fairly light.

Q. The competition is weak in Whittier.

A. It was light. There was not much competition in that area.

Q. Does Von's have much competition in that area?

A. Well, Von's was not in that area.

Q. In Whittier, I mean. Does the Von's Store in No. 1 in Whittier have much competition?

A. It has a little more, I would say. While it has 77 per cent who do most, but there are more stores mentioned in Questions 1 and 4. Only a few more, but there are more stores mentioned in the Von's Store No. 1 than in the Shopping Bag No. 3.

Q. Does Shopping Bag No. 2 have much competition in that area?

A. The other is high, the 19 per cent.

Q. Does that indicate competition?

[fol. 38] A. Yes, it indicates competition of a group of little stores. Its preference is not so great either at Shopping Bag in No. 2.

Q. Would this table indicate that the Von's-Shopping Bag and the two Shopping Bag stores in Whittier had so little competition that they could fix their prices independent of their competition?

A. I think I am being asked about things that I was not asked to study. I would just say that I don't think there is any area that stores can fix their prices without

thinking of competition. I don't know any area, as we mentioned the mobility and so——

Q. Yes.

A. —when people, as far as I know, when their prices are more that it is because of their service or—I would say no.

Q. Your conclusion would be that these stores, the Von's and Shopping Bag stores in Whittier could not fix their prices without considering the prices charged by these other stores listed here as being second choices or sometimes choices or the consumer?

A. This is not in the scope of this study at all, sir, as you know. It is not in the scope of this study. We didn't get into the subject of price at all.

Q. I am just trying to ascertain what you mean when you say that there is little competition.

[fol. 39] A. I would imagine on the map there were not as many stores in that area. I am not talking about price. I am talking about the location of stores.

Q. You are talking about the number of stores?

A. Yes.

Q. But these stores that are listed here are competitive with each other?

A. They were competitive, yes, to the extent in which they are mentioned here as the store which—As I say, we go back to the wording of the question, "Where did you do most?" and "What is your second choice?" and "Are there any other markets where you sometimes shop?" That is the way that I would like to prepare it, since this is just repetitious of what we presented in the tables. To get it in the record I would be glad to go over this as fast as we can.

Q. I have to ask any questions which I feel are necessary here.

With respect to the Downey store, Shopping Bag Store No. 7, referring to Page 1 of your study——

Mr. Coyle: Let us go off the record for a minute.

(Discussion off the record.)

(A short recess was taken.)

(Whereupon, at 12:40 P.M., Wednesday, May 22, 1963

an adjournment was taken until 9:00 A.M., Friday, May 24, 1963.)

[fol. 40] (Whereupon, at 9:30 A.M., Friday, May 24, 1963, the taking of the deposition of Dorothy D. Corey was resumed at the same place, the following persons being present:)

Appearances of Counsel: Same

* * * * * * *

[fol. 41] DOROTHY D. COREY, having been previously duly sworn, deposed and testified further as follows:

Mr. Coyle: Would you mark this map showing the area in the vicinity of Carson Street and Woodruff Avenue as Corey Exhibit No. 2 for Identification.

(The document referred to was marked by the notary public as Corey Exhibit No. 2 for identification and was returned to counsel for the plaintiff.)

Direct examination. (Continuing)

By Mr. Coyle:

Q. Mrs. Corey, I refer you to Paragraph 4 on Page 10 of your affidavit in which you discuss the competition which Von's would face with a store in the vicinity of Woodruff and Carson Street, in which you state that Von's was an insignificant factor in this area served by Hiram's, Iowa Pork Shop, McCoy's, Boy's, Thriftimart, U-Tel-Em, Market Basket, Greater Central Market, Alpha Beta, Safeway, Shorty's, Cole's, F & W Market, Royal Market, McDaniel's, Clark's, Plowboy's Market, Jim Dandy, Ralphs' and Raisin, among others. I show you this map which has been marked for identification as Corey Exhibit No. 2 and ask you if it is a map which shows the area in the vicinity of Carson [fol. 42] Street and Woodruff Avenue.

A. Yes.

Q. Does the green star on the map locate the intersection of Carson Street and Woodruff Avenue?

A. Yes.

Q. I ask you whether or not the red numeral 2 indicates the location of the Iowa Pork Shop.

A. I assume it does. I would have to refer back to the——

Q. How far would that Iowa Pork Shop be from the green star? I think there is a scale on the other side of the map.

A. This scale is two miles.

Mr. Vaughn: Do you have a ruler?

Mr. Coyle: I believe the green circle indicates two miles.

A. If it does it would seem to be about two and a quarter miles. I don't have a ruler but it would seem to be about that.

Well, it's about two and a quarter miles.

Q. Referring to the number 19 on that map, which I understand is the location of Ralphs, how far is that from the star?

A. It's about four and a quarter.

Q. And that is four and a quarter in a straight line, and on the highway it would be somewhat longer than that, would it not?

[fol. 43] A. I suppose, depending upon how you draw that.

Q. And referring to No. 20, which is the location of the Raisin Market, how far is that from the star?

Mr. Vaughn: I will object to the question as assuming facts not in evidence, namely that this is the Raisin Market. I will object to the former questions insofar as they assume that this map indicates the location of any particular market, on the ground that it assumes facts not in evidence.

Mr. Coyle: I am stating that that is the location, or that I have been informed is the location of the Raisin Market.

Mr. Vaughn: I will stand on the objection.

Mr. Coyle: If Mrs. Corey wants to check the map later on with her study she can.

The Witness: This is about four miles.

Mr. Coyle: Q. Is that in a different direction than the Ralphs Market which you previously looked at?

A. What number did you say was Ralphs?

Q. No. 19.

A. Yes, it is in a slightly different direction.

Q. And referring to No. 10, which I have been informed and believe to be the Safeway Market, how far is that?

Mr. Vaughn: The same objection.

The Witness: It's about three miles.

Mr. Coyle: Q. Now referring to No. 8, which is the location of the Greater Central Market——

Mr. Vaughn: The same objection.

[fol. 44] The Witness: About the same distance, about three miles.

Mr. Coyle: Q. These are some of the stores which you state in your affidavit would be competition to a Von's store located at the intersection of Carson Street and Woodruff Avenue, are they not?

Mr. Vaughn: I will object to the question as assuming facts not in evidence and contrary to the evidence. The affidavit says, "That this customer survey shows Von's was an insignificant factor in an area served by——" and listing a number of chains. It does not say that Von's would be or was in competition with all or any of these stores.

Mr. Coyle: These are stores that you found would serve the customers in the vicinity of Carson Street and Woodruff Avenue, are they not?

A. I believe that we surveyed an area around that, and of course you always have overlapping. For example, if someone is living here they are much closer to Store 10. If they are within a two-mile radius here they are very close. So you have this overlapping situation in any consumer study. And if they lived in this area they would be closer to Store 15.

Q. And all of the stores would be serving customers residing in that two-mile area?

A. Not all of the customers, probably.

Q. But some of the customers?

A. But it always happens that way.

[fol. 45] Q. They would be competitive factors in that way?

A. It always happens that way, that customers in any particular area can go in any direction and they don't all live in one spot.

Q. And they are served by the stores that surround them?

A. Usually they are served by the stores that surround them, yes.

Mr. Coyle: Would you mark this as Corey Exhibit No. 3

for Identification, which is a map that shows the area in the vicinity of Santa Gertrudes Avenue and Whittier Boulevard.

(The map referred to was marked by the notary public as Corey Exhibit No. 3 for Identification and was returned to counsel for the plaintiff.)

Mr. Coyle: Q. Mrs. Corey, I show you Corey Exhibit No. 3 for Identification and ask you whether it shows the area in the vicinity of Santa Gertrudes Avenue and Whittier Boulevard?

A. Yes, it does.

Q. Referring to the green star on that map, I ask you whether or not that plots the intersection of Santa Gertrudes Avenue and Whittier Boulevard.

A. Yes, I believe it does. It is a little hard for me to see but I believe it does. This is Whittier and this must be Santa Gertrudes.

[fol. 46] Q. I refer you to the red dot marked No. 10 and I am informed that that is the location of the Ralphs' store. I ask you how far that is from the green dot.

Mr. Vaughn: I will object to that on the ground that it assumes facts not in evidence and move to strike the question as it contains testimony.

The Witness: This is the same scale. About three and a half miles, I'd say, or three miles.

Mr. Coyle: Q. That measurement of three miles, is that the measurement between the intersection of Santa Gertrudes and Whittier Boulevard and Philadelphia and Comstock Streets?

A. No. It's over three, I would say. The dot, I can't tell exactly where it is.

Q. But it is over three miles?

A. It is over three miles, maybe three and a half.

Q. Is that the intersection of Philadelphia and Comstock?

A. On 10?

Q. Yes.

A. It looks to me as if it is Harley and Pickering, but I can't tell, Bailey.

Q. Do you know the location of the Ralphs Market that you referred to in Paragraph 5 of your affidavit?

A. Well, I can't recall the exact location. Did you say 10 was a Ralphs?

[fol. 47] Q. Yes.

A. There is Pickering and one called Comstock. Yes, there is Comstock. What is the other one?

Q. Philadelphia.

A. Oh, yes, here is the spot. Yes, that is the location.

Q. And that is the location of the Ralphs' store?

A. It was, yes.

Q. Referring to the dot marked 13, I ask you whether or not that plots 424 East Philadelphia.

A. Well, it would seem to from the spot, yes.

Q. Is that the location of Orcutt's Whittier, which you referred to in Paragraph 5 of your affidavit on Page 10?

A. I believe it was at that time.

Q. Would you tell us how far that is from the green star?

A. Well, it's over three miles.

Q. Now referring to Corey Exhibit No. 2 for Identification, I ask you whether No. 19 is 10th and Cherry.

A. Yes, it's 10th and Cherry.

Q. Is that the location of Ralphs Market that you referred to in Paragraph 4 of your affidavit?

A. I believe it is.

Q. Now referring to No. 20 on that map, is that the intersection of Orange and Waldron?

A. It seems to be the intersection of Orange and Wardlow.

[fol. 48] Q. Was that the location—yes, Wardlow. I am sorry—of Raisin's that you referred to in your affidavit?

A. Yes, I believe so.

Q. Referring to No. 10, is that the intersection of Bellflower and Cedar?

A. Yes.

Q. And is that the location of the Safeway which you referred to in your affidavit?

A. Yes.

Q. Referring to No. 2, on Corey Exhibit No. 2 for Identification, is that the intersection of Palos Verdes and Stearns?

A. Yes.

Q. Is that the location of the Iowa Pork Shop that you referred to in Paragraph 4 of your affidavit?

A. I believe so.

Q. Referring to No. 8 on Corey Exhibit No. 2, is that the intersection of Artesia and Bellflower?

A. Yes.

Q. Is that the location of the Greater Central Market that you referred to in your affidavit?

A. I believe so.

Q. Could you tell us how far that No. 8 is from the green star?

A. It is, I would say, about three miles.

[fol. 49] Q. You stated that you made these surveys in the vicinity of Carson and Woodruff Street with respect to the survey discussed in Paragraph 4 of your affidavit and the vicinity of Santa Gertrudes Avenue and Whittier Boulevard in Paragraph 5 of your affidavit. How wide an area did you use to make this survey?

Mr. Vaughn: May I show her the report, Mr. Coyle?

Mr. Coyle: Yes.

The Witness: We say in the report that the survey was made within a three-mile radius around the intersection of Santa Gertrudes Avenue and Whittier Boulevard.

Mr. Coyle: Q. Is it your normal procedure to take a three-mile radius when you make surveys of this type?

A. If there is a normal procedure it is our normal procedure to discuss the problem with the client and define the problem and adapt the universe that will solve his problem. It would depend upon whether we were working in a very highly populated area, a widespread area, physical boundaries and so on.

Q. Was this area that you made this survey in a heavily populated area, or these areas?

A. I don't think it was in—— It wasn't what I would call a heavily populated area in '56.

Q. Was it an average area in '56?

A. It varied. There were wide spaces of open territory in '56.

[fol. 50] Q. Are there still wide spaces of open territory?

A. Well, I haven't driven around it recently. But I could have the block statistics run. We have them on IBM cards and are trying to get more from the Census, but it is so hard to get it.

Q. But from your own experience you wouldn't know whether——

A. It has grown, I know that. But I don't know whether it is heavily populated today or not.

Q. In making this survey, which you made for O'Melveny & Myers, and which you discussed commencing on Page 3 of your affidavit, you state that 3,000 interviews were made. I think that Mr. Von der Ahe yesterday testified that his stores would have between three and six thousand customers in a week's period. Now, this survey was made for 11 stores. What would be the approximate universe? Could you give us an approximate universe that these 3,000 interviews would represent?

A. No, I couldn't because I don't know the universe of Shopping Bag. And three to six is a big—— You mean you are talking about the population?

Q. Yes. I am trying to find out what each of these interviews would represent. If it were 3,000 customers per store on an 11 store basis how many families would these interviews represent?

Mr. Vaughn: I will object to the question as being confusing and ambiguous. If you take it store by store you [fol. 51] might have something. But to take 11 stores and add them all together and add all the interviews together, I don't think you get anything.

The Witness: We didn't add them together in the report for the simple reason that we were studying area by area and store by store.

Mr. Coyle: Q. All right. We will do it store by store then. With respect to Store No. 1, that is Von's Store No. 1, you or your report indicate that you made 341 interviews with respect to Von's Store No. 1. If that Von's store had 3,000 customers would each of these interviews represent 10 customers?

A. Yes.

Q. And 20 if it had 6,000?

A. That's right.

Q. So each of these interviews would represent between 10 and 20 customers.

A. Yes. I told you the other day that is not the way we arrive at a sample. It is the size of the sample and not the universe that counts, and in a case like this the number of customers has nothing to do with it.

Q. With respect to Shopping Bag Store No. 2 you took 294 interviews.

A. Yes.

Q. In this case it would represent a little more than 10 customers on this minimum figure of 3,000?

[fol. 52] Mr. Vaughn: That assumes facts not in evidence, that that is a minimum figure.

The Witness: I have no idea about what the number of customers that Shopping Bag Store No. 2 had in a week or a day. I don't know.

Mr. Coyle: Q. I show you a map which is designated "Area 2, Von's, 151 Brookhurst, Garden Grove Shopping Bag, Brookhurst and Katella, Garden Grove," and ask you if it's an exhibit which you prepared or had prepared for O'Melveny & Myers for use in this case.

A. Yes.

Mr. Vaughn: I will object to the question. It is not, because there are some lines on there that Mrs. Corey didn't put on.

Mr. Coyle: The overlay Mrs. Corey did not put on.

Mr. Vaughn: That's right. And neither did O'Melveny & Myers.

Mr. Coyle: Q. Referring to this red dot, the northernmost red dot on the map, could you state what the intersection of that dot is?

A. It seems to be Orangethorpe and Hawthorne.

Q. Could you tell me how far that red dot is from the red star which indicates——

A. I think these are the same maps. They look like the Security map.

Q. The red star which indicates the Von's store.

[fol. 53] A. It would seem to be about five miles.

Q. Is that a single red dot or is that more than one red dot?

A. I don't know now. It may be just a single red dot.

Q. It could be two red dots?

A. It could be, but maybe just a single red dot.

Q. Would that indicate that 10 or 20 families if it's a single dot, or 20 or 40 families if it's a red dot would shop——

A. I think we have it on the tape.

Q. Why don't you check on your tape and see how many dots this is.

A. I don't see it. I can't find it. Here it is, Brookhurst and Orangethorpe, four.

Q. Does that indicate four red dots?

A. At Brookhurst. Frankly, I can't find it.

Q. Do you find Brookhurst and Orangethorpe?

Mr. Vaughn: On the map?

Mr. Coyle: On the map, yes.

Mr. Vaughn: May I help her?

Mr. Coyle: Yes.

The Witness: Let us see if it is Brookhurst. It says "Hawthorne." Maybe there is Brookhurst——

Mr. Vaughn: It appears to me, at least, that that is Brookhurst and later in another half a block it changes to Hawthorne. But that is Brookhurst and Orangethorpe.

[fol. 54] Mr. Coyle: Q. Would that be four families—four interviews that were located in that vicinity?

A. Orangethorpe at Brookhurst are four.

Q. That would be four interviews and each of those interviews would represent between 10 and 20 families, would they not?

Mr. Vaughn: I will object to the question as assuming facts not in evidence.

Mr. Coyle: Q. Do you know how many families each of those interviews would represent?

A. No, because, as I told you, I don't know how many customers.

Q. It would represent just four customers, would it not?

A. Yes, it would represent more than four.

Q. And depending upon the total number of customers at that particular Von's store it would represent perhaps as many as 20 customers.

Mr. Vaughn: I will object to the question as being speculative.

Mr. Coyle: In making your study in the Garden Grove area you made 350 interviews, according to the report. If that Von's store had 6,000 customers each of those interviews would represent 15 customers, would they not?

Mr. Vaughn: I will object to that on the grounds that it assumes facts not in evidence and that it is argumentative. [fol. 55] Mr. Coyle: She is an expert witness. I am asking her a hypothetical question.

Mr. Vaughn: You are also asking her an argumentative question.

Mr. Coyle: I am asking her how many it would represent.

Q. How many would each interview represent if that particular Von's store had 6,000 customers?

Mr. Vaughn: The same objection.

Mr. Coyle: I am asking her anyhow.

Mr. Vaughn: I realize that and I am objecting anyhow. She may answer.

The Witness: Based on sampling, of course, it would never represent an exact number because there is always a certain plus or minus in any sampling process. But it would probably—But it would certainly represent more than four.

Mr. Coyle: Q. And quite a few more than four. The Von's store, you know, would have quite a few customers more than 350.

Mr. Vaughn: I will object to the question as being argumentative.

Mr. Coyle: Q. Would you know that the Von's store would have quite a few more than 350 customers?

Mr. Vaughn: I will object to the question as calling for a conclusion, "quite a few more than."

Mr. Coyle: Q: Would you know that the Von's store [fol. 56] would have more than 350 customers?

A. Well, I would assume they would. We didn't make a census, we made a sampling.

Q. You observed the store, didn't you?

A. The interviewers did.

Q. And on the basis of observing the store and making the 350 interviews can you draw any conclusion as to whether the Von's store had more than 350 customers?

A. I would say they have more than 350 customers, yes.

Q. Would say they have ten times more than 350 customers?

A. Well, yes.

Q. Fifteen times more?

A. I don't know.

Q. So they would have at least ten times more than 350. Would that indicate then that the four interviews would represent at least 40 customers?

Mr. Vaughn: I object to the question——

Mr. Coyle: I am asking her if it would.

Mr. Vaughn: Let me make my objection, if I may, for the record.

Mr. Coyle: Make your objection.

Mr. Vaughn: I will object to the question as being argumentative, calling for a conclusion and being speculative.

Mr. Coyle: Q. Now answer the question.

A. Well, Gentlemen, I don't know whether—It could [fol. 57] represent 40, it could represent 35 and maybe it would represent 45.

Q. Or 60?

A. No, I wouldn't say it would represent 60.

Q. Would the customers living in that area and patronizing the Von's store have to pass other stores on the way to the Von's store?

Mr. Vaughn: You mean living in the area of Brookhurst and Orangethorpe?

Mr. Coyle: Yes.

The Witness: I think they would. They would have too. They could drive around them but you would think that normally they might.

Mr. Coyle: Q. Normally they would pass other stores.

A. Yes.

Q. Now referring to this intersection, could you state what that intersection is?

A. It seems to be Bolsa and Adams. It also seems to change its name up here to Stanton.

Q. Could you tell me how many Shopping Bag customers you located in the vicinity of Bolsa and Adams?

A. We have one at Highway 39 and Bolsa.

Mr. Vaughn: I think this is Highway 39 as well.

Mr. Coyle: Q. Do you just have a single dot there?

A. Yes.

Q. How far would that be, that single dot? How far [fol. 58] would that be from the green star?

A. It seems about five miles.

Q. Then going over to this green dot, what intersection is that?

A. That is the intersection of 5th Street and Jackson.

Q. How many green dots do you have there?

A. I don't see it here but it looks to be one.

Q. How far is that from the green star?

A. It is about the same, about five miles.

Q. Would customers patronizing the Shopping Bag store from that area have to pass other stores normally to get to the Shopping Bag store?

A. I imagine there are stores in the area, yes.

Q. Referring to this green dot over here, would you locate that intersection?

A. It looks like Memory Lane and Bristol.

Q. How many interviews does that represent?

A. This one?

Q. Yes.

A. It's a little larger. It could be two.

Q. Could it be more than two?

A. I don't think it is. It could be one, it could be two.

Q. Calling your attention to this intersection up there that we discussed first, which represented four interviews, is that dot down there any larger or any smaller?

[fol. 59] A. To me it seems a little smaller.

Q. It is very difficult to tell from these dots how many interviews?

A. Yes.

Q. How far is that from the green star?

A. That is about the same, about five miles.

Q. Would those customers have to pass other stores normally to get to the Shopping Bag store?

A. I would say so.

Q. Now referring to the cluster of red dots around the green star indicating Von's, do those dots indicate Von's customers that live in the vicinity of the Shopping Bag store?

A. Yes.

Q. And how many of those red dots make up that cluster of red there?

A. Twenty-two.

Q. Would each of those interviews represent maybe 35 or maybe 45 families, according to your previous testimony?

A. I don't know about that.

Q. Would you know how many customers were represented by those 22 dots?

A. No, I don't. Twenty-two, at least, of course.

Q. And maybe each of them represented as many as ten customers?

A. That's right.

Mr. Vaughn: I will object to the question as being [fol. 60] confusing and calling for a conclusion. The word "represented" is being used, I think, in a non-statistical sense here.

Mr. Coyle: Q. When you make these interviews don't each of these interviews represent something more than just a single interview?

A. We usually use the word "projectable." Whether it is projectable or not.

Q. Are these projectable, these interviews?

A. Yes, they are projectable.

Q. How many would these 22 interviews project to?

A. As I say, they might project to ten. I don't know the total universe, I told you that, and that is why I can't testify to that.

Q. It might project to more than ten or less than ten but you say that ten is about what you think they project to?

A. That would be more——

Q. It would probably be conservative, wouldn't it?

A. I don't know.

Q. Now referring to this overlay which is now attached to this exhibit, which you didn't make, would you say that that overlay, on the basis of your study, would accurately plot out the market area served by these two stores?

A. I don't know. You mean back at that time in 1956?

Q. Yes. Based upon your interviews.

[fol. 61] Mr. Vaughn: I will object to the question. The map doesn't purport to show and doesn't show the trad-

ing area of the two stores. It shows the trading area of each store. You have wide open spaces here covering most of it.

Mr. Coyle: I am asking Mrs. Corey on the basis of her interviews would she be able to plot the area served by the two stores on the basis of her interviews.

Mr. Vaughn: I think she has. The dots show the areas.

Mr. Coyle: I am asking her.

The Witness: It would depend upon the problem that you were solving. You are including, as you say, a great deal of scattered territory in here.

Mr. Coyle: Q. But there are customers of both stores located even outside that area, are there not?

A. Well, very scattered customers.

Q. But isn't that what determines the trading area?

A. This study was given as of a certain day and as of a certain day someone may be traveling through, maybe going from work and what have you, as of a certain time. I think that the map itself is more indicative of where the customers come from than this line. It shows the cluster where the customers are clustered.

Q. This study of yours was prepared to solve a particular problem, was it not?

A. It was—— Yes, it was done to approach a particular [fol. 62] problem, to bring up some answers to particular problems.

Q. What was the problem it was prepared to answer?

A. I believe we stated in here, in our report.

Q. Would you refer me to the specific place?

A. That we were requested to conduct a survey to determine the amount of competition existing between Von's and Shopping Bag Markets at those locations in close proximity to each other.

Q. And those locations were in close proximity to each other?

A. They were the closest of all the Von's and Shopping Bag stores.

Q. These were the only Von's and Shopping Bag stores that you studied for the purpose of determining the competition between them?

A. Yes.

Q. And you made no findings as to any of the other stores?

A. No.

Q. Would a store with three and a half million dollars annual sales have normally in the Los Angeles area a larger draw area than a store with two and a half million dollar sales?

A. Well, I wouldn't say. It would depend on the location of the store.

[fol. 63] Q. If at a given area a store had sales of three and a half million dollars would it have a larger draw area than a store with two and a half million dollar sales located across the street from it?

Mr. Vaughn: I object to the question as being speculative. So many factors come into that that you haven't eliminated them.

Mr. Coyle: This is a hypothetical question.

Mr. Vaughn: It is an improper hypothetical question.

Mr. Coyle: I am asking the witness if she can answer that.

Q. Could you answer this hypothetical question?

Mr. Vaughn: Do not answer until I finish stating my objection, Mrs. Corey, hopefully without interruption.

You are asking her a hypothetical question and not including all of the factors that go into a result such as how much each customer spends at the store and the like, and I object to it as an improper hypothetical question.

Mr. Coyle: Q. Would the Von's store on this map have a larger draw area than the Shopping Bag store?

A. You mean just depending upon geography alone?

Q. On the basis of the fact that the Von's store had a three and a half million dollar annual sale and Shopping Bag two and a half million.

Mr. Vaughn: Doesn't that assume facts not in evidence?

Mr. Coyle: This is a hypothetical question.

[fol. 64] The Witness: We have a hypothetical question that Von's has a volume of what?

Mr. Coyle: Q. Three and a half million.

A. And that Shopping Bag has——

Q. Two and a half million.

Mr. Vaughn: The same objection.

The Witness: I wouldn't say that it does.

Mr. Coyle: Q. That wouldn't indicate that one has a wider draw area than the other?

A. Not necessarily. It might or might not. You couldn't answer it just on that. You couldn't possibly answer it on that basis.

Q. What other factors would you have to know?

A. Well, I went into a great many of the factors the other day, it is in the testimony, that it would depend on the store, the amount that they sell. As you remember, I mentioned the quality of the meat, one may have a good parking area the other may not. That one may be on a better side of a wide avenue and that one may have better management. The lost sale, not keeping a good inventory, is very important. And one may stock—may pay better attention to the brands. There is the arrangement of the store, the areas. All of those things go into the success of a store or increased sales. I don't know. One may have a liquor department and one may no.. And one may have a good meat department. One may be heavy on vegetables. It is not just the groceries alone that depend upon the volume. [fol. 65] One may be open longer hours. One might be open on Sundays and the other might not. All of these things have to be considered. It is not just the one factor.

Q. So would it be your conclusion then that there is no hard and fast rule as to the draw area of a given store?

Mr. Vaughn: I object to the question using the phrase "hard and fast rule." Relating to what?

Mr. Coyle: Q. That there is no one criterion that determines the draw area of a given store.

A. Well, that is an entirely different question than the one you asked me.

Q. What determines the draw area of a given store?

Mr. Vaughn: What do you mean "determines"? I don't understand it.

Mr. Coyle: Q. What factors do you have to take into consideration to arrive at the draw area of a given store?

A. Well, I mentioned some of them. However, if you are just talking about geography, if one store is in Garden

Grove and the other store is in San Fernando, certainly geography has a part. The people in San Fernando aren't going to go to Garden Grove to do their shopping. So that could determine the draw area on that. But these stores are relatively close together. Or when I am talking about stores that could be relatively close together then I don't think geography is the only thing.

[fol. 66] I did mention one factor there, the fact about a big avenue or freeway, or something that people might not want to cross, or there could be a natural boundary such as a river bed or something that would affect it. But from looking at the map here it doesn't seem to me that there is any natural boundary there that would affect the draw area.

Q. There are no barriers on that map that you see that would affect the draw area.

A. I don't see any between these two stores.

Q. Is there a railroad shown on that map?

A. Yes. This goes down on this side.

Q. Would that railroad affect the draw area there?

A. I would frankly have to see—I don't know how it is crossed over.

Q. Based upon those interviews that you conducted would you conclude that it has affected the draw area?

A. Well, we have some coming down Chapman, which is evidently a direct line, as you can see. There is a direct line here on Chapman.

Q. And are people crossing that railroad to get to those stores?

A. They evidently go up to Chapman and then go over. There is a way of going.

Q. Isn't there generally a way of going across the railroads in this area?

A. There is.

[fol. 67] Q. Railroads are not much of a barrier in this area, are they?

A. I wouldn't say that railroads are our big barriers. Maybe freeways are bigger barriers. But generally there is a way of doing anything, but it may not be the most convenient way. And convenience is an important factor.

Mr. Coyle: I am through now.

Mr. Vaughn: I have a few questions.

Cross-examination.

By Mr. Vaughn:

Q. Mr. Coyle has referred to your survey of the vicinity of Carson Street and Woodruff Avenue. I show to you a document entitled "Consumer Shopping Habits in the vicinity of Carson Street and Woodruff Avenue, Lakewood, for Von's Grocery Company, February 1956." Is that a report which your organization prepared, Mrs. Corey?

A. Yes.

Q. In making that report did you confine your interviews to the immediate vicinity of Carson Street and Woodruff Avenue?

A. Well, according to our report the survey was made between a three-mile radius around the intersection of Carson Street and Woodruff Avenue.

Q. That means that you would go three miles in all [fol. 68] directions in order to find those who you would interview; is that correct?

A. That's right. We described the areas bounded on the north by Artesia Street and on the south by portions of the Pacific Coast Highway and the most southern limits of the Los Angeles County line. The east and west boundaries are roughly the Los Angeles County line and the City of Lakewood's western limits, respectively.

Q. Was this a survey to determine consumer preference for particular stores in the area surveyed?

A. Yes.

Q. I refer you—I suppose this is Page 2 of your report. Am I correct in saying that you asked for consumer preference in meat, vegetables, groceries and fresh fish with regard to various markets; is that right?

A. Yes. The question was, "Where do you generally buy your meat?" Where do you generally buy your fresh fruit and vegetables?" and "Where do you generally buy your groceries?"

Q. Would you tell me what percentage of the customers asked "where do you generally buy your groceries?" responded Iowa Pork Shop?

A. Iowa Pork Shops on groceries, 4.8.

Q. How about Ralphs?

A. .2.

Q. Have you any way of knowing from the information [fol. 69] now before you whether those .2 per cent of the persons interviewed lived in this area?

A. Not exactly where they lived. They lived within the three-mile radius.

Q. They could have lived three miles away from Carson and Woodruff in the direction of the Ralphs' store; isn't that right?

A. That's right.

Q. How about with respect to Raisin Market, how many said they generally bought their groceries at Raisin's Market?

A. .2.

Q. How about Safeway?

A. 2.4.

Q. How about Greater Central?

A. 8.9.

Q. If a store has a two mile draw area and one of its competitors four miles away has a two mile draw area, are they in competition, in your opinion, Mrs. Corey?

A. They would be more in competition by the people who lived on the two miles from either one, that line of people. I mean this is a completely overlapping situation. You don't draw a boundary and then stop. I mean it's an overlapping situation. So they would be in competition with the people who live closer to one store or the other, and the competition would vary.

Q. So that a store with a two mile drawing area could [fol. 70] be in competition with a store three and a half or four miles away from it; isn't that right?

A. That's right.

Q. Mr. Coyle also referred you to the vicinity of Santa Gertrudes Avenue and Whittier Boulevard. I now show you a report called "Consumer Shopping Habits in the vicinity of Santa Gertrudes and Whittier Boulevard." Is this also a report prepared by your organization, Facts Consolidated?

A. Yes, that's right.

Q. What area did you conduct your interviews in in this instance?

A. That was within a three-mile radius around the intersection of Santa Gertrudes and Whittier Boulevard.

Q. That is three miles in all directions; is that correct?

A. In all directions, yes.

Q. Again what question did you ask people interviewed?

A. We ask again, "Where do you generally buy your meats?" "Where do you generally buy your fresh fruits and vegetables?" and "Where do you generally buy your groceries?" And then the reason that fish was on there, we later on asked, "Do you ever buy fresh fish, and if 'Yes,' where do you buy it?" So it is a smaller sample of whoever buys fresh fish.

Q. What percentage of those persons contacted or interviewed said they generally bought their groceries at Ralphs?

A. Four per cent.

[fol. 71] Q. What percentage said they usually bought their groceries at Orcutt's Whittier?

A. 2.5.

Q. I take it that you are again unable to tell us from the information before you where those particular customers or particular persons resided in that area.

A. Yes, that's right.

Q. They could have resided three miles away from the——

Mr. Coyle: You are testifying, Mr. Vaughn.

Mr. Vaughn: Q. Is it possible that they could have resided——

Mr. Coyle: You are still testifying.

Mr. Vaughn: Q. —three miles away from Santa Gertrudes Avenue and Whittier Boulevard from Ralphs or Orcutt's Whittier?

A. Yes, within three miles. Up to three miles.

Q. Are you a member, Mrs. Corey, of any professional societies or associations?

A. Well, I am a member of the American Marketing Association, I am a member of the American Statistical Association, I am a member of the American Association for Public Opinion Research, and our firm is a member of the American Management Association, and I am a member of some advertising clubs. I think that's about it.

Q. Has your firm or have you ever conducted any surveys to determine the effectiveness of food advertising in

[fol. 72] metropolitan papers as compared to other types of newspapers?

A. Effectiveness, yes, and more readership rather than effectiveness.

Q. You have conducted your surveys to determine what number of people read particular newspapers?

A. Yes. And what they read them for.

Q. Do you have an opinion, Mrs. Corey, based upon your research, as to what type of newspaper carrying food advertising is most often read for the purpose of reading food advertising in the Los Angeles metropolitan area?

A. I would say that the paper that we call the controlled circulation newspaper that comes out on Thursday morning, some of them are published twice a week, some three times a week, there is even one published four times a week, are read more for food advertising than any other type of paper.

We did a great deal of work in media research and we made a study called "The Penetration Efficiency of Newspapers." We made three of those covering all the newspapers in Los Angeles and Orange Counties. This includes the metropolitan papers, the daily community papers and the weeklies. There are almost 400 papers included in this study.

And in working with the newspapers, one group called the Los Angeles suburban newspapers, Los Angeles area suburban newspapers, LOSAN we call it, we learned that [fol. 73] they have 144 markets advertising in their newspapers.

Q. What is a market?

A. A food market.

Q. I see.

A. One hundred forty-four different food advertisers in their newspapers, which I would say represent about one-third of the control circulation newspapers.

Q. Where are these controlled circulation newspapers distributed? Is one paper distributed across the metropolitan area or how is that done?

A. No. Some of them have very small areas, some have larger ones. But they are designed to serve the immediate community.

For example, one group called the Herald American have

13 different stores, so they can be localized to serve each area such a La Mirada, such as West Compton, such as East Compton. They are very, very local. The purpose is to give local news and serve the local advertising.

Q. Have your surveys showed, Mrs. Corey, that more or fewer people read food advertising in these types of papers than in metropolitan newspapers?

A. The food advertising is read more in these papers than in any other type. Not only the metropolitan but in the community newspapers such as the Long Beach and Pasadena, Glendale News Press and so on. These are—Some of them are—These are the newspapers designed [fol. 74] primarily to serve the food markets. In fact their problem is to show that people read them for something else other than food. Because when they go out to sell advertising the advertiser says, "We know everybody uses them for shopping for food but we don't know that they use them for something else." And that has been their problem, to show that they do read them for other things other than food.

Mr. Vaughn: No further questions.

Redirect examination.

By Mr. Coyle:

Q. How many people read these controlled newspapers for food advertising?

A. Well, I would say that it varies a little bit by area within the County. On the whole I would say that about 85 per cent of the housewives in Los Angeles and Orange read them for food advertising.

Q. What percentage of the housewives do the shopping in Los Angeles and Orange Counties?

A. When I say "the housewives," I also mean the men. The people who do the shopping—people who shop read them for food advertising.

Q. What percentage of the households in Los Angeles and Orange Counties get one or the other of the metropolitan newspapers?

[fol. 75] A. One or the other of the metropolitan newspapers? I am calling on my memory, and I deal with figures

so much of the time that I don't try to memorize them. I try to go back and I may have to correct myself. But I would say about—You are talking about the dailies, not the Sunday?

Q. Yes. Either at a newsstand or have it delivered at their home, one or the other.

A. I would say that it is about 45 per cent.

Q. 45 per cent of the people in the Los Angeles metropolitan area?

A. Yes.

Q. What is the circulation of the Times?

A. I don't remember what it is. It is not all in Los Angeles and Orange County, of course. But I could get that figure. It wouldn't be difficult for me to get you the circulation of all the papers. I do have them in my office, the Audit Bureau circulation figures.

Q. Is it necessary for a chain like Safeway to advertise in the metropolitan papers?

A. It wouldn't be.

Q. It wouldn't be?

A. It wouldn't be necessary.

Q. Could they do as well without advertising in the metropolitan newspapers?

A. That is in the matter of the judgment of the advertising manager.

[fol. 76] Q. But they advertise in the metropolitan newspapers?

A. I believe they are now.

Q. You know they are, don't you?

A. I believe they are. They are also advertising in community papers and they advertise in the control shopping newspapers.

Q. Doesn't Von's advertise in the metropolitan newspapers?

A. I believe they do.

Q. Didn't Shopping Bag prior to the merger?

A. I don't know whether they did or not.

Q. You don't know whether they did or not?

A. Not all of the chains. In fact I know that all of the chains do not advertise in the mets.

Q. How many chains are you talking about when you say "all the chains"?

A. Well, there again I will have to go back and list all the number of chains. I believe there might be about 25. I would say that basically about half of them may do that. They go in and out. I can remember when something may happen and they decide they are not going to go into the metropolitan newspapers or they may decide that they are not going to go into a community paper. They make a study of their advertising plans from year to year and they change.

Q. Do they all advertise in these controlled papers that you mentioned?

[fol. 77] A. I would say that 95 per cent of them do.

Q. 95 per cent of what?

A. Of practically all markets. And I don't have any incidents where the chain does not advertise.

To go into that, I remember one time one of the chains became angry at one publisher and went out of the paper and then instead of depending upon the metropolitan paper and the community paper they devised their own, if you want to call it a throwaway, and they printed that and they circulated it themselves from door to door, because they couldn't——

Q. What chain are you talking about?

A. Well, actually at that time, this was some time ago, it was Safeway in one area. And they quit doing it and went door to door.

Q. Which area was that?

A. It was an area in the Valley. This was a long time ago.

Q. How long ago?

A. I don't remember.

Q. Ten years ago?

A. Probably ten years ago. About ten years ago.

Q. At least ten years ago? But that is the only incident that you know of that this happened?

A. Oh, if I went—No. If I went back over the records I can remember Sears & Roebuck doing—This is not a food [fol. 78] store. But these markets change their policy overnight. But I would say that they depend by and large, the big dependence is on the controlled circulation newspaper for the chains and the small markets. All of them, independent markets, everyone.

Q. What do you define as a chain, Mrs. Corey? You are talking about chains.

A. There are different definitions.

Q. What is your definition? What have you been meaning when you spoke about chains?

A. I have been thinking of stores that have 12 or more.

Q. That is your definition of a chain, an organization with 12 or more stores?

Mr. Vaughn: That is what she said.

Mr. Coyle: I am just clarifying it.

Q. That is your definition?

A. I have been thinking of that, that that would be 12 or more, yes.

Q. How many stores does Safeway have?

A. I don't know and they won't tell you.

Q. They have 12 or more?

A. They have 12 or more.

Q. And they do advertise in the metropolitan papers?

A. I believe they are now; I believe they are. Personally I don't shop at Safeway and I don't know. I haven't paid any attention. I have been out of town. As I say, their [fol. 79] policy changes. But I assume they have ads in the metropolitan papers.

Q. What about Ralphs?

A. I believe they do too.

Q. And Von's you know does?

A. I believe they do.

Q. Does Market Basket?

A. Probably. I don't recall.

Q. Does Mayfair?

A. I don't recall.

Q. Does Fox still have ads in the metropolitan papers?

A. I don't know whether they do or not. I have no Fox in my area so I don't know about Fox.

Q. Do you know whether Safeway has an ad in the controlled papers?

A. Yes, I know they do.

Q. How do you know that?

A. Because I have been looking over some of the control circulation papers in behalf of another client of ours.

Q. Does Von's?

A. Yes, they use some. They don't use all. They use some, depending on their advertising manager's choice.

Q. Is radio and TV a medium of advertising for grocery stores?

A. I don't know whether they use it very much or not. [fol. 80] I don't think they do. They might do it more for image advertising. I mean I remember that Von's a number of years ago, they had a movie or something in the afternoon, I believe, or maybe it was in the evening. I never watched it. But I believe they did have a movie on TV. And I don't know whether any of the others have or not.

Q. Do you know what percentage of the chains of 12 or more stores advertising budget goes into metropolitan newspaper advertising in this area?

A. No, I don't know. But I think that would be easy to find out, what percentage goes into metropolitan, what percentage goes into community and what percentage goes into control circulation newpapers.

Q. But you don't know right now?

A. No, I don't.

Q. You have been talking about these surveys that you made in the vicinity of Carson Street and Woodruff Avenue and the other one in the vicinity of Santa Gertrudes and Whittier Boulevard, and you have stated that you don't know where the persons interviewed lived.

Mr. Vaughn: On the basis of the information now before her, that is what she said.

Mr. Coyle: Q. On the basis of your report you don't know that. Do you know whether they all lived within this three-mile radius?

A. Yes, because we did the interviewing in the home and [fol. 81] we didn't go beyond the three-mile radius. They were in-home interviews.

Q. Was the purpose of this study to develop facts for Von's Grocery in connection with their consideration of possibly a store in that area?

A. Yes. We say that.

Q. Did Von's actually open a store at the intersection of Carson Street and Woodruff Avenue?

A. I believe they did.

Q. And did Von's also open a store at the intersection of Santa Gertrudes Avenue and Whittier Boulevard?

A. I believe they did.

Q. Had they those spots under consideration when you made this survey?

A. Yes.

Q. And you took a radius of three miles from those locations to make your interviews to determine whether they should locate a store there?

A. Yes.

Mr. Coyle: I have no more questions.

Mr. Vaughn: I have none.

Mr. Coyle: That is all.

(It was stipulated by and between counsel that the foregoing deposition be signed before any notary public with the same force and effect as though read, corrected and [fol. 82] signed in the presence of the notary public before whom it was taken.)

——, ——, (Signature of the Witness.)

Subscribed and sworn to before me this — day of ——, 1963.

——, ——, Notary Public, in and for the County of Los Angeles, State of California.

[fol. 83] STATE OF CALIFORNIA,
County of Los Angeles, ss:

I, HAROLD M. LEIBOVITZ, C.S.R., a Notary Public within and for the County of Los Angeles and State of California, do hereby certify;

That prior to being examined, DOROTHY D. COREY, the witness named in the foregoing deposition, was by me duly sworn to testify the truth, the whole truth and nothing but the truth;

That said deposition was taken before me pursuant to oral stipulation, at the time and place therein set forth, and was taken down by me in shorthand and thereafter transcribed into typewriting under my direction and supervision; that the said deposition is a true record of the testimony given by the witness;

That it was stipulated by counsel that said deposition may be read, corrected and signed by the witness before any notary public in and for the County of Los Angeles, State of California.

I further certify that I am neither counsel for nor related to any party to said action, nor in anywise interested in the outcome thereof.

In Witness Whereof, I have hereunto subscribed my name and affixed my seal, this 6th day of June, 1963.

Harold M. Leibovitz, Notary Public in and for the County of Los Angeles, State of California.

[fol. 84] CORY EXHIBIT 1

RESEARCH

A Monthly News Letter prepared for Western Advertising by Facts Consolidated

NOTEBOOK

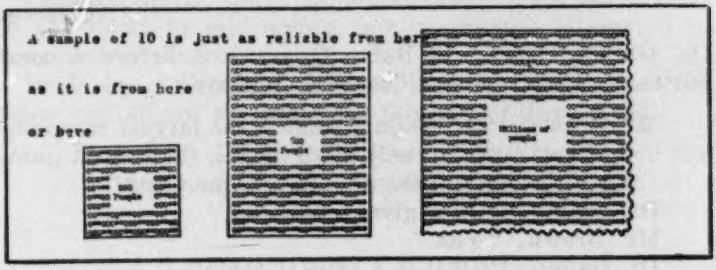
DR. GEORGE GALLUP IS BEING QUESTIONED before a committee by Congressman Clarence J. Brown:

Mr. Brown: "Dr. Gallup, what is the largest sampling that you make in the United States, the largest number, in order to pass on a given question?"
Dr. Gallup: "On a given question?"
Mr. Brown: "Yes."
Dr. Gallup: "3,000 is a typical sample."
Mr. Brown: "3,000 over the United States?"
Dr. Gallup: "Yes; over the United States."
Mr. Brown: "How many counties are there in the United States?"
Dr. Gallup: "3,070, I believe."
Mr. Brown: "You then make a sample of polls of a little under one per county in the United States?"
Dr. Gallup: "That is right. And I might add that is more than we would need to take it. If we took 1,500, it would probably keep within the margin of error that we claim."

That Was Ten Years Ago. Today in research we are still trying to convince people that sampling errors are determined by the size of the sample and not by the size of the population. A random sample of 400 out of a population of 50,000,000 is just as reliable as a random sample of 400 out of a population of 5,000. (—practically. Read the "fine print" at the end of this article.) We had better be right about this because some "relatively small" samples are being used today.

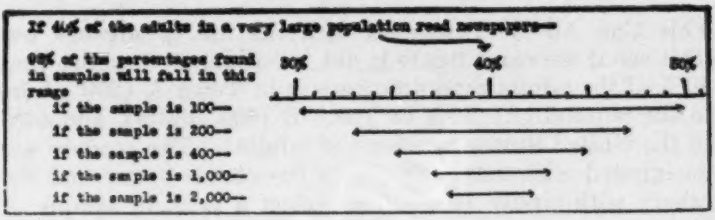
This Can All Be Discussed with the use of algebra but let's see if we can't figure it out intuitively. Suppose that 40% of the adults read newspapers in Town A (200 adults in the population), 40% in Town B (600 adults), and 40% in the United States (millions of adults). The readers are designated with asterisks (*) in the charts below and the others with circles (o). If we select a random sample of

10 adults from any one of these areas, about 4 out of the ten will be newspaper readers. Sometimes we will get 3 or 5 or perhaps 2 or 6 but—we will not be farther from the truth in the larger areas than we will in Town A.



[fol. 85] If the Number of Items in the Population has nothing to do with our sampling errors, what does affect these errors? The size of the sample. Other things being the same, samples of 200 have smaller sampling errors than do samples of 100. However, if the sampling error of a sample of 100 is to be cut in half, the sample must be increased to 400, that is, it must be quadrupled.

Sample Results Are Either Above or Below the Truth (except in those rare cases when they coincide with the truth). By "sampling error" we mean the difference between the truth (say, 40%) and the sample percentage (say, 38%). In the chart below, we can see that the range of sample percentages around the truth varies as the sample size varies. For example, if we use a sample of only 100, we would not be surprised to get a sample percentage as low as 32% when the population percentage is 40%. But with a sample of 1000 from a population which has a percentage of 40%, for example, we would rarely have a sample result of less than 37% or more than 43%.



60% Has the Same Sampling Error That 40% Has. If 40% is subject to a 3% sampling error, 60% has the same error. Percentages of less than 40% (or more than 60%) have smaller sampling errors than does 40%. Percentages nearer 50% have larger sampling errors.

What About Relatively Large Samples? We have picked our examples carefully in the first part of this article and have not made the following statement which is obviously nonsense: "A sample of 990 out of a population of 1,000 has the same sampling error as a sample of 990 out of a population of 1,000,000." There just can't be much sampling error in a sample of 990 out of 1,000! We must carefully modify our opening statements now to read: "The size of the population does not affect the sampling error unless the sample is a sizeable part of the population." Usually the sample is not a sizeable part of the population—usually far less than 10% or even 1%. But let us compare (1) a sample of 1,000 from a population of 10,000 (this is 10%) and (2) a sample of 1,000 from a population of 10,000,000. If the percentage being measured is about 40%, we would be reasonably sure that our error was no greater in the first case than 2.93% and no greater in the second case than 3.08%. This is not a substantial difference and we go back to our first statements: It Is the Size of the Sample That Counts!

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DEFENDANTS' EXHIBIT BE

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60-C

[Title omitted]

AFFIDAVIT OF VICTOR HINSON

STATE OF CALIFORNIA,
County of Los Angeles, ss:

VICTOR HINSON, being first duly sworn, does hereby depose and state as follows:

I am the Secretary of Von's Grocery Co.

In October, 1960, attorneys for Von's Grocery Co. requested me to conduct a survey of the following Von's and Shopping Bag stores which, they advised me, the Government contended were in competition for the same customers prior to the merger of Von's and Shopping Bag:

Present Von's Store No.	Store No. Prior to Merger	Location
4	Von's 4	Monterey Park
5	Von's 5	Downey
22	Von's 22	Reseda
26	Von's 26	Garden Grove
27	Von's 27	Whittier
29	Von's 29	Alhambra
31	Von's 31	West Covina
32	S.B. 32	West Covina
33	S.B. 33	Anaheim
35	S.B. 35	Downey
39	S.B. 39	Reseda
40	S.B. 40	Montebello
41	S.B. 1	La Habra
51	S.B. 11	San Marino
56	S.B. 16	Alhambra
60	S.B. 20	Pico Rivera
61	S.B. 22	Whittier
67	S.B. 27	Monterey Park
68	S.B. 28	La Puente

I instructed each store manager of the above stores to record the names and addresses of the first 200 persons cashing checks at his store on various Fridays and Saturdays between October 21 and December 9, 1960. These names and addresses were then copied onto lists which were returned to me. Those lists are Exhibit AA.

I then procured maps of the areas surrounding the above stores. My secretary, working under my supervision, inserted on those maps an appropriately labeled marker at the location of each store involved in the study. She then located on those maps the address of each person named in the above referred to lists and placed a pin in the map at that address. The color of the pin used corresponded to a color assigned to the store at which the person had cashed his check.

In some cases, the addresses of two or more customers of one store were so close together that a pin could not be used for each customer. In such cases, then, a single pin represents two or more customers of one store.

I believe that the pins so located on those maps (which are Exhibits AB through AE) fairly depict the residences of typical customers of the above named stores and outline the area from which such stores draw their customers.

Victor Hinson.

Subscribed and sworn to before me, this 22 day of October, 1962.

Janet L. Larsen, Notary Public in and for said County and State, [Seal]

My Commission Expires July 20, 1963.

DEFENDANTS' EXHIBIT BF

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60-CC

[Title omitted]

AFFIDAVIT OF ROY L. BOUQUE

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AFFIDAVIT OF ROY L. BOUQUE

STATE OF CALIFORNIA,
County of Los Angeles, ss:

ROY L. BOUQUE, being first duly sworn, does hereby depose and state as follows:

I am a partner in the firm of Lybrand, Ross Bros. and Montgomery, a national firm of certified public accountants. In 1960, and again in 1961, Lybrand was asked by attorneys for Von's Grocery Co. to make an analysis and study of certain aspects of the retail grocery business in Los Angeles and Orange Counties. That study was made and conducted by members of Lybrand's central research staff with the assistance of personnel from the Los Angeles office. The purpose of this affidavit is to set forth the results of our study.

Analysis of Trading Areas of Selected Von's and Shopping Bag Stores

In order to determine the extent of competition between Von's and Shopping Bag prior to the merger, we made a study in 1960 of the trading areas or "draw" areas of the Von's and Shopping Bag stores which we were informed the Government contends were near enough to each other to compete for the same customers. The purpose of this study was to determine whether and to what extent competition actually existed between Von's and Shopping Bag prior to the merger by determining whether and to what extent the draw areas of the stores in question actually overlapped.

It is generally believed by retailers and other authorities * that the vast majority of the customers of a typical supermarket in the Los Angeles metropolitan area live within two miles of the store. In fact, it is most unusual for a store to draw any significant number of customers from as far as two miles away, while many stores in highly populated communities have a draw area of less than a mile. Nonetheless, for purposes of our study, we assumed that each

* See, for example, "The Selection of Retail Locations," by Richard L. Nelson, 1958, p. 49.

store had a possible trading area of from 1½ to 2 miles, and accordingly, we made an analysis of each of the stores in question based on a possible or theoretical draw area of 1½ miles and another possible or theoretical draw area of 2 miles.

Next, it is apparent that in only a very few instances can trading areas be defined in a perfect circle with a radius of 1½ or 2 miles. One of the obvious reasons for this is that barriers to traffic such as freeways, railroads, water channels, hills and the like may inhibit or entirely prevent access to a particular store from within a theoretical circular draw area. Therefore, by plotting and analyzing traffic barriers and other similar factors which influence the actual draw area of each store in question, we arrived at what we have called the "adjusted draw area," or that segment of the theoretical draw areas which is not cut off from the store by some traffic or other barrier.

Next, we determined from census figures, the population and number of dwelling units in each theoretical draw area, each adjusted draw area, and, in any case where there was an overlap in the theoretical or adjusted draw areas of a Von's and a Shopping Bag store, in each such overlap area.

Finally, in recognition of the fact that normally customers do not (except on a basis of personal preference which cannot be measured statistically) pass one supermarket to shop at another supermarket further down the road, we also took into account the markets operated by major competitors of Von's and Shopping Bag which might be found in the theoretical or adjusted draw areas studied.*

The detailed results of our study are set forth in Appendix I to this affidavit. In addition, we have prepared maps to depict graphically what is stated in words in the appendix.** The conclusions which necessarily follow from our analysis is that prior to the merger, there were few

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* It was not feasible to list or mark on our maps all of the stores operated by competitors in these areas. Also, since the study was made other stores have been opened in many of those areas.

** See Page 6, *supra*, for explanation of maps. It is suggested that those maps be referred to in connection with any review of the store-by-store analysis which follows.

areas from which both a Von's and a Shopping Bag store drew customers, and that those areas of everlap which did exist were small both in terms of size and population. Hence, we conclude that there was very little actual competition for the same customers between Von's and Shopping Bag prior to the merger.

The following is a summary of our findings:

1. Summary.

Prior to the merger, Von's operated 28 stores and Shopping Bag 36 in the Los Angeles metropolitan area. Several other stores were planned by both concerns. We were advised that the Government contends that competition between Von's and Shopping Bag occurred in 20 areas, each of which could be served by both an operating or planned Von's store and an operating or planned Shopping Bag store as of the date of the merger. The foregoing study of those areas shows that:

1. If a 1½ mile adjusted draw radius is used, there were only 9 instances of any sort of overlap between the draw areas of a Von's and a Shopping Bag store, whether planned or actually operating. If a 2 mile adjusted draw radius is used, there would be 11 instances of such overlap.

2. The total population in those areas of overlap was 104,320 if a 1½ mile adjusted radius is used, and 237,390 if a 2-mile adjusted radius is used. These totals represent less than 1.6% and 3.6%, respectively, of the total population of 6,668,975 people who inhabited the Los Angeles metropolitan area as of the date of the merger.

3. There were at least one, and more often several, supermarkets operated by competing concerns within every overlap area but one.* Of course, those stores being in

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* The one overlap area referred to here was the overlap in trading areas between Von's proposed store in Northridge at Nordhoff and Reseda Boulevard and Shopping Bag's proposed store in Granada Hills. Those store locations were nearly four miles apart, so that there is no 1½ mile overlap area. The 2 mile overlap area is very small, containing only 2,400 residents. Since the merger, plans to open the proposed Shopping Bag store have been abandoned and the lease has been assigned to Food Giant which is now operating a store at that location.

the areas of overlap themselves were almost invariably much closer and more convenient to residents of those areas than were either the competing Von's or Shopping Bag stores. In view of this fact, it is quite probable that as a matter of economic reality neither Von's nor Shopping Bag had much chance of luring customers in those overlap areas. As a result, it would be an overstatement to say the competition between Von's and Shopping Bag involved 3.6% or even 1.6% of the population. It is a more logical conclusion that competition between the stores of the two companies was virtually non-existent.

2. Explanation of Maps.

As is stated above, we have also prepared maps which graphically depict the results of our study. These maps are Exhibits AG through AL. By a series of overlays the maps show the Von's and Shopping Bag stores either operating or planned as of the date of the merger, the locations of competing markets, theoretical trading areas, main physical barriers to access and population.

On the face of each map itself (marked 1), we have located each Von's and Shopping Bag store operating or planned as of the date of the merger. A blue dot represents a Von's store. An orange dot represents a Shopping Bag store. In order to depict the theoretical trading areas of the stores which we studied, blue circles have been drawn around each Von's store which is within 4 miles of a Shopping Bag, and orange circles have been drawn around each Shopping Bag store within 4 miles of a Von's store. The inner circle shows the circumference of the theoretical 1.5 mile draw area. The outer circle represents the circumference of the 2 mile draw area. If the circles around any store are broken, it means that the store was only planned as opposed to operating at the time of the merger.

The first overlay (marked 2) depicts by green dots stores operated by other chains having more than 10 stores in the Los Angeles Metropolitan Area as of the date of the merger.

The second overlay (marked 3) shows natural or man-made barriers to access marked in red. This overlay also shows by yellow hexagons, or six-sided figures, the location of stores operated by chains with 4 to 10 stores in the Los Angeles Metropolitan Area. In some cases this over-

lay also contains orange squares which show the location of stores operated by concerns with 1, 2 or 3 stores in the Los Angeles Metropolitan Area. In other cases these stores are similarly depicted on the next overlay (marked 4).

The overlay marked 5 shows population. The first of these overlays which we prepared is appended to the map of the San Fernando Valley. (Exhibit AJ.) In that case we depicted population by the use of black circles, each of which represents 200 persons. On all the maps subsequently prepared we used a yellow square for each census tract. Those yellow squares contain two numbers separated by a line. The number above the line indicates population. The number below the line indicates the number of dwelling units.

All of the above overlays were prepared based on information available in September, 1960. The last overlay (marked 6) was prepared on the basis of additional information to November, 1961. The blue dots on that overlay show the location of Von's stores opened since the merger. The circles around them show the 1.5 and 2 mile theoretical draw areas. This overlay also depicts the locations of discount houses with food departments (by purple squares), the stores opened since September, 1960, by chains with more than 10 stores in the Los Angeles Metropolitan Area (by green squares), and stores opened since that date by chains with between 4 and 10 stores in the area (by yellow squares).

As is stated above, it was not feasible to indicate the locations of all stores which competed with Von's and Shopping Bag stores in the areas studied so that to some extent our maps and analyses understate such competition.

Statistical Data (Exhibits — and —)

As part of our study we prepared certain charts and tables. The first table (Exhibit AM) lists the leading 20 chains in the Los Angeles Metropolitan Area as of June, 1960, and shows their sales and share of the market for the years 1948, 1954 and 1958, and the first 6 months of 1960. (The figures used were compiled in the manner explained in paragraph 20, pages 24 to 25, and in paragraph 19, pages 22 to 24, of the document entitled "Statement in Support

of Defendant's Proposed Exhibits", filed in this action on December 18, 1961.)

Exhibit AM shows, among other things:

1. The share of the market enjoyed by the market leader, Safeway, declined from 14.2% in 1948 to 7.7% in 1960. The second-ranked concern in 1948, 1954 and 1958—Ralph's—experienced a decline in share of the market from 6.9% in 1948 to 6.4% in 1960.

2. In 1948, no retail grocery company other than Safeway or Ralph's had more than 2.5% of the market. By 1960, there were 8 concerns with more than 3%. Despite their growth, these 8 concerns had 41.3% of the market in 1960, meaning that the majority of sales in this area were still accounted for by smaller chains and independents.

3, In 1948, Safeway and Ralph's combined enjoyed sales amounting to 21.1% of the market, while in the same year, the remaining 18 concerns listed had combined sales representing only 15.4%. By 1960, the situation had changed dramatically. Safeway and Ralph's had 14.1% of the market between them, and the remaining chains listed had 39.8%.

4. Seven of the firms listed were not in business at all in Los Angeles in 1948. Among them is Food Giant which ranked fourth in the area in 1960 with 29 stores and 4.6% of the market. As late as 1954, Food Giant had only two stores and less than 1% of the market.

5. The obvious conclusion to be drawn from the foregoing is that the size and relative strength of the market leaders in 1948 apparently offered no deterrent to the growth and entry of smaller concerns. Indeed, the market share enjoyed by the leaders in 1948 has declined significantly while other firms experienced growth.

We have been advised that the Government has sought to show that the grocery business in Los Angeles has become more concentrated in recent years. They have pointed to the increase of the share of the market enjoyed by the top 20 concerns in the last decade as evidence of such an increase.

Statistically, we feel that this comparison is of questionable value because the "top 20" 10 years ago consisted in part of different firms than are in the "top 20" today. As

a result, the comparison of the two offers only a highly qualified insight into the changes which have occurred in grocery retailing in the last decade. Perhaps of greater importance, however, is that the Government's comparison ignores the significance of change in the entities which make up the top 20. The very fact that the top 20 today is different than the top 20 10 years ago, or that 7 firms in the top 20 today were not even in existence in 1948, is evidence of an absence of concentration and a strong indication of competitive vitality.

But if change in the share of the market enjoyed by any chain or group of chains is indicative of a change in degree of concentration, we believe that it would be as significant, if not more so, to consider changes in the market share of the top 3, 5 or 8 as well as the top 20. With this thought in mind, we have made an analysis of the comparative share of the market enjoyed by the top 3, 4, 5, 8, 9, 15 and 20 chains in each of the years from 1950 to 1960. We have made this analysis in order to compare it with the Government statistics with respect to the top 20 only. However, we still feel that the value of such statistics is impaired where it can be shown in any grouping of chains that the entities which make up that grouping are different from one period to another. Our statistics appear in Exhibit AN in table and in graph form. (Again, the figures used were compiled in the manner explained in paragraph 19, pages 22 to 24, of the document entitled "Statement in Support of Defendant's Exhibits" filed in this action on December 18, 1961.)

Exhibit AN shows that:

1. The combined share of the market enjoyed by the top 3, 4 and 5 chains steadily declined from 1952 to 1959, the year before the merger in question. Even after the merger, which has the effect of combining the third and fifth ranked concerns and thus necessarily increasing the combined share of the market of the top 3, 4 and 5 correspondingly, their market share was still below its 1952 high. Therefore, measured by the sales of these concerns—the market leaders—and using the same method of analysis employed by the Government, it is obvious that concentration has decreased.

2. The share of the market enjoyed by the smaller firms

in the top 20 increased. With the market share of the top 5 showing a steady decrease from 1952 through 1959, it can only be concluded that the remaining chains in the top 20 were solely responsible for the increase by the top 20 as a whole. This tends to support our conclusion based upon an analysis of the performance and growth of each of the companies in the top 20 in 1960 (see *supra*) that smaller concerns have grown stronger. To us this indicates a decrease in concentration and an absence of domination by a few concerns. It also shows that the market position of the area leaders has not inhibited the growth of smaller concerns.

Our last table in this section deals with the comparative sales of Von's and Safeway. The records of the two companies for the year 1960, the year in which Von's and Shopping Bag merged, shows that Safeway's sales in the Los Angeles Metropolitan Area exceed Von's by more than $11,000,000.

	Von's	Safeway	Difference
Total Sales (000)	$172,488	$184,313	$ 11,825 (A)
Percent of total food store sales (B)	6.9	7.4	.5
Percent of total grocery stores sales (C)	7.5	8.0	.5
Number of stores	66	146	80

(A) Safeway sales are 6.9% greater than Von's sales.
(B) Food sales in 1960 stipulated as $2,500,000,000.
(C) Grocery sales computed as 92.4% of total food sales. Estimated percentage based on trend line extension of the percentage relationship of grocery sales to food sales for the years 1954 to 1958.

Source: Safeway and Von's records.

Discount Houses

We found that the sale of food in discount houses has become a factor of increasing importance in the grocery business in Los Angeles, particularly in the past few years. As late as 1959 and 1960, discount food operations were both few in number and importance, but as of the end of 1961, there were approximately 40 discount houses selling a complete line of grocery products in Los Angeles and Orange Counties.

These outlets can charge lower prices than do conventional supermarkets in the area. This is in part due to the fact that discount houses have lower operating costs and in part because often times low food prices are used to

attract customers who may buy appliances and other merchandise on which markups are higher. Also, surveys have indicated that average sales per customer* and average sales per square foot of selling space** are higher in discount houses than in supermarkets.

Also the discount house offers the advantage of complete one-stop shopping, and as hereinafter noted, we found that a discount house draws its customers from a much greater area than the conventional supermarket.

First, Lybrand obtained from Von's a survey made between June 29 and July 1, 1961, of customers of those three discount houses. The survey was conducted by a part-time employee of Von's who took down the license numbers of 675 cars parked in the parking lots of the Big A in Canoga Park, CMA in Anaheim and CAL Stores in Lakewood, all discount houses with food departments. Von's security department then obtained the addresses of the owners of 289 of those 675 cars. With this information, Lybrand plotted on a map the draw areas of each of the above discount houses. (Exhibit AP.) Those draw areas are depicted by lines running out from the discount houses to the residences of those whose cars were observed in the discount houses' parking lots.

Because it was believed that the above sample of discount house customers may have been relatively small, a similar study was conducted on October 14 and 15, 1961, under the supervision of Lybrand, Ross Bros. & Montgomery. This time, an employee of Von's security department copied down the license numbers of a total of 4,190 cars parked in the parking lots of the above discount houses. 24% of those license numbers, selected at random, were checked with the California Department of Motor Vehicles and the address of the owner of the car was thus obtained. Lybrand then prepared an overlay for the map previously referred to (Exhibit AP) to depict the draw areas, based

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* "Who Is The Discount Customer?", by Ray Helsel, Director of Marketing, This Week Magazine, concerning a 1961 study of CMA in Anaheim, California.

** "The Big A—How A Discount Food Market Operates", The Discount Merchandiser, August, 1961.

upon those addresses, of each of the above discount houses in the same manner as in the case of the earlier study.

The results of the two studies are substantially similar and show that the trading areas of the above three discount houses are six miles or more.

The following shows the results of the study conducted in October, 1961, under our supervision:

Approximate Radial Distance of Residence of Customers of Three Discount Department Stores

Approximate Distance	The Big A	CMA Anaheim	CAL Stores Lakewood
Two miles or less	144	115	57
Two to four miles	117	49	11
Four to six miles	12	48	177
Over six miles	119	74	83
	392	286	328

Thus, it was observed that more than 25% of the customers surveyed lived more than 6 miles from the discount houses at which they did their shopping. Compare this draw area to that of a conventional supermarket which draws the vast majority of its customers from no more than 2 miles away, and it can be seen that discount houses are already a potent competitive factor in Los Angeles. In fact, the majority of the Von's and Shopping Bag stores in the Los Angeles Metropolitan Area are within 6 miles of a discount house. Therefore, it would appear that Von's and many other chains and independents in Los Angeles are already in direct competition with discount food stores.

The idea of food departments in discount houses is attracting the attention of grocery men and other retailers. In 1961, Thriftimart, a local grocery chain, acquired MORE Department Stores, which operates 4 discount houses with food departments in the Los Angeles Metropolitan Area. Foods Co., a chain of 6 supermarkets, is operating a large food department in the Big A discount house in Canoga Park. May Co. plans to introduce self-service food departments "complete with carts, baskets and check-out desks" in three of its Los Angeles department stores, according to announcement of its president, Morton D. May. Food Giant, Lucky Stores, Thriftimart and Mayfair, for example, are all now selling food through discount outlets.

It is therefore quite apparent that operators of discount

houses and even department stores are becoming, if they are not already, the competitors of more conventional grocery retailers. This is only another indication of the dynamic and ever changing competitive atmosphere in which the grocery business, particularly in Los Angeles, is conducted.

Indeed, change seems to be the pattern in Los Angeles. In the 2½ years since the merger of Von's and Shopping Bag, this area has not only seen the emergence of discount food retailers, but also an influx of two powerful and large national chains which rank among the nation's leaders in terms of number of stores and total food sales. They are American Stores, which acquired Alpha Beta, and Food Fair, which is now operating Fox Markets. These developments, like most of those occurring in the Los Angeles food industry, can mean only one thing—keener, more vigorous competition.

Financing New Supermarkets

A significant factor in the competitive situation of the retail grocery trade in the Los Angeles Metropolitan Area is the ability of a qualified operator to enter into competition with the existing businesses in this area. In this section we analyze the financial considerations affecting a qualified entrant who opens a new supermarket. It should be understood that lower costs could be anticipated if a smaller store were being opened or acquired from another operator.

In so doing, we have selected a hypothetical supermarket with 16,000 square feet of storage space. The business is assumed to have been started in 1961 by an independent operator having no other stores or supermarkets. It is also assumed that the supermarket would not have a separate warehouse, but would be supplied by a wholesaling organization, such as a cooperative, delivering directly to the store. (Appendix II to this affidavit contains the Reference Tables which support our conclusions.)

If the above conditions are assumed, one may expect a financial situation of the following approximate magnitude:

		$	Reference Table
1. The total capital required to establish such a supermarket would be consisting of:		290,000*	
Merchandise inventory	$ 76,000		1
Equipment and supplies	100,000		2
Structural additions and improvements	104,000		3
Leasehold deposit	10,000		
Real estate (leased)	—		
2. The independent operator would be entitled to expect financing in the amount of		172,000	
consisting of:			
Merchandise inventory by suppliers to cover one turnover	59,000		1
Equipment and supplies	61,000**		2
Structural additions and improvements	52,000**		3
3. Thus, he would have to make an initial cash investment of		118,000	(1 minus 2)
However, this cash investment could be reduced if the operator decided to acquire vendor-loaned or used equipment			2(2)
Moreover, cash investment in inventory could be reduced by special arrangements with suppliers			1(A)
4. With a total space of 16,000 square feet, the operator would have about 11,000 square feet of selling space. This should produce annual sales of		1,700,000	4
5. On this volume, annual profit after deducting proprietor's salary, depreciation, amortization, interest, federal income taxes and other operating expenses, would amount to		26,000	4

* Source: Chain Store Age, December 1960, Pg. 38 et seq.
(See detail in tables set forth in Appendix II.)

** Trade sources indicate that banks have lent up to 60% of the fixed asset investment without guarantee, and that individual companies have financed stores through sale of stock to local investors.

Fred J. Bury, "Financing Your New Super Market", Reprinted from National Association of Retail Grocers of U.S. Bulletin, Chicago, Ill. (a collection of reprints), Pg. 5 et seq.

"Formulas for Financing", Reprinted from National Association of Retail Grocers of U.S. Bulletin, Chicago, Ill. (a collection of reprints), Pg. 7 et seq.

		$	Reference Table
6. The cash generated from the business would amount to		48,000	
consisting of			
Annual profit, as above	$26,000		4
Depreciation and amortization	22,000		4
This would be sufficient to repay the borrowed capital of $113,000 in less than three years			
7. For the net cash invested in the business of		118,000	3 above
the operator would have earned a profit—over and above his salary—of		26,000	4
This represents in excess of 20% a year on his investment.			

From the foregoing information, which is supported in detail by data in the four tables in Appendix II, it will be seen that a qualified operator can enter into the retail grocery trade for a relatively low capital outlay; he can earn a satisfactory profit on the capital he needs to invest personally; and he can retire his long-term debt within about three years of starting business.

Roy L. Bouque

Subscribed and sworn to before me this 17 day of April, 1963.

Kathryn M. Moore, Notary Public in and for the County of Los Angeles, State of California, [Seal.]

My Commission Expires Dec. 26, 1964.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1965

No. 303

UNITED STATES, APPELLANT,

vs.

VON'S GROCERY COMPANY, ET AL.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CALIFORNIA

Volume IV

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Appendix I

The following is a store-by-store, area-by-area analysis of our findings with respect to the overlap in draw areas of those Von's and Shopping Bag stores which the Government contends were near enough to each other to compete for the same customers.

I. The Monterey Park—Alhambra—Montebello—San Marino Area (Map—Exhibit—)

Analysis of Trading Areas.

1. Von's No. 4

Theoretical Draw Area:

Description:

Located in Monterey Park at 2280 Atlantic Boulevard, a main artery, near the East Los Angeles Junior College. Uninhabited areas, about 30% of the 2-mile draw area, lie to the northwest and northeast. The Long Beach Freeway lies 1.5 miles to the west and northwest. Whittier Blvd. cuts across 1.5 miles southwest of the store. The 2-mile draw area is bounded on the south by the Union Pacific R.R.

Estimated Population:

Within 1.5-mile radius	58,300
Within 2-mile radius	96,100

Estimated Number of Dwelling Units:

Within 1.5-mile radius	18,300
Within 2-mile radius	35,100

Major Competing Stores:

Within 1.5-mile radius	3 larger-chain stores 1 medium-chain store
Within 2-mile radius	3 larger-chain stores 2 medium-chain stores

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The Long Beach Freeway forms a barrier at the border of the 1.5-mile zone on the west.

Estimated Population:

Within 1.5-mile radius	58,300
Within 2-mile radius	82,800

Estimated Number of Dwelling Units:

Within 1.5-mile radius	18,300
Within 2-mile radius	32,100

Major Competing Stores:

Within 1.5-mile radius	3 larger-chain stores 1 medium-chain store
Within 2-mile radius	3 larger-chain stores 2 medium-chain stores

Von's No. 29

Theoretical Draw Area:

Description:

Located in Alhambra at 1000 E. Valley Boulevard, two blocks west of New Avenue and 0.5 mile north of the San Bernardino Freeway. The Alhambra Wash lies 0.75 mile to the east. The Southern Pacific R.R. runs 1 mile to the northwest.

Estimated Population:

Within 1.5-mile radius	54,000
Within 2-mile radius	87,000

Estimated Number of Dwelling Units:

Within 1.5-mile radius	20,300
Within 2-mile radius	32,500

Major Competing Stores:

Within 1.5-mile radius	7 larger-chain stores
	1 Shopping Bag
	5 medium-chain stores
Within 2-mile radius	10 larger-chain stores
	1 Shopping Bag
	5 medium-chain stores
	2 smaller-firm stores

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The Southern Pacific R.R. is a barrier to the north; the freeway is a barrier to the south; and the Alhambra Wash is a barrier to the east. The adjusted draw area is a strip about 1.25 miles in width, 2.25-2.75 miles long, and bisected by Valley Boulevard running its length.

Estimated Population:

Within 1.5-mile radius	18,400
Within 2-mile radius	20,400

Estimated Number of Dwelling Units:

Within 1.5-mile radius	6,500
Within 2-mile radius	6,900

Major Competing Stores:

Within 1.5-mile radius	1 larger-chain store
	2 medium-chain stores
Within 2-mile radius	1 larger-chain store
	2 medium-chain stores

3. Shopping Bag No. 11

Theoretical Draw Area:

Description:

Located at the center of San Marino at 2270 Huntington Drive near the intersection Huntington and San Marino Avenue. The 2-mile draw area touches a line of the Santa Fe R.R. on the north, and the Pacific Electric R.R. runs within the 2-mile draw area on the south. The store is located about 0.25 mile from the Huntington Library.

Estimated Population:

Within 1.5-mile radius	34,900
Within 2-mile radius	62,200

Estimated Number of Dwelling Units:

Within 1.5-mile radius	12,000
Within 2-mile radius	23,000

Major Competing Stores:

Within 1.5-mile radius	3 larger-chain stores
	1 Shopping Bag
	1 smaller-firm store
Within 2-mile radius	5 larger-chain stores
	1 Shopping Bag
	2 smaller-firm stores
	2 medium-chain stores

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The Santa Fe R.R. forms a barrier at the south end of the draw area.

Estimated Population:

Within 1.5-mile radius	34,900
Within 2-mile radius	61,000

Estimated Number of Dwelling Units:

Within 1.5-mile radius	12,000
Within 2-mile radius	22,400

Major Competing Stores:

Within 1.5-mile radius	3 larger-chain stores
	1 Shopping Bag
	1 smaller-firm store
Within 2-mile radius	5 larger-chain stores
	1 Shopping Bag
	2 medium-chain stores
	2 smaller-firm stores

4. Shopping Bag No. 16

Theoretical Draw Area:

Description:

Located in Alhambra at 2200 W. Valley Boulevard. The store is 0.75 mile west of Atlantic Boulevard and 0.5 mile north of the San Bernardino Freeway. The Southern Pacific R.R. splits the draw area into three parts. The Alhambra Wash comes within two miles of the store. An open area exists to the south.

Estimated Population:

Within 1.5-mile radius	45,700
Within 2-mile radius	74,400

Estimated Number of Dwelling Units:

Within 1.5-mile radius	16,700
Within 2-mile radius	27,700

Major Competing Stores:

Within 1.5-mile radius	4 larger-chain stores
	1 medium-chain store
Within 2-mile radius	7 larger-chain stores
	1 Shopping Bag
	1 medium-chain store
	2 smaller-firm stores

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The railroad line north of the store forms a barrier to access from the northern part of the draw area. The San Bernardino Freeway runs parallel to the railroad south of the store. The actual draw area is a strip 0.75 mile in width and 3-4 miles long, with a major traffic artery, W. Valley Boulevard, bisecting the strip lengthwise.

Estimated Population:

Within 1.5-mile radius	16,000
Within 2-mile radius	23,600

Estimated Number of Dwelling Units:

Within 1.5-mile radius	5,900
Within 2-mile radius	9,700

Major Competing Stores:

Within 1.5-mile radius	2 larger-chain stores 1 medium-chain store
Within 2-mile radius	2 larger-chain stores 1 medium-chain store

5. Shopping Bag No. 27

Theoretical Draw Area:

Description:

Located in the heart of Monterey Park at 12776 Garfield Avenue, near the post office, one block from the intersection of Garvey and Garfield Avenues. Two large uninhabited areas lie to the south and west. The San Bernardino Freeway is located 0.5 mile to the north. The Southern Pacific R.R. lies 1.5 miles northwest of the store. The Alhambra Wash is located 1.75 miles to the northeast.

Estimated Population:

Within 1.5-mile radius	50,300
Within 2-mile radius	81,400

Estimated Number of Dwelling Units:

Within 1.5-mile radius	18,100
Within 2-mile radius	29,300

Major Competing Stores:

Within 1.5-mile radius	3 larger-chain stores 1 Von's 2 medium-chain stores 1 smaller-firm store
Within 2-mile radius	6 larger-chain stores 1 Von's 2 medium-chain stores 2 smaller-firm stores

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

A barrier is formed by the Santa Ana Freeway 0.5 mile to the north. South of the Freeway, the Alhambra Wash forms a barrier 1.75 miles to the east.

Estimated Population:

Within 1.5-mile radius	29,400
Within 2-mile radius	49,400

Estimated Number of Dwelling Units:

Within 1.5-mile radius	11,200
Within 2-mile radius	18,000

Major Competing Stores:

Within 1.5-mile radius	2 larger-chain stores 1 smaller-firm store
Within 2-mile radius	2 larger-chain stores 2 smaller-firm stores

6. Shopping Bag No. 40

Theoretical Draw Area:

Description:

Located in Montebello at 1201 W. Whittier on the edge of the center city. The store is 0.75 mile west of the Rio Hondo River. Two uninhabited areas lie to the north and southeast of the store. The Union Pacific R.R. runs through the area 0.5 mile south of the store. The Santa Fe R.R. touches the southwest edge of the 2-mile draw area.

Estimated Population:

Within 1.5-mile radius	29,800
Within 2-mile radius	54,300

Estimated Number of Dwelling Units:

Within 1.5-mile radius	10,300
Within 2-mile radius	17,900

Major Competing Stores:

Within 1.5-mile radius	1 larger-chain store
	1 medium-chain store
Within 2-mile radius	2 larger-chain stores
	1 medium-chain store
	1 smaller-firm store

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The Rio Hondo River is a barrier for all residents of the 2-mile draw area east of the river. A small pocket of residents east of the river within the 1.5-mile area do have reasonable access to the store and are considered part of the draw. The railroad does not appear to constitute a significant barrier.

Estimated Population:

Within 1.5-mile radius	28,500
Within 2-mile radius	39,900

Estimated Number of Dwelling Units:

Within 1.5-mile radius	9,700
Within 2-mile radius	13,400

Major Competing Stores:

Within 1.5-mile radius	1 larger-chain store
	1 medium-chain store
Within 2-mile radius	2 larger-chain stores
	1 medium-chain store
	1 smaller-firm store

B. Analysis of Overlapping Trade Areas.

1. Von's No. 4 and Shopping Bag No. 16

Theoretical Overlap Area

Description:

The 1.5-mile overlap area lies in Coyote Pass, an uninhabited area, and at least ⅔ of the 2-mile overlap area lies there also. The Pass is situated in the center of the overlap zones.

Estimated Population:

Within 1.5-mile zone	0
Within 2-mile zone	12,700

Estimated Number of Dwelling Units:

Within 1.5-mile zone	0
Within 2-mile zone	3,000

Major Competing Stores:

Within 1.5-mile zone	0
Within 2-mile zone	1 smaller-firm store

Adjusted Overlap Area:

None

General Observations:

Coyote Pass forms a natural barrier between the two stores and residents would have to take roads leading past other stores. Four larger-chain stores and one smaller-firm store lie closer to the residents in the overlap area than the subject stores.

2. Von's No. 4 and Shopping Bag No. 27

Theoretical Overlap Area:

Description:

The 1.5-mile overlap area is 1.75 miles long and 0.5 mile in depth. The 2-mile overlap area is 3 miles long and 1.5 miles in depth. About ⅓ of the 2-mile overlap area lies in Coyote Pass and is uninhabited. Part of the same zone contains the Garvey Reservoir. Atlantic Boulevard and Garfield Avenue are the only through north-south streets in the overlap area.

Estimated Population:

Within 1.5-mile zone	3,900
Within 2-mile zone	19,300

Estimated Number of Dwelling Units:

Within 1.5-mile zone	1,300
Within 2-mile zone	6,000

Major Competing Stores:

Within 1.5-mile zone	0
Within 2-mile zone	1 larger-chain store 1 smaller-firm store

Adjusted Overlap Area:

Same as above.

General Observations:

Four other stores are closer for the customers within the overlap zone than are the two subject stores. Because Atlantic Boulevard and Garfield Avenue are the only through north-south streets in the overlap area most potential customers in the overlap area could be intercepted by other stores on their way to the subject stores.

3. Von's No. 4 and Shopping Bag No. 40

Theoretical Overlap Area:

Description:

The 1.5-mile overlap area is almost nonexistent. The 2-mile overlap area is bisected by Beverly Boulevard and is approximately ⅔ uninhabited.

Estimated Population:

Within 1.5-mile zone	800
Within 2-mile zone	16,000

Estimated Number of Dwelling Units:

Within 1.5-mile zone	280
Within 2-mile zone	5,800

Major Competing Stores:

Within 1.5-mile zone	None
Within 2-mile zone	1 larger-chain store 1 smaller-firm store

Adjusted Overlap Area:

Same as above.

General Observations:

Four larger-chain stores and one smaller-firm store lie either closer or as close as the subject stores. In addition, the two main thoroughfares giving access to the area, Garfield Avenue and Beverly Boulevard, intersect in the center of the overlap zone; potential customers could be intercepted by at least one other store.

4. Von's No. 29 and Shopping Bag No. 16

Theoretical Overlap Area:

Description:

The center axis of the 1.5 and 2-mile overlap areas is Atlantic Boulevard. The length of the 1.5-mile overlap area is 2 miles; the depth is 1 mile. The center axis length of the 2-mile overlap area is 3.25 miles; its depth is 2 miles. The Southern Pacific R.R. and San Bernardino Freeway cross both overlap areas. Coyote Pass bounds the 2-mile draw area on the southwest.

Estimated Population:

Within 1.5-mile zone	11,150
Within 2-mile zone	39,950

Estimated Number of Dwelling Units:

Within 1.5-mile zone	4,870
Within 2-mile zone	11,450

Major Competing Stores:

Within 1.5-mile zone	3 larger-chain stores 1 medium-chain store
Within 2-mile zone	6 larger-chain stores 1 medium-chain store

Adjusted Overlap Area:

Reason for Adjusting Overlap Area:

The crossing of the overlap area by the Southern Pacific R.R. and the San Bernardino Freeway form barriers for both the 1.5-mile and 2-mile overlap areas. These barriers decrease the overlap area to a square mile (1 x 1 mile) for the 1.5-mile overlap area and for the 2-mile area to dimensions of 1 by 2 miles.

Estimated Population:

Within 1.5-mile zone	6,630
Within 2-mile zone	16,730

Estimated Number of Dwelling Units:

Within 1.5-mile zone	2,830
Within 2-mile zone	6,910

Major Competing Stores:

Within 1.5-mile zone	1 larger-chain store 1 medium-chain store
Within 2-mile zone	1 larger-chain store 1 medium-chain store

General Observations:

Two other stores are located on Valley Boulevard approximately midway between the subject stores and could intercept potential customers in the adjusted overlap area.

5. Von's No. 29 and Shopping Bag No. 11

Theoretical Overlap Area:

Description:

The 1.5-mile draw area radii intersect with virtually no area between them. The 2-mile overlap area is 2.75 miles long and 1 mile deep. Atlantic Blvd. intersects with the west corner of the 2-mile area and the Southern Pacific R.R. curves through the area with an intersection at the east corner. The Alhambra Wash is located on the southwest edge of the 2-mile overlap area.

Estimated Population:

Within 2-mile zone	13,100

Estimated Number of Dwelling Units:

Within 2-mile zone	5,160

Major Competing Stores:

Within 2-mile zone	2 larger-chain stores 1 smaller-firm store

Adjusted Overlap Area:

Reasons for Adjusting Overlap Area:

The Southern Pacific R.R. forms a barrier on the south side of the 2-mile overlap area.

Estimated Population:

Within 2-mile zone	9,930

Estimated Number of Dwelling Units:

Within 2-mile zone	3,970

Major Competing Stores:

Within 2-mile zone	2 larger-chain stores 1 smaller-firm store

General Observations:

The Southern Pacific R.R. and the Alhambra Wash form barriers between the two subject stores and divide the overlap area into twc parts. The number of other stores in each segment of the overlap area and adjacent thereto are about equal in number.

6. Von's No. 29 and Shopping Bag No. 27

Theoretical Overlap Area:

Description:

The 1.5-mile radius overlap is 2.75 miles long and 2 miles wide. The 2-mile radius overlap area is 3.75 miles long and 2.75 miles wide. The Southern Pacific R.R. passes through the 2-mile overlap area at the northwest edge of the 1.5-mile zone. The San Bernardino Freeway crosses both zones and the Alhambra Wash passes through the 2-mile zone on the northeast. An uninhabited area, Coyote Pass, lies on the southwest edge of the 2-mile overlap area.

Estimated Population:

Within 1.5-mile zone	31,700
Within 2-mile zone	54,980

Estimated Number of Dwelling Units:

Within 1.5-mile zone	12,170
Within 2-mile zone	21,170

Major Competing Stores:

Within 1.5-mile zone	3 larger-chain stores 2 medium-chain stores
Within 2-mile zone	6 larger-chain stores 3 medium-chain stores 2 smaller-firm stores

Adjusted Overlap Area:

None.

Reasons:

The Southern Pacific R.R. forms a barrier to the customers in the 2-mile zone on the northwest edge of the 1.5-mile overlap. The San Bernardino Freeway is a barrier to the customers on the north who are more than 0.5 mile south of Valley Blvd. The Alhambra Wash cuts off customers on the east edge of the 2-mile overlap zone.

General Observations:

The San Bernardino Freeway is a barrier bisecting both the 1.5- and 2-mile overlap areas. This effectively splits the area between the two subject stores. The number of other stores in each of the two sectors is approximately equal.

II. The West Covina—La Puente Area (Map—Exhibit—)

A. Analysis of Trading Areas.

1. Von's No. 31

Theoretical Draw Area:

Description:

Located in West Covina at 973 S. Glendora Avenue near Cameron Avenue. An uninhabited area, the San Jose Hills, is located on the southeast and removes a portion of the 1.5- and 2-mile draw areas. The San Bernardino Freeway crosses both the 1.5- and the 2-mile draw areas 1.25 miles to the north. Walnut Creek also crosses both draw areas 1 mile to the north. The area is characterized by a great number of dead-end streets so that traffic is channeled onto the main thoroughfares. A line of the Pacific Electric R.R. is on the north edge of the 2-mile draw area.

Estimated Population:

Within 1.5-mile radius	38,620
Within 2-mile radius	77,210

Estimated Number of Dwelling Units:

Within 1.5-mile radius	10,370
Within 2-mile radius	20,500

Major Competing Stores:

Within 1.5-mile radius	4 larger-chain stores 1 Shopping Bag 2 smaller-firm stores
Within 2-mile radius	6 larger-chain stores 2 Shopping Bag 1 medium-chain store 2 smaller-firm stores

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The San Bernardino Freeway is a barrier which cuts across the 1.5- and 2-mile draw areas.

Estimated Population:

Within 1.5-mile radius	33,520
Within 2-mile radius	57,230

Estimated Number of Dwelling Units:

Within 1.5-mile radius	8,900
Within 2-mile radius	14,820

Major Competing Stores:

Within 1.5-mile radius	4 larger-chain stores 1 Shopping Bag 2 smaller-firm stores
Within 2-mile radius	5 larger-chain stores 2 Shopping Bag 1 medium-chain store 2 smaller-firm stores

2. Shopping Bag No. 28

Theoretical Draw Area:

Description:

The store is located in La Puente at 15427 Amar Road near the intersection of N. Glendora Avenue, 1.75 miles north of the Southern Pacific R.R. line. On the east a portion of both the 1.5- and 2-mile draw areas are in the uninhabited San Jose Hills. The 2-mile draw area on the north is bordered by Walnut Creek. La Puente Hill lies within the 1.5- and 2-mile draw area on the southeast.

Estimated Population:

Within 1.5-mile radius	32,510
Within 2-mile radius	54,900

Estimated Number of Dwelling Units:

Within 1.5-mile radius	8,330
Within 2-mile radius	14,020

Major Competing Stores:

Within 1.5-mile radius	3 larger-chain stores 2 smaller-firm stores
Within 2-mile radius	4 larger-chain stores 1 Von's 2 smaller-firm stores

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

On the southwest the Southern Pacific R.R. forms a barrier to potential customers in both the 1.5- and 2-mile draw areas.

Estimated Population:

Within 1.5-mile radius	32,110
Within 2-mile radius	54,100

Estimated Number of Dwelling Units:

Within 1.5-mile radius	8,230
Within 2-mile radius	13,820

Major Competing Stores:

Within 1.5-mile zone	3 larger-chain stores
	2 smaller-firm stores
Within 2-mile zone	3 larger-chain stores
	1 Von's
	2 smaller-firm stores

Shopping Bag No. 32

Theoretical Draw Area:

Description:

Located in West Covina at 1170 W. Garvey Blvd., near Sunset Avenue, and bordering the San Bernardino Freeway. The store is adjacent to the center of the City of West Covina. Walnut Creek lies 0.25 mile south of the store and a line of the Pacific Electric R.R. borders the 1.5-mile draw area on the north.

Estimated Population:

Within 1.5-mile radius	43,620
Within 2-mile radius	73,730

Estimated Number of Dwelling Units:

Within 1.5-mile radius	12,040
Within 2-mile radius	20,060

Major Competing Stores:

Within 1.5-mile radius	6 larger-chain stores
	1 Von's
Within 2-mile radius	11 larger-chain stores
	1 Von's
	1 medium-chain store
	1 smaller-firm store

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The San Bernardino Freeway immediately to the north of the store is a barrier reducing the theoretical 1.5- and 2-mile draw areas.

Estimated Population:

Within 1.5-mile radius	17,200
Within 2-mile radius	36,440

Estimated Number of Dwelling Units:

Within 1.5-mile radius	4,650
Within 2-mile radius	9,770

Major Competing Stores:

Within 1.5-mile radius	3 larger-chain stores
	1 Von's
Within 2-mile radius	4 larger-chain stores
	1 Von's
	1 medium-chain store
	1 smaller-firm store

B. Analysis of Overlapping Trade Areas.

1. Von's No. 31 and Shopping Bag No. 28

Theoretical Overlap Area:

Description:

The 1.5-mile overlap area is 2.25 miles long and 1.25 miles in depth. The 2-mile overlap area is 3.5 miles long and 2.25 miles in depth. Glendora Avenue bisects both areas through the shorter dimension. The San Jose Hills lie in the southeast portion of the overlap area and decrease their area by about 10 and 20% for the 1.5- and 2-mile area, respectively.

Estimated Population:

Within 1.5-mile zone	14,700
Within 2-mile zone	39,280

Estimated Number of Dwelling Units:

Within 1.5-mile zone	3,840
Within 2-mile zone	10,230

Major Competing Stores:

Within 1.5-mile zone	1 larger-chain store 2 smaller-firm stores
Within 2-mile zone	1 larger-chain store 2 smaller-firm stores

Adjusted Overlap Area:

Same as theoretical overlap area.

General Observations:

The subject stores may be considered, for practical purposes, as being located on the same street, Glendora Avenue, and lie in the strip between the 1.5- and 2-mile overlap areas, separated by a distance of 1.75 miles. Two other stores are located on Glendora Avenue between the subject stores. Two other larger-chain stores are adjacent to Sunset Avenue which runs parallel to Glendora Avenue, and approximately 0.5 mile to the west.

2. Von's No. 31 and Shopping Bag No. 32

Theoretical Overlap Area:

Description:

The 1.5-mile draw area overlap is 2.75 miles long and 2 miles in depth. The 2-mile area is 3.75 miles long and 3 miles deep. The San Bernardino Freeway crosses both draw areas as does Walnut Creek, the latter forming the lengthwise axis of the two overlap areas. On the southeast edge of the 2-mile overlap zone is the San Jose Hills, an uninhabited area.

Estimated Population:

Within 1.5-mile zone	23,820
Within 2-mile zone	54,970

Estimated Number of Dwelling Units:

Within 1.5-mile zone	6,530
Within 2-mile zone	14,350

Major Competing Stores:

Within 1.5-mile zone	3 larger-chain stores
Within 2-mile zone	5 larger-chain stores
	1 medium-chain store
	1 smaller-firm store

Adjusted Overlap Area:

Reasons for Adjusting Overlap:

The San Bernardino Freeway is a barrier to about 40% of the 1.5- and 2-mile overlap areas north of the freeway.

Estimated Population:

Within 1.5-mile zone	18,720
Within 2-mile zone	36,270

Estimated Number of Dwelling Units:

Within 1.5-mile zone	5,080
Within 2-mile zone	8,970

Major Competing Stores:

Within 1.5-mile zone	3 larger-chain stores
Within 2-mile zone	4 larger-chain stores
	1 medium-chain store
	1 smaller-firm store

General Observations:

Because of the road network potential customers on the west side of both areas could be intercepted by a competitor's store before arriving at either Von's or Shopping Bag Stores. The existence of Walnut Creek midway between the two stores forms a partial barrier to the free movement of customers.

III. The Downey—Norwalk—Pico Rivera Area

(Map — Exhibit —)

A. Analysis of Trading Areas.

1. Von's No. 5

Theoretical Draw Area:

Description:

Located in Downey at 10001 Paramount Boulevard, near the intersection of Florence Avenue and Paramount. The store is situated in a well populated district. The Rio Hondo River is located approximately 0.5 mile northwest of the store. A branch of the Southern Pacific R.R. runs about 1 mile southwest of the store. The Santa Ana Freeway is located approximately 0.75 mile northeast of the store.

Estimated Population:

Within 1.5-mile radius	48,500
Within 2-mile radius	79,100

Estimated Number of Dwelling Units:

Within 1.5-mile radius	15,600
Within 2-mile radius	25,700

Major Competing Stores:

Within 1.5-mile radius	3 larger-chain stores
	1 medium-chain store
	1 smaller-firm store
Within 2-mile radius	4 larger-chain stores
	1 Shopping Bag
	1 medium-chain store
	1 smaller-firm store

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The area within which the store is situated is confined by the Rio Hondo River, Southern Pacific R.R. and the Santa Ana Freeway.

Estimated Population:

Within 1.5-mile radius	30,100
Within 2-mile radius	34,900

Estimated Number of Dwelling Units:

Within 1.5-mile radius	9,800
Within 2-mile radius	11,000

Major Competing Stores:

Within 1.5-mile radius	2 larger-chain stores
Within 2-mile radius	2 larger-chain stores
	1 medium-chain store

2. Von's (Planned in Norwalk)

Theoretical Draw Area:

Description:

This store was to be located in Norwalk at the junction of Norwalk Blvd. and Imperial Highway. However, the developer of this property was unable to obtain a satisfactory zone variance and, as a result, all plans for the construction of a store at this location have been abandoned. There is a residential area on the south and west of this property with the area on the north and east being largely undeveloped. The Santa Ana Freeway runs 0.25 mile southwest of the store. Firestone Blvd. and the Southern Pacific R.R. are on the southeast about 0.5 mile away. The Santa Fe R.R. is located about 1 mile to the east.

Estimated Population:

Within 1.5-mile radius	56,900
Within 2-mile radius	64,500

Estimated Number of Dwelling Units:

Within 1.5-mile radius	14,220
Within 2-mile radius	20,320

Major Competing Stores:

Within 1.5-mile radius	2 larger-chain stores
	1 medium-chain store
	1 smaller-firm store
Within 2-mile radius	4 larger-chain stores
	2 medium-chain stores
	3 smaller-firm stores

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The Santa Fe R.R. forms a barrier on the east and the Santa Ana Freeway a barrier on the northwest. The Southern Pacific R.R. on the west is also a barrier.

Estimated Population:

Within 1.5-mile radius	19,200
Within 2-mile radius	21,900

Estimated Number of Dwelling Units:

Within 1.5-mile radius	4,830
Within 2-mile radius	6,490

Major Competing Stores:

Within 1.5-mile radius	1 larger-chain store
Within 2-mile radius	2 larger-chain stores

3. Shopping Bag No. 20

Theoretical Draw Area:

Description:

Situated in Pico-Rivera at the intersection of two main roads, Washington Boulevard and Passons Boulevard. The San Gabriel River cuts the territory in a north-south direction about 0.5 mile east of the store, and the Santa Fe Railroad cuts across about 0.75 mile to the south. The Rio Hondo River cuts thru 1.5 miles to the west. The area to the west and north is relatively unpopulated.

Estimated Population:

Within 1.5-mile radius	46,500
Within 2-mile radius	66,150

Estimated Number of Dwelling Units:

Within 1.5-mile radius	12,500
Within 2-mile radius	18,700

Major Competing Stores:

Within 1.5-mile radius	3 larger-chain stores
	1 medium-chain store
Within 2-mile radius	3 larger-chain stores
	1 Shopping Bag
	2 medium-chain stores

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The Rio Hondo and San Gabriel Rivers and the Santa Fe and Union Pacific Railroads are barriers enclosing and reducing the draw area.

Estimated Population:

Within 1.5-mile radius	20,300
Within 2-mile radius	22,200

Estimated Number of Dwelling Units:

Within 1.5-mile radius	5,500
Within 2-mile radius	6,000

Major Competing Stores:

Within 1.5-mile radius	None
Within 2-mile radius	None except one Shopping Bag

4. Shopping Bag No. 35

Theoretical Draw Area:

Description:

Store located in Downey at 9058 E. Firestone Boulevard, near the intersection of Lakewood and Firestone Boulevards. The San Gabriel River passes through the draw area 0.75 of a mile to the southeast. The Southern Pacific R.R. bisects the area less than 0.25 mile southwest of the store. The area to the south of the supermarket is nonresidential.

Estimated Population:

Within 1.5-mile radius	41,000
Within 2-mile radius	79,400

Estimated Number of Dwelling Units:

Within 1.5-mile radius	13,500
Within 2-mile radius	24,100

Major Competing Stores:

Within 1.5-mile radius	3 larger-chain stores
	1 Von's
	1 medium-chain store
Within 2-mile radius	6 larger-chain stores
	1 Von's
	2 medium-chain stores
	2 smaller-firm stores

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

San Gabriel River limits access to the area on the east and the Santa Ana Freeway to areas on the northeast.

Estimated Population:

Within 1.5-mile radius	36,300
Within 2-mile radius	64,900

Estimated Number of Dwelling Units:

Within 1.5-mile radius	11,650
Within 2-mile radius	20,600

Major Competing Stores:

Within 1.5-mile radius	3 larger-chain stores
	1 Von's
	1 medium-chain store
Within 2-mile radius	4 larger-chain stores
	1 Von's
	1 medium-chain store
	1 smaller-firm store

B. Analysis of Overlapping Trade Areas.

1. Von's No. 5 and Shopping Bag No. 35

Theoretical Overlap Area:

Description:

The major axis of the 1.5-mile overlap area is 2.5 miles and the depth is 1.5 miles. The major axis of the 2-mile overlap area is 3.5 miles and the depth is 2.25 miles. The Southern Pacific R.R. passes through both overlap zones. The area is characterized by a grid network of roads and high population density.

Estimated Population:

Within 1.5-mile zone	16,070
Within 2-mile zone	41,310

Estimated Number of Dwelling Units:

Within 1.5-mile zone	5,790
Within 2-mile zone	17,020

Major Competing Stores:

Within 1.5-mile zone	2 larger-chain stores
Within 2-mile zone	4 larger-chain stores
	1 medium-chain store

Adjusted Overlap Area:

Reasons for Adjusting Overlap Area:

The overlap area is cut on the southwest by the Southern Pacific Railroad.

Estimated Population:

Within 1.5-mile zone	14,690
Within 2-mile zone	29,660

Estimated Number of Dwelling Units:

Within 1.5-mile zone	5,320
Within 2-mile zone	13,240

Major Competing Stores:

Within 1.5-mile zone	2 larger-chain stores
Within 2-mile zone	3 larger-chain stores
	1 medium-chain store

General Observations:

There are four other stores within a short distance of the potential customers in the adjusted overlap area.

2. Von's No. 5 and Shopping Bag No. 20

Theoretical Draw Area:

Description:

The 1.5-mile overlap area is very small and sparsely populated. The 2-mile overlap is crossed by the Pacific Electric R.R., the Santa Fe R.R., the Rio Hondo Branch of the Los Angeles River and the Santa Ana Freeway. Rosemead Boulevard and Telegraph Road intersect almost in the center of the two overlap areas. About a third of each overlap area is uninhabited.

Estimated Population:

Within 1.5-mile zone	600
Within 2-mile zone	11,520

Estimated Number of Dwelling Units:

Within 1.5-mile zone	160
Within 2-mile zone	2,290

Major Competing Stores:

None

Adjusted Overlap Area:

None.

General Observations:

The two railroads, the Santa Ana Freeway and the Rio Hondo River are all barriers separating the draw areas of the subject stores into two distinct zones.

3. Von's (planned in Norwalk)* and Shopping Bag No. 35

Theoretical Overlap Area:

Description:

There is no 1.5-mile overlap area. The Santa Ana Freeway and the two railroads pass through the 2-mile overlap area. The San Gabriel River runs just west of the overlap area.

Estimated Population:

Within 2-mile zone	10,100

Estimated Number of Dwelling Units:

Within 2-mile zone	2,400

Major Competing Stores:

Within 2-mile zone	1 larger-chain store 1 medium-chain store 1 smaller-firm store

Adjusted Overlap Area:

None.

Reason:

The railroads and freeway each form barriers which cut up the road network.

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* Not now to be opened due to difficulties in obtaining necessary zone variance—see p. 45.

General Observations:

The two stores are separated not only by the river but also by the railroad and the freeway. There is only one principal road between the two stores and four other stores are located adjacent to this artery.

IV. The Reseda—Canoga Park—Granada Hills—Northridge Area (Map — Exhibit —)

A. Analysis of Trading Areas.

1. Von's No. 22

Theoretical Draw Area:

Description:

The store is located in Reseda at 18247 Sherman Way, between Reseda Boulevard and Linden Avenue. The Sepulveda Flood Control Basin extends into the 1.5- and 2-mile draw areas. The draw areas are divided into three segments by branches of the Los Angeles River. Bull Creek bounds the 2-mile draw area on the east. A line of the Southern Pacific R.R. crosses the draw areas at the edge of the 1.5-mile radius on the south and the Ventura Freeway bounds the 2-mile draw on the south.

Estimated Population:

Within 1.5-mile radius	50,000
Within 2-mile radius	83,180

Major Competing Stores:

Within 1.5-mile radius	5 larger-chain stores
	4 medium-chain stores
Within 2-mile radius	6 larger-chain stores
	1 Shopping Bag
	7 medium-chain stores

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The Los Angeles River and Wilbur Wash are barriers which reduce the theoretical draw area.

Estimated Population:

Within 1.5-mile radius	39,480
Within 2-mile radius	56,230

Major Competing Stores:

Within 1.5-mile radius	4 larger-chain stores 2 medium-chain stores
Within 2-mile radius	4 larger-chain stores 5 medium-chain stores

2. Von's (Planned in Canoga Park)

Theoretical Draw Area:

Description:

The store is to be located in Canoga Park at 20151 Roscoe Boulevard at Winnetka Avenue. One line of the Southern Pacific R.R. crosses the draw area 1 mile to the north and another line 1.5 miles to the west of the store. Most of the theoretical draw area beyond the tracks on the north is uninhabited. Browns Canyon Wash crosses the draw area 1 mile west of the store and Wilbur Wash crosses 1.5 miles to the east.

Estimated Population:

Within 1.5-mile radius	32,790
Within 2-mile radius	54,860

Major Competing Stores:

Within 1.5-mile radius	2 larger-chain stores 1 medium-chain store
Within 2-mile radius	3 larger-chain stores 2 medium-chain stores

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The railroad on the north, Browns Canyon Wash, and Wilbur Wash are all barriers diminishing the theoretical draw area.

Estimated Population:

Within 1.5-mile radius	22,380
Within 2-mile radius	33,570

Major Competing Stores:

Within 1.5-mile radius	1 larger-chain store 1 medium-chain store
Within 2-mile radius	1 larger-chain store 1 medium-chain store

3. Von's (Planned in Northridge at Nordhoff Street and Reseda Boulevard)

Theoretical Draw Area:

Description:

The store is to be located in Northridge at Nordhoff Street and Reseda Boulevard. Limekill Canyon Wash and Montaria Lake bound the 2-mile draw area on the northwest. Wilbur Wash and Aliso Canyon Wash cross the draw area 0.75 mile west of the store and the Southern Pacific R.R. crosses the draw area 0.5 mile to the south.

Estimated Population:

Within 1.5-mile radius	23,700
Within 2-mile radius	45,030

Major Competing Stores:

Within 1.5-mile radius	2 medium-chain stores
Within 2-mile radius	2 medium-chain stores

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The Wilbur Wash and Aliso Canyon Wash are barriers as is the Southern Pacific R.R.

Estimated Population:

Within 1.5-mile radius	8,680
Within 2-mile radius	12,430

Major Competing Stores:

Within 1.5-mile radius	2 medium-chain stores
Within 2-mile radius	2 medium-chain stores

4. Von's (planned in Granada Hills)

Theoretical Draw Area:

Description:

To be located in Granada Hills at the intersection of San Fernando Mission Boulevard and Woodley Avenue. About a third of the draw area lies in Bull Canyon. Bull Creek is 0.25 mile west of the store.

Estimated Population:

Within 1.5-mile radius	37,400
Within 2-mile radius	52,000

Major Competing Stores:

Within 1.5-mile radius	4 larger-chain stores
Within 2-mile radius	5 larger-chain stores

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

Bull Creek is a barrier which impedes customers from access to the store.

Estimated Population:

Within 1.5-mile radius	19,400
Within 2-mile radius	29,800

Major Competing Stores:

Within 1.5-mile radius	3 larger-chain stores
Within 2-mile radius	4 larger-chain stores

5. Von's (planned in Northridge at Nordhoff Street and Woodley Avenue)

Theoretical Draw Area:

Description:

To be located in Northridge near the intersection of Nordhoff Street and Woodley Avenue. Bull Creek runs through the draw area approximately 0.5 mile to the west of the store. A flood control channel passes through the draw areas on the east boundary of the 1.5-mile draw area. The Southern Pacific R.R. crosses the draw area 1 mile south of the store.

Estimated Population:

Within 1.5-mile radius	29,200
Within 2-mile radius	52,400

Major Competing Stores:

Within 1.5-mile radius	1 smaller-firm store
Within 2-mile radius	2 larger-chain stores
	1 medium-chain store
	1 smaller-firm store

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The flood control channel and Bull Creek are barriers which limit access to the store.

Estimated Population:

Within 1.5-mile radius	22,600
Within 2-mile radius	30,600

Major Competing Stores:

Within 1.5-mile radius	1 smaller-firm store
Within 2-mile radius	2 larger-chain stores
	1 smaller-firm store

6. Shopping Bag No. 39

Theoretical Draw Area:

Description:

The store is located in Reseda at 19333 Victory Boulevard near Tampa Avenue. The Los Angeles River is north of the store. A line of the Southern Pacific R.R. lies 0.5 mile south of the store. The Chalk Hills are within the southwest segment of both draw areas. The Wilbur Wash passes through the draw area 0.75 mile east of the store.

Estimated Population:

Within 1.5-mile radius	38,930
Within 2-mile radius	67,230

Major Competing Stores:

Within 1.5-mile radius	5 larger-chain stores
	3 medium-chain stores
Within 2-mile radius	7 larger-chain stores
	1 Von's
	3 medium-chain stores

Adjusted Draw Area

Reasons for Adjusting Draw Area:

The Los Angeles River forms a barrier to the north of the store and the Southern Pacific R.R. a barrier to the south.

Estimated Population:

Within 1.5-mile radius	9,000
Within 2-mile radius	12,300

Major Competing Stores:

Within 1.5-mile radius	None
Within 2-mile radius	None

7. Shopping Bag (unscheduled)

Theoretical Draw Area:

Description:

This store was to be located in Granada Hills near the intersection of San Fernando Mission Blvd. and Balboa Blvd. Upon further consideration, Von's has decided not to open a store at this location. The lease has been assigned to Food Giant which is now operating a store there. The position where the store was to be situated is bounded on the east by Bull Creek and on the west by Aliso Canyon Wash which are 1 mile and 1.5 miles distant, respectively, from the store site. Bull Canyon extends into the theoretical draw area on the north.

Estimated Population:

Within 1.5-mile radius	34,600
Within 2-mile radius	43,600

Major Competing Stores:

Within 1.5- and 2-mile radii	1 larger-chain store
	1 Von's
	1 smaller-firm store

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

Bull Creek and Aliso Canyon Wash are barriers which decrease the size of the theoretical draw area.

Estimated Population:

Within 1.5-mile radius	27,300
Within 2-mile radius	26,000

Major Competing Stores:

Within 1.5- and 2-mile radii	1 larger-chain store
	1 smaller-firm store

B. Analysis of Overlapping Trade Areas.

1. Von's No. 22 and Shopping Bag No. 39

Theoretical Draw Area:

Description:

The 1.5-mile overlap area is 2.5 miles long and 1.25 miles in depth. The 2-mile overlap area is 3.75 miles long and 2.25 miles in depth. Both areas are divided into thirds by the Los Angeles River and Wilbur Wash. A line of the Southern Pacific R.R. passes through this 2-mile area and intersects with the 1.5-mile overlap area and the latter's southeast corner.

Estimated Population:

Within 1.5-mile zone	16,400
Within 2-mile zone	39,650

Major Competing Stores:

Within 1.5-mile zone	1 larger-chain store
	2 medium-chain stores
Within 2-mile zone	4 larger-chain stores
	2 medium-chain stores

Adjusted Overlap Area:

None.

General Observations:

The Los Angeles River and the Wilbur Wash are barriers which tend to impede potential customers from going to adjacent areas. The barriers provide a separation between the subject stores.

2. Von's (planned in Canoga Park) and Shopping Bag No. 39

Theoretical Overlap Area:

Description:

The 1.5-mile overlap area is 1.5 miles long and 0.5 mile in depth and is situated between Wilbur Wash and Browns Creek. The 2-mile overlap area is 3.25 miles long and 1.5 miles in depth. The Los Angeles River, Wilbur Creek and Calabasas Creek run through the 2-mile overlap area.

Estimated Population:

Within 1.5-mile zone	5,000
Within 2-mile zone	24,600

Major Competing Stores:

Within 1.5-mile zone	1 larger-chain store
	1 medium-chain store
Within 2-mile zone	1 larger-chain store
	1 medium-chain store

Adjusted Overlap Area:

None.

General Observations:

The waterways form barriers separating the subject stores.

3. Von's (planned in Northridge at Nordhoff Street and Woodley Avenue) and Shopping Bag (unscheduled * in Granada Hills).

Theoretical Overlap Area:

Description:

The 1.5-mile overlap has dimensions 1.25 by 0.25 miles. The 2-mile overlap has dimensions 3 by 1.25 miles. Bull Creek passes through both overlap areas.

Estimated Population:

Within 1.5-mile zone	1,600
Within 2-mile zone	13,600

Major Competing Stores:

None.

Adjusted Overlap Area:

None.

General Observations:

Bull Creek is a barrier which separates the theoretical overlap areas.

* Not opened. Food Giant operating a store at this location now.

4. Von's (planned in Granada Hills) and Shopping Bag (unscheduled * in Granada Hills).

Theoretical Overlap Area:

Description:

The 1.5-mile overlap area is 2.75 miles long and 2 miles in depth. The 2-mile overlap is 3.75 miles long and 3 miles in depth. Bull Creek runs through both overlap areas and between the two stores. Both zones are bisected by San Fernando Mission Boulevard.

Estimated Population:

Within 1.5-mile zone	20,000
Within 2-mile zone	33,600

Major Competing Stores:

Within 1.5-mile zone	1 larger-chain store
Within 2-mile zone	2 larger-chain stores

Adjusted Overlap Area:

None.

General Observations:

Bull Creek is a barrier which separates the two stores.

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* Not opened. Food Giant operating a store at this location now.

5. Von's (planned in Northridge at Nordhoff Street and Reseda Blvd.) and Shopping Bag (unscheduled * in Granada Hills).

Theoretical Overlap Area:

Description:

There is no 1.5-mile overlap area. The 2-mile overlap area is 2.25 miles long and 0.75 mile in depth. The Aliso Canyon Wash crosses the overlap area on the northwest.

Estimated Population:

Within 2-mile zone	3,000

Major Competing Stores: None

Adjusted Overlap Area:

Reason for Adjusting Overlap Area:

The Aliso Canyon Wash is a barrier to the northwest section of the theoretical overlap area.

Estimated Population:

Within 2-mile zone	2,400

Major Competing Stores: None

General Observations:

Most of the area is uninhabited. The inhabited section has much better access to the Shopping Bag store; however, one and probably two other stores in the draw area of the Shopping Bag store would be more convenient to a number of customers because of the street pattern.

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* Not now planned to be opened.

6. Von's (planned in Northridge at Nordhoff Street and Reseda Boulevard) and Shopping Bag No. 39

Theoretical Overlap Area:

Description:

There is no 1.5-mile overlap area. The 2-mile overlap area is 2.0 miles long and 0.5 miles in depth. Wilbur Wash runs through the 2-mile overlap area.

Estimated Population:

Within 2-mile zone	3,800

Major Competing Stores:

None.

Adjusted Overlap Area:

None.

Reason:

Wilbur Wash is a barrier which separates the two stores.

General Observations:

The Wilbur Wash divides the theoretical overlap area approximately in the middle. Furthermore, there are eight competing stores within the 1.5-mile draw area of the Shopping Bag store and four competing stores within the 1.5-mile draw area of the Von's store.

V. The Garden Grove Area

(Map—Exhibit ——)

A. Analysis of Trading Areas

1. Von's No. 26

Theoretical Draw Area:

Description:

Located in Garden Grove at 12151 Brookhurst Ave. near the intersection of Chapman Ave. The store is in the heart of a populated residential area. The Pacific Electric R.R. crosses Brookhurst Ave. in a northwest to southeast direction 0.25 mile south of the store. Another Pacific Electric branch runs 1.5 miles north of the store. A branch of the Southern Pacific R.R. is located at the western edge of the 2-mile draw area.

Estimated Population:

Within 1.5-mile radius	51,500
Within 2-mile radius	87,500

Estimated Number of Dwelling Units:

Within 1.5-mile radius	15,400
Within 2-mile radius	24,700

Major Competing Stores:

Within 1.5-mile radius	5 larger-chain stores 1 Shopping Bag 2 medium-chain stores 1 smaller-firm store
Within 2-mile radius	9 larger-chain stores 1 Shopping Bag 2 medium-chain stores 2 smaller-firm stores

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The Southern Pacific line that bounds the 1.5-mile draw area on the north constitutes a barrier; the Pacific Electric line which essentially bisects the entire drawing area constitutes a partial barrier.*

Estimated Population:

Within 1.5-mile radius	42,290
Within 2-mile radius	53,030

Estimated Number of Dwelling Units:

Within 1.5-mile radius	12,370
Within 2-mile radius	15,370

Adjusted Draw Area:

Major Competing Stores:

Within 1.5-mile radius	4 larger-chain stores
	1 Shopping Bag
	1 medium-chain store
	1 smaller-firm store
Within 2-mile radius	6 larger-chain stores
	1 Shopping Bag
	1 medium-chain store
	1 smaller-firm store

* Population and dwelling units in the area beyond the Pacific Electric Railroad tracks were computed as follows:

a. It was assumed that the core of business does not extend beyond the 1.5-mile radius;
b. Half of the estimated population within 1.5 miles from the store were assumed potential customers.

2. Shopping Bag No. 33

Theoretical Draw Area:

Description:

Located in Anaheim at 9922 Katella Ave. near the intersection of Brookhurst Ave. One branch of the Pacific Electric R.R. is located 0.25 miles to the north while another branch is located 1.25 miles to the south. These two lines intersect at the western edge of the 2-mile draw area. The Santa Ana Freeway is located on the northeast edge of the 2-mile draw area.

Estimated Population:

Within 1.5-mile radius	55,920
Within 2-mile radius	90,530

Estimated Number of Dwelling Units:

Within 1.5-mile radius	15,710
Within 2-mile radius	25,550

Major Competing Stores:

Within 1.5-mile radius	6 larger-chain stores 1 Von's
Within 2-mile radius	7 larger-chain stores 1 Von's 1 medium-chain store 1 smaller-firm store

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

One line of the Pacific Electric R.R. forms a barrier for potential customers in the 2-mile draw area to the southwest. The Santa Ana Freeway at the edge of the 2-mile draw area to the northeast forms a barrier.

Estimated Population:

Within 1.5-mile radius	54,510
Within 2-mile radius	85,090

Estimated Number of Dwelling Units:

Within 1.5-mile radius	15,350
Within 2-mile radius	23,190

Major Competing Stores:

Within 1.5-mile radius	6 larger-chain stores 1 Von's
Within 2-mile radius	6 larger-chain stores 1 Von's 1 smaller-firm store

B. Analysis of Overlapping Trade Areas

1. Von's No. 26 and Shopping Bag No. 33

Theoretical Overlap Area:

Description:

The 1.5-mile overlap area has a length of 2.5 miles and a depth of 1.75 miles. Both stores are located within the 1.5-mile overlap. The two Pacific Electric R.R. lines lie within the overlap area. The 2-mile overlap area is 4 miles in length and 2.75 miles in depth.

Estimated Population:

Within 1.5-mile zone	30,780
Within 2-mile zone	57,330

Estimated Number of Dwelling Units:

Within 1.5-mile zone	9,170
Within 2-mile zone	16,000

Major Competing Stores:

Within 1.5-mile zone	3 larger-chain stores
Within 2-mile zone	4 larger-chain stores 1 medium-chain store 1 smaller-firm store

Adjusted Overlap Area:

Reasons for Adjusting Overlap Area:

The 1.5-mile adjusted overlap is for all practical purposes the same as the 1.5-mile theoretical overlap. For the adjusted 2-mile overlap the Pacific Electric R.R. line on the north is assumed to be a complete barrier.

Estimated Population:

Within 1.5-mile zone	30,780
Within 2-mile zone	47,520

Estimated Number of Dwelling Units:

Within 1.5-mile zone	9,170
Within 2-mile zone	12,990

Major Competing Stores:

Within 1.5-mile zone	3 larger-chain stores
Within 2-mile zone	4 larger-chain stores
	1 medium-chain store

General Observations:

In the 1.5-mile adjusted overlap area about half the customers are as close, or closer, to other larger-chain stores, and about a fourth of the customers will likely be drawn by another market on the way to the subject stores.

In the 2-mile adjusted overlap area, potential customers west of Brookhurst Ave. who use the most convenient avenues of approach leading to the Von's store could be intercepted by another store. In addition, potential customers in the eastern part of the zone are as close (and in some cases, closer) to 3 other larger-chain stores (just outside the zone) as they are to the subject stores.

VI. The Whittier Area:

(Map—Exhibit——)

A. Analysis of Trading Areas.

1. Von's No. 27

Theoretical Draw Area:

Description:

Located in E. Whittier at 15740 Whittwood Lane, near Whittier Boulevard. A large unpopulated area exists to the north, starting about 0.5 miles from the store. The Pacific Electric R.R. runs through a portion of the draw area 0.5 mile south of the store.

Estimated Population:

Within 1.5-mile radius	30,100
Within 2-mile radius	51,700

Estimated Number of Dwelling Units:

Within 1.5-mile radius	8,260
Within 2-mile radius	20,100

Major Competing Stores:

Within 1.5-mile radius	4 larger-chain stores
	1 smaller-firm store
Within 2-mile radius	7 larger-chain stores
	1 Shopping Bag
	2 medium-chain stores
	2 smaller-firm stores

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The railroad limits access to the store from the South. Valley Home Avenue, a main road, and lack of a convenient east-west access limits the draw area to that section west of Valley Home Avenue.

Estimated Population:

Within 1.5-mile radius	22,900
Within 2-mile radius	29,200

Estimated Number of Dwelling Units:

Within 1.5-mile radius	6,100
Within 2-mile radius	8,200

Major Competing Stores:

Within 1.5-mile radius	4 larger-chain stores
Within 2-mile radius	4 larger-chain stores

2. Shopping Bag No. 1

Theoretical Draw Area:

Description:

Located in La Habra at 1611 W. Whittier Blvd. near Hacienda Road. The population of the theoretical draw area is concentrated into an area approximately 0.75 mile north and south of Whittier Blvd.

Estimated Population:

Within 1.5-mile radius	33,300
Within 2-mile radius	42,600

Estimated Number of Dwelling Units:

Within 1.5-mile radius	9,800
Within 2-mile radius	12,700

Major Competing Stores:

Within 1.5-mile radius	4 larger-chain stores
Within 2-mile radius	6 larger-chain stores
	1 Von's
	1 smaller-firm store

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The Pacific Electric R.R. 0.75 mile south of the store limits access from the south; hills exist about 0.75 mile to the north. A main road, Valley Home Avenue, and lack of convenient east-west access, limits the draw area to the west at Valley Home Avenue.

Estimated Population:

Within 1.5-mile radius	19,300
Within 2-mile radius	20,300

Estimated Number of Dwelling Units:

Within 1.5-mile radius	5,200
Within 2-mile radius	6,000

Major Competing Stores:

Within 1.5-mile radius	3 larger-chain stores
Within 2-mile radius	4 larger-chain stores

3. Shopping Bag No. 22

Theoretical Draw Area:

Description:

Located in Whittier at 1183 Quad Way near Painter Avenue. Store is centered in a heavily populated area near the intersection of two main roads (Painter Ave. and Whittier Blvd.) Two branches of the Pacific Electric R.R. run to the south and west of the store; the northern branch nearly bisects the area, coming within 0.25 mile southwest of the store.

Estimated Population:

Within 1.5-mile radius	48,800
Within 2-mile radius	57,900

Estimated Number of Dwelling Units:

Within 1.5-mile radius	14,900
Within 2-mile radius	18,300

Major Competing Stores:

Within 1.5-mile radius	4 larger-chain stores 1 medium-chain store 1 smaller-firm store
Within 2-mile radius	7 larger-chain stores 1 medium-chain store 1 smaller-firm store

Adjusted Draw Area:

Reasons for Adjusting Draw Area:

The railroad limits access to the store from the west and south. Location of other stores north of Whittier Boulevard, and the traffic barrier presented by the Boulevard confines the draw area to the south of the Boulevard. A small area south of the railroad is included, however, because of absence of other stores there.

Estimated Population:

Within 1.5-mile radius	13,900
Within 2-mile radius	16,100

Estimated Number of Dwelling Units:

Within 1.5-mile radius	4,000
Within 2-mile radius	4,600

Major Competing Stores:

Within 1.5-mile radius	1 smaller-firm store
Within 2-mile radius	1 smaller-firm store

B. Analysis of Overlapping Trade Areas.

1. Von's No. 27 and Shopping Bag No. 1

Theoretical Overlap Area:

Description:

The 1.5-mile overlap area is 2.5 miles in length by 1.25 miles in depth. The 2-mile overlap area is 3.25 miles in length by 2.25 miles in depth. The Pacific Electric R.R. passes through both overlap areas. Whittier Boulevard runs east and west through the overlap area.

Estimated Population:

Within 1.5-mile zone	10,600
Within 2-mile zone	13,740

Estimated Number of Dwelling Units:

Within 1.5-mile zone	2,900
Within 2-mile zone	5,350

Major Competing Stores:

Within 1.5-mile zone	1 larger-chain store
Within 2-mile zone	4 larger-chain stores
	1 smaller-firm store

Adjusted Overlap Area:

Reasons for Adjusting Overlap Area:

The 1.5- and 2-mile overlaps are characterized by a hilly area which naturally shunts the hill customers either to the Shopping Bag area or to the Von's area. The Pacific Electric R.R. forms a barrier to the south.

Estimated Population:

Within 1.5-mile zone	10,600
Within 2-mile zone	13,400

Estimated Number of Dwelling Units:

Within 1.5-mile zone	2,900
Within 2-mile zone	5,200

Major Competing Stores:

Within 1.5-mile zone	1 larger-chain store
Within 2-mile zone	4 larger-chain stores

General Observations:

Due to the lack of good east-west through streets, the main traffic artery is Whittier Boulevard where intervening stores are located. There are a number of other stores in the immediate vicinity of the Von's and Shopping Bag stores.

2. Von's No. 27 and Shopping Bag No. 22

Theoretical Overlap Area:

Description:

The 1.5-mile overlap area is 1.75 miles long and 0.5 mile in depth. The 2-mile overlap area is 3.25 miles long and 1.5 miles in depth. The Puente Hills lie to the north of the overlap areas. About 20% of the overlap area is to the south of the Pacific Electric R.R. Whittier Boulevard runs roughly east and west and bisects the draw areas.

Estimated Population:

Within 1.5-mile zone	4,980
Within 2-mile zone	13,680

Estimated Number of Dwelling Units:

Within 1.5-mile zone	1,220
Within 2-mile zone	3,980

1800

Major Competing Stores:

Within 1.5-mile zone	None
Within 2-mile zone	2 larger-chain stores 1 medium-chain store 1 smaller-firm store

Adjusted Overlap Area:

Reasons for Adjusting Overlap Area:

The 1.5- and 2-mile overlap zones contain a sparsely populated area at the north end and, on the south, the Pacific Electric R.R. forms a barrier. Whittier Ave. is the only through street between the two stores.

Estimated Population:

Within 1.5-mile zone	3,500
Within 2-mile zone	6,900

Estimated Number of Dwelling Units:

Within 1.5-mile zone	800
Within 2-mile zone	2,100

Major Competing Stores:

Within 1.5-mile zone	None
Within 2-mile zone	2 larger-chain stores

General Observations:

1. The two subject stores serve a small overlapping group of potential customers.
2. Three other larger-chain stores all located on Whittier Blvd. between the two subject locations serve the same group of potential customers.
3. A lack of through-streets parallel to Whittier Blvd. between the two subject locations limits traffic between the stores.

Appendix II

Table 1

Merchandise Inventory Investment for a Typical Supermarket Producing $1.7 Million Annual Volume

	Total Investment(1) (At Cost)	Operator's Estimated Cash Outlay Required
Meat	$ 8,500	$ 8,500(A)
Produce	2,000	2,000(A)
Groceries and nonfoods	57,000	— (B)
Frozen foods	2,000	— (B)
Dairy	5,300	5,300(A)
Baked goods	700	700(A)
Total	$75,500	$16,500

(1) Total inventory investment amount and breakdown into meat, produce and a total for the four remaining merchandise groups are from: Calvet M. Hahn, "What Will It Cost To Open A New Supermarket in 1961?", Chain Store Age, December 1960, Pg. 38 et seq. The total of $65,000 for the four remaining merchandise groups was distributed by individual merchandise group on the basis of the distribution of items in these groups given in "The Dillon Study", Progressive Grocer, N.Y., (a collection of reprints of seven articles published from May to November 1960, Pg. D74) after adjustment to a cost basis on the basis of the gross margin given for each group.

(A) A reduction in the cash outlay required might be expected from the following:

About 40% of meat inventory consists of semiperishable meats, such as smoked, cured, processed and preserved meats ("12th Annual Consumer Expenditures Study", Food Topics; N.Y., Vol. 14, No. 15, September 1960, Pg. 74ff.). These are subject to credit terms from wholesalers, cooperatives and voluntary buying groups. The estimated reduction in cash outlay if semiperishable meats were bought on credit terms would be $2,500.

Most dairy equipment, according to trade sources, is available on a "vending machine" loan basis, under which the supermarket would receive credit terms on dairy products.

Produce and baked goods are, according to trade sources, obtainable in some cases with credit terms.

(B) These classes of products would be expected to require no immediate cash payment as terms are generally available to cover at least one turnover of inventory.

Table 2

Estimated Equipment and Supplies Investment for a Typical Supermarket Producing $1.7 Million Annual Volume

	Total Investment(1)	Operator's Estimated Cash Outlay Required
Front end (checkstands, registers, carts and office)	$ 21,600	
Meat department	30,000	
Frozen foods and ice cream	9,800	
Dairy department	5,100	
Produce department	9,000	
Grocery, nonfoods, baked goods	20,700	
Total store equipment and supplies	$ 96,200	$38,500(2)
Truck	4,000*	800(3)
Grand total	$100,200	$39,300

(1) Calvet M. Hahn, "What Will It Cost To Open A New Supermarket in 1961?", Chain Store Age, December 1960, Pg. 38 *et seq.*

(2) On a 40% down-payment basis. If the dairy department equipment were to be supplied by the vendors the cash outlay for store equipment and supplies would be approximately $36,400.

(3) On a 20% down-payment basis.

* Amount given in Chain Store Age, December 1960, *op cit.*, includes an item of $12,000 for truck and trailer. This was reduced to $4,000 to cover estimated cost of small truck for single store operator, who receives direct delivery from suppliers and does not require trailer-truck combination.

Table 3

Estimated Investment in Structural Additions and Improvements for a Typical Supermarket Producing $1.7 Million Annual Volume

	Total Investment(1)	Operator's Estimated Cash Outlay Required
Floors	$ 5,500	
Ceiling	3,000	
Front, doors	12,000	
Lighting	8,500	
Heating	4,500	
Sign, pylon	7,500	
Air conditioning	15,500	
Compressors	7,000	
Painting	2,400	
Labor and miscellaneous	25,000	
Refrigeration installation	13,000	
Total	$103,900	$52,000(2)

(1) Source: Calvet M. Hahn, "What Will It Cost To Open A New Supermarket in 1961?", Chain Store Age, December, 1960, Pg. 38 et seq.
(2) Estimated on a 50% down-payment basis.

Table 4

Pro Forma Annual Earnings of a Supermarket Producing $1.7 Million Annual Volume

1. Sales		
11,000 square feet of selling area (out of a total of 16,000 square feet) producing $32,700 a week for 52 weeks		$1,700,000
2. Gross profit at 17.6% of sales(1)		$ 299,000
3. Expenses payable in cash		
Store labor expense at 7.5% of sales(2)		$ 128,000
Advertising and promotion at 1.0% of sales(3)		17,000
Store supplies at 0.9% of sales(4)		15,000
Store rent and real estate at 1.8% of sales(5)		31,000
Heat, light and power at 0.5% of sales(6)		9,000
All other at 1.9% of sales(7)		32,000
Total		$ 232,000
4. Expenses not payable in cash		
Depreciation on equipment and additions(8)		$ 12,000
Amortization of improvements(9)		10,000
Total		$ 22,000
5. Net operating profit before and after income tax		
Gross profit		$ 299,000
Expenses payable in cash	$232,000	
Expenses not payable in cash	22,000	254,000
Net operating profit before tax		$ 45,000
Federal and state income taxes		$ 19,000
Net operating profit after tax		$ 26,000

(1) Based on typical gross profit of 18.3% of sales as reported by Super Market Institute Survey covering 1959 operating results and appearing in "Twenty-Eighth Annual Survey—Facts in Grocery Distribution", Progressive Grocer, N.Y., 1961 edition, Pg. F23. The gross profit percentage was reduced by .07 percentage point to present a more conservative estimate of the net profit potential. Gross profit as used above is the excess of sales over the actual cost of sales (merchandise).

(2) Based on Super Market Institute typical 1959 operating results as reported by Progressive Grocer (*op. cit.*). The typical store labor expense of 7.0% reported was increased by 0.5 percentage points to be more conservative in computing the estimated net profit.

(3) Based on Super Market Institute typical 1959 percentage as reported by Progressive Grocer (*op. cit.*). The reported typical advertising and promotion expense of 2.3% was reduced by 1.3 percentage points to be more representative of a single supermarket using more limited local advertising and promotion. Promotion expense includes tape plan and stamp plan costs.

(4) Based on Super Market Institute typical 1959 figure of 0.9% as reported by Progressive Grocer (*op. cit.*).

(5) Based on 1.8% figure for supermarkets leased from independent landlords as reported in "Facts About New Super Markets Opened in 1960", Super Market Institute, January 30, 1961, Pg. 12. Typical 1959 Super Market Institute figure is 1.2% for this item.

(6) Based on Super Market Institute typical 1959 figure of 0.5% as reported by Progressive Grocer (*op. cit.*).

(7) All other expenses include proprietor's salary, transportation, telephone, interest on outstanding indebtedness, taxes, freight charges and miscellaneous expenses. The typical figure reported by Super Market Institute as "all other expenses" covers three entries in the pro forma statement above: All other expenses, Depreciation and Amortization. (These were broken out separately to estimate cash generated.) The Super Market Institute figure reported was 4.3%, this was adjusted downward by 1.1 percentage points to 3.2% to make it more representative of a single supermarket with no separate warehouse and a smaller operating overhead. Depreciation and amortization (see notes 8 and 9 below) were estimated on the basis of the initial investment, and the difference between this amount and 3.2% of sales was entered as "all other expenses" in the pro forma statement above.

(8) Equipment and certain structural additions involving an initial investment of about $120,000 were depreciated on a 10-year straight-line basis.

(9) Structural improvements involving an initial investment of about $80,000 were amortized on an 8-year straight-line basis.

[fol. 1] DEFENDANTS' EXHIBIT BF

IN THE UNITED STATES DISTRICT COURT

No. 336-60-CC

[Title omitted]

Deposition of ROY LAWRENCE BOUQUE, taken on behalf of the Plaintiff, at Room 806, Federal Building, Los Angeles, California, commencing at 2:00 P.M., Tuesday, May 28, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to oral stipulation.

[fol. 2] APPEARANCES OF COUNSEL:

For the Plaintiff: James J. Coyle, Esq. and John F. Hughes, Esq. Attorneys for the U. S. Department of Justice
Antitrust Division, 1602 Federal Building, Los Angeles, California.

For the Defendants: Johnson, Bates & Sheffield, Esq. and O'Melveny & Myers, Esqs.
William W. Alsup, Esq. and William M. Vaughan, Esq.
By: William W. Vaughan, Esq.
433 South Spring Street, Los Angeles, California.

(Also Present: Prof. William F. Brown).

[fol. 3] ROY LAWRENCE BOUQUE, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Coyle:

Q. Mr. Bouque, would you please state your full name and address for the record, please.

A. Roy Lawrence Bouque. Business address is 545 South Spring Street, Los Angeles, California.

Q. Are you a partner in the firm of Lybrand, Ross Bros. & Montgomery?

A. I am.

Q. How long have you been a partner in this firm?

A. I have been a partner about one year.

Q. How many partners does this firm have?

A. Being a national firm I don't know offhand how many there are throughout the nation. There are 12 in the local office.

Q. How many people are there in the local office?

A. There are 140 persons in the local office.

Q. Are there various classes and types of partners? Are there senior partners and junior partners?

A. No. The partnership is based——There is a regional partner by title who is responsible for the [fol. 4] activities in the Western Region. There is a partner designated from among the partners in the local office as partner-in-charge of the office to handle administrative problems. Then the remaining partners handle their particular clients.

It so happens that we do have a differentiation in that we have those partners who devote their time to the audit side of our activities and there are two partners in the office, one of whom is myself, that devote our time exclusively to the management and consulting phases of our activities.

Q. Would it be fair to characterize you as a management consulting partner?

A. Well, I am a partner in the firm of Lybrand and my activities are devoted to management consulting.

Q. What were you prior to approximately a year ago when you became a partner?

A. I was a manager in the Management Consulting Division of Lybrand's in Los Angeles.

Q. Do you have any central research staff in Los Angeles?

A. We do not have a central research staff in Los Angeles. If you mean by "central research staff," do we have Ph.D.'s and things of that nature in the local staff, we do not.

Q. Where is your central research staff?

[fol. 5] A. The central research staff is in New York.

Q. Did the central research staff direct and control the study which you embodied in your affidavit?

A. The way the engagement was operated was that Dr. Tibor Fabian was in overall charge of the engagement from the central research staff. He had working for him a consultant from the New York central research staff and three men from the local Los Angeles staff. In turn these men reported administratively to the partners in the Los Angeles office.

Q. Who were the three men who were working locally?

A. The three men were Herb McLanahan, I believe Harry Heath and Nelson Gilbert or Gilbert Nelson. I have forgotten what the sequence is between those two names.

I might add that I did not participate in the initial phases of this particular study. I was on another engagement at the time. However, since then I have reviewed the working papers and report and familiarized myself with the facts and conclusions drawn.

Q. When did you first become associated with this project?

A. It was in the fall of 1961 when I first got into phases of the engagement.

Q. When had the field work been completed?

A. What field work are you referring to?

Q. Was there any field work done in connection with [fol. 6] this project?

A. Can you define what you mean by field work so I understand?

Q. You describe to me what sort of work was done in preparing this study.

Mr. Vaughn: May I say that it is broken down into three phases and I think you will get better answers if you refer to one phase and the other phase and the other phase. It is broken down in the affidavit.

Mr. Coyle: I will withdraw that question and come to it later.

Q. You mentioned a consultant in New York. What was his name?

A. Seymour Kwerel.

Q. Is he employed by someone other than Lybrand, Ross Bros. & Montgomery?

A. At the time he was employed by Lybrand, Ross Bros. & Montgomery. He is no longer with the firm.

Q. He was a full-time employee?

A. He was a full-time employee.

Q. Where is he now?

A. I couldn't say. I don't know.

Q. You say in 1960 Lybrand was asked by the attorneys for Von's Grocery Company to make an analysis and study of certain aspects of the retail grocery business. When in 1960 was this request made?

[fol. 7] A. I would have to refer exactly to records but it was sometime right around July, as I recall.

Q. When was this analysis and study completed?

A. The field work—Well, here I am getting into some timing of dates and precisely which I cannot give you the exact timing on this thing. The field work was done during the fall of 1960 and the actual date of the report I can't recall.

Q. Was it prior to the subsequent request in 1961? In other words, was it——

A. It was prior to that time.

Q. Was it completed prior to the 1961 request?

A. That is correct.

Q. When was the 1961 request made?

A. This was made about August or September for a followup, an updating of the data because of the time lag between the initial study and the deferment of the trial and they wanted the data brought up to date.

Q. Was there any work done as a result of the 1961 request other than the updating of the work done in 1960?

A. It was primarily the updating but it was the covering of the new aspect of the importance of discount stores that was brought into the picture.

Q. And that was the only work that was done in 1961 other than updating the 1960 work?

A. There were a few charts and so forth, an [fol. 8] interpretation that we developed subsequent.

Q. Which were they?

A. They were the exhibits included in the data presented to the government.

Q. Which exhibits?

A. I would have to refer to that to give you the exact number of the exhibits.

Mr. Vaughn: May I ask him if these are the exhibits to which he refers?

Mr. Coyle: Yes.

The Witness: These are the exhibits to which I referred.

Mr. Coyle: Q. Were they based on work which you had done in 1960?

A. Well, this is based on work done in 1960 and '61, both.

Q. Is it correct then to say that other than these exhibits, which I will describe as an exhibit entitled "Percentage of the total grocery store sales by various groups of chains in the Los Angeles metropolitan area, 1950-1961" and "Percentage of total grocery store sales by various groups of chains in the Los Angeles metropolitan area, 1950-1960," the first one being a table and the other a graph. And a third document entitled "Comparison of sales from 1948 to 1960 of the 20 largest grocery chains in the Los Angeles metropolitan area, using June 30, 1960 ranking."

In addition to these exhibits and the portion of [fol. 9] your affidavit dealing with discount houses the balance of your report is based upon work which was done in 1960, except that it was brought up to date in 1961?

A. There was one further exhibit which I believe has been submitted entitled "Comparison of the number of stores and the 1960 sales of Von's and Safeway in the Los Angeles metropolitan area."

Q. Is that an additional exhibit?

A. Yes.

Mr. Vaughn: Actually that is set forth in the affidavit, but it was part of, I believe, the work done in 1961.

Is that correct?

The Witness: This statement last referred to was developed in 1961.

Mr. Coyle: Q. How long have you been doing management consulting work?

A. I have been doing it for about nine-ten years.

Q. What is your background in the field, your academic background?

A. My academic background is a Master's in business from Stanford University, Palo Alto.

Q. Have you done any market survey or market study work involving questioning respondents or questioning consumers to determine their shopping habits in that period?

A. I have not been in this particular area. I have participated in economic and marketing type surveys in [fol. 10] my career.

Q. But none in this area?

A. Not for particular grocery chains and things of this kind, sir.

Q. On Page 2 of your affidavit you state, " . . . we assumed that each store had a possible trading area of from one and a half to two miles, and accordingly, we made an analysis of each of the stores in question based on a possible or theoretical draw area of one and a half miles and another possible or theoretical draw area of two miles."

Was this assumption made prior to the time that you participated in this survey? Was this assumption made in 1960 when the field work was done?

A. That is correct.

Q. You yourself made no survey or no study or no market study in connection with the field work that was done in 1960 because you weren't associated with the project at that time; is that correct?

A. Since the time I have become involved in the particular study and under discussion here I have reviewed the working papers, familiarized myself with the report, reviewed the conclusions that were drawn, the assumptions made, and am in complete concurrence with the facts as drawn by our staff at the time and as presented in the affidavit.

Q. Who made the original assumption that there was a possible trading area of from one and a half to two miles? [fol. 11] Was this done in New York?

A. As to the individual who made this particular decision I would assume it was made on the basis of a team

operation. This is the way we do our work. That you have the man in charge, who is a principal in the firm, or a partner, the supervisor on the job and the other staff men. And based on the facts that they gather from observation, from talking to people in the field, from reading other survey reports or periodicals, from these facts they develop their conclusions and make their assumptions.

Q. You say, "It is generally believed by retailers . . ." How many retailers were interviewed in connections with this project?

A. I am not familiar with the exact number of retailers they discussed this with.

Q. Do you know whether they had a sample or made a survey?

A. I know that they talked with various retailers about this during the course of the examination.

I know the staff was out making interviews. Now, the exact number I don't know. Certain interviews were made by Dr. Fabian and Seymour Kwerel.

Q. Is Dr. Fabian from New York?

A. Dr. Fabian is also from New York.

Q. And he is employed by Lybrand, Ross Bros. & Montgomery?

[fol. 12] A. He was employed. He is no longer with the firm at this time.

Q. You state that you familiarized yourself with their records. How many retailer interviews have you read that they made? Did they make reports of these retailer interviews?

A. None that I am aware of. There is such a mass of data that it fills a couple of file drawers—three file drawer cabinets.

Q. In that familiarizing yourself with their working papers you never ran across any reports of retailer interviews that they had made?

A. No, I did not.

Q. You say, "It is generally believed by retailers and other authorities . . ." and cite Richard L. Nelson. What other authorities did Dr. Fabian rely upon when he determined the market area?

A. I am not sure. I don't know all that he relied upon

but I do know that a couple of those involved would have been Facts Consolidated.

Q. That is Dorothy Corey?

A. Dorothy Corey. And also This Week I believe made a study in which they——

Q. What is "This Week"?

A. It is the periodical that comes out in the various newspapers. It is sort of a magazine type section to your [fol. 13] Sunday paper.

Q. Which edition?

Mr. Vaughn: You are interrupting him and not permitting him to finish his answers.

Mr. Coyle: I am sorry.

The Witness: You will have to read back to me what I said. I don't recall where I was.

(The reporter read the record commencing on Page 12, Line 14 to and including Page 12, Line 23.)

The Witness: A study was made by the staff of this particular magazine in which they indicated in this survey that the normal draw area was from one and a half to two miles for a supermarket.

Mr. Coyle: Q. This was in a Sunday supplement of a newspaper?

A. This was a particular survey that was made that was reported by them.

Mr. Vaughn: Mr. Bouque, before Mr. Coyle interjected the words "Dorothy Corey," had you finished your answer about Facts Consolidated?

The Witness: Here again I don't recall the exact wording where I was cut off.

Mr. Coyle: Do you want the question read back to him, Mr. Vaughn?

Mr. Vaughn: Maybe he can just repeat whatever it was [fol. 14] that he was about to say about Facts Consolidated or whatever he did say.

The Witness: Can you read that back to me so I can see what I said.

(The reporter reread the record commencing on Page 12, Line 14 to and including Page 12, Line 23.)

The Witness: Regarding Facts Consolidated, Dr. Fabian was familiar with the data, which based on account of the individuals patronizing the store indicated that the primary draw area or the bulk of the people drawn into a store were from a mile and a half to two miles away.

Mr. Coyle: Q. This is material which Facts Consolidated prepared for Von's Grocery, is it?

A. That is correct.

Q. Dr. Fabian discussed the matter with Mrs. Corey, did he?

A. I am not aware whether he discussed it with her or just read the report.

Q. Have you ever discussed it with her?

A. I have not.

Q. Have you read her reports?

A. I have scanned portions of the report that applied to the bulk of the customers coming from this range of a mile and a half to two miles.

Q. Have you looked at her work papers?

[fol. 15] A. Only the report.

Q. As far as you are concerned it is just her work and you don't know whether it is accurate or not, you are just assuming that it is accurate; is that correct?

A. I would assume that the work prepared by her was accurate.

Q. This article in This Week—Is This Week a national publication?

A. Let me mention something here, or reiterate, that I am not familiar with the various ones that Dr. Fabian referred to at the time he made this decision. I know that This Week has an article, the exact timing of when this article was issued I don't recall offhand. But this study was made by the staff of This Week and was issued in a brochure which I have screened.

Q. And those are the only authorities that you relied upon to draw this conclusion?

Mr. Vaughn: That assumes facts not in evidence and I object to it on that ground.

Mr. Coyle: Q. What other authorities did Dr. Fabian rely upon to conclude that you should use the one and a half to two miles?

A. I am not familiar with this. I would have to, if you wish, search the records and get the additional source that he relied upon, but I do not know them offhand.

Q. In your search of his records you can't recall any [fol. 16] other sources? You said you had searched his records.

A. I have reviewed his records but because of the mass of data I cannot recall all of the means, numbers and people contacted, periodicals reviewed and the like. It is too much.

Q. How long was Dr. Fabian with the Lybrand firm?

A. I do not know how long Dr. Fabian was with them. He was with the firm prior to my coming with the firm, I believe. But it was a number of years that he was with Lybrand.

Q. How long have you been with the firm?

A. Three and a half years.

Q. Where were you before you came with the firm?

A. I was with Booz, Allen & Hamilton, management consultants, prior to that time.

Q. Were you in their Chicago office?

A. I was in their Los Angeles office, Seattle, and worked in the Philippines for three years.

Q. How long were you in the Los Angeles office prior to coming to Lybrand, Ross Bros. & Montgomery?

A. I moved from the Seattle office to Los Angeles and stayed in the Los Angeles office just a matter of a few days before I transferred—moved to Lybrand.

Q. So that you have really only been down in this area about three and a half years; is that correct?

A. No. I worked for Booz, Allen & Hamilton in—I joined them in 1954 and worked for them in Los Angeles [fol. 17] prior to going to the Philippines.

Q. Specifically what date did you come to work with Lybrand, Ross Bros. & Montgomery?

A. I came to work for them in October 1959.

Q. So far as you know was Dr. Fabian's work generally in the New York area?

A. Dr. Fabian's work covered the entire United States. As a central research staff he was called to do engagements throughout the United States.

Mr. Vaughn: By the way, may I inquire of the reporter as to whether Dr. Brown's appearance is noted in the record.

The Notary: I show him as being "also present."

Mr. Coyle: Q. Was there an original draft of this report prepared prior to the time you became associated with this project?

A. Yes.

Q. Have you incorporated any of that draft into your report?

Mr. Vaughn: In his affidavit, you mean?

Mr. Coyle: Q. In your affidavit, yes.

A. Yes.

Q. Referring to Page 2 again, to the first full paragraph on Page 2, is that the language appearing in the original draft?

A. Original draft of the report?

Q. Yes. That was prepared prior to the time you came [fol. 18] on the project?

A. Without referring to the actual draft report, the affidavit has naturally reshaped and condensed a lot of the information that was given in the report. So as to exact wording, the context, the sense is there as given in the report.

Q. So it would be your testimony, then, that Dr. Fabian and Seymour Kwerel made this assumption of one and a half to two miles on what they assumed was generally believed by retailers and other authorities?

A. Yes, it was based on the data that they were able to gather through, as I understand it, interviews, reviews of other surveys of this nature.

Q. That is what you gather it was based upon?

A. Yes.

Q. On Page 3, Line 1, you say, "Next, we determined from census figures . . ." When you use the word "we," are you referring to Dr. Fabian and Mr. Kwerel and these other people who were on the project prior to the time you came on it?

A. We use the term "we" as the firm, "we did this." In other words, the firm stands behind the report and the affidavit.

Q. But these determinations were made prior to the time that you came on the project, were they not?

A. That is correct.

[fol. 19] Q. So grammatically it would be more proper to say, "they determined it"?

Mr. Vaughn: I object to the question as being argumentative. The witness has stated the fact and you are just arguing with him.

Mr. Coyle: I am just asking the question.

Q. Was it "we" or "they"?

A. As a partner in the firm, the firm is "we."

Q. But you were not a partner when this study was made.

A. No. This is terminology normally used in the firm.

Q. Not in affidavits.

Mr. Vaughn: I move to strike Mr. Coyle's remark about what should or should not be in an affidavit. It calls for an expert opinion, for which he is not qualified.

Mr. Coyle: Q. Now, on Line 8 in parentheses you say, "Except on a basis of personal preference which cannot be measured statistically." Is that your conclusion, that personal preference cannot be measured statistically?

A. The phrase is, "which cannot be measured statistically"?

Q. Yes. Is it your opinion that personal preference cannot be measured statistically?

Mr. Vaughn: I will object to the question as assuming facts not in evidence and contrary to the evidence. You have obviously taken a parenthetical phrase out of the [fol. 20] paragraph and out of context in order to ask that question. That is not what the import of the statement is.

Mr. Coyle: Maybe the witness can tell me what the import of the statement is.

Q. Do you mean to imply here that personal preference cannot be measured statistically?

Mr. Vaughn: I object on the same ground.

Mr. Coyle: Let him answer.

The Witness: What we are saying here is that our study

was a statistical analysis in large part and that in arriving at our conclusions we did not have a firm basis upon which to measure any personal preferences. Such as a particular housewife likes the looks of a store, or prefers for innumerable reasons as to why they would go to one store rather than another, it is difficult to arrive at a statistical measure of this.

Mr. Coyle: Q. But those personal preferences can be measured statistically, can they not?

A. I am not enough of a statistician to say positively that it would not be very difficult to evaluate this statistically.

Q. Do you base this conclusion on any authorities to the effect that these personal preferences cannot be measured statistically?

A. I am not aware of the authorities used by Dr. Fabian and his staff.

[fol. 21] Q. From your review of Facts Consolidated's studies did you draw any conclusion as to whether or not Facts Consolidated was attempting to measure these personal preferences statistically?

A. I think from a review of their charts and figures it was very clear to my mind that people have certain preferences when they will be residing near one store and will go some place else. But how do you read in an individual's mind as to why he wants to go to a particular store? Is it price, the store is clean, the particular manager they like, the sales people are courteous. A myriad of reasons why a person will go.

Q. Back on Page 2, on Line 4, the statement is made, ". . . that the vast majority of the customers of a typical supermarket in the Los Angeles metropolitan area live within two miles of the store." Can you tell us what the phrase "vast majority" means in terms of percentages?

A. Well, this percentage will range, but taking, for example, the Facts Consolidated report I think the number within these limits of one and a half to two miles indicated anywhere from 63 per cent up to 90 plus per cent, with an average of about 85 per cent.

Q. Is 63 per cent the vast majority?

A. It is a large majority, yes.

Q. And you made no studies of your own to determine where the vast majority of the customers lived?

[fol. 22] Mr. Vaughn: You mean interviews with customers?

Mr. Coyle: Yes. I am asking if he made any studies of his own.

The Witness: The purpose of our review was to—In other words, there are many ways to make a review and ours was assigned by our client to make a statistical approach to this particular problem by assuming what the draw range of a particular store was, based on prior surveys and interviews, facts we could garner to come to some assumptions which in our judgment were valid. Using these particular facts we drew the draw radii around the particular stores. And using these circles we then statistically determined what the extent of competition, if any, was between the particular stores.

So we did not interview any individual customers of a store. This was not within the scope of our survey.

Mr. Coyle: Q. And this was done by the two doctors before you became associated——

A. Plus the additional men from the Los Angeles office.

Q. And they reviewed the Dorothy Corey studies, the book by Richard L. Nelson and maybe they made some interviews but you haven't found any reports of any of those interviews. Is that correct?

Mr. Vaughn: I will object to the question as improperly summarizing the witness' testimony. You can't go back, Mr. Coyle, over 45 minutes of testimony and try to sum [fol. 23] up what the man has said. His testimony stands.

Mr. Coyle: I can ask this witness what this assumption is based upon.

Mr. Vaughn: I object to it as being asked and answered a couple of times.

Mr. Coyle: I will let him answer.

The Witness: Would you please restate that because I have lost track of it.

Mr. Coyle: Q. Can you review again for us what this

assumption of the one-and-a-half to two-mile draw area was made from?

A. The assumption of the one-and-a-half to two-mile draw range, my understanding, my interpretation from the report, from my conversations with the people involved in this particular original survey was that they based this on other reports, discussions with other retailers in order to arrive at this assumption which they made in their judgment as valid and then proceeded to make the analysis on that basis.

Q. With whom have you discussed this project who was engaged in the original work?

A. I have discussed this particular project with Tibor Fabian, and briefly with the other people involved.

Q. When did you discuss it with Tibor Fabian?

A. The principal time when I got involved in this was in 1961, at which time there was the updating survey. But [fol. 24] naturally when he was visiting the Los Angeles office to do this work, his dropping in to say hello, we discussed what was coming on. But really the facts were not discussed until I got involved in the survey in 1961.

Q. When you made this theoretical assumption that the draw area was between one and a half and two miles did you take into consideration that draw areas might vary depending upon the size of the store or the parking facilities available at a particular store?

Mr. Vaughn: I will object to your characterization of the assumption as a theoretical one. I don't know that that appears any place in the testimony and hence assumes facts not in evidence.

Otherwise you may answer the question, Mr. Bouque.

The Witness: The assumption that—I have to go back to my original statement that the assumptions were based on the judgement of Dr. Fabian and his staff, based on their review of prior reports, their studies and conversations with various people in the field. And they arrived at this conclusion that this was the proper area.

Mr. Coyle: Q. Regardless of the size of the store or the parking facilities of the store this would be the proper area for drawing a theoretical draw area?

A. Statistically they determined, based on their analyses

of other reports, which considered many different sizes of stores, these other particular studies, I assume [fol. 25] they made a review of various sizes. I mean they just took supermarkets, they are not all the same size. And from this they arrived at the fact that the majority of customers come from this area.

Now, I recognize that some people, because of personal preferences, will come from further away. But by the same token some people close to Von's may go further away to some little corner store or to a Thriftimart or any other market simply because they have a preference for going that way.

Q. So far as you know the only study you can name that they relied upon was Dorothy Corey's studies?

Mr. Vaughn: I object to the question as improperly summarizing the evidence and assuming facts contrary to the evidence. He talked about "This Week," too.

Mr. Coyle: Q. You just mentioned that Dr. Fabian had used this draw area to determine this one-and-a-half to two-mile range in order to determine his theoretical draw area on the basis of studies which he had reviewed. What studies are you able to name that you know he reviewed other than Dorothy Corey's studies?

A. Well, as I mentioned previously, I am not aware of all the studies involved. There was too much data for me to recall the documents that were reviewed.

It is mentioned right in the affidavit, Richard L. Nelson, 1958, Page 49, is one of the other studies referred [fol. 26] to by Dr. Fabian. And I am sure there were others. Plus, as I said before, discussions with people in the industry.

Q. You say you are sure there were others. Can you name any of the others?

A. For the fourth time I would have to say I do not know all the studies that they have used as a basis for their assumption. If necessary I will be glad to get a list of them for you.

Q. Can you name right now any studies that were used other than the two that you have mentioned?

A. Well, it is a definition of the term "study." I believe we mentioned Mr. Nelson, Facts Consolidated, and I

know it is referred to in This Week report. As I mentioned earlier I am not sure of the exact date of the This Week study.

Q. You don't know whether Dr. Fabian read that?

A. I know he read it.

Q. And that is a Sunday supplement to a newspaper, is it not?

A. It was a brochure prepared by people who work on This Week supplement. And I am not in a position to say whether it actually appeared in This Week's Sunday supplement or not.

Q. With respect to Richard L. Nelson what is his background in the field of market research?

A. I am not prepared to indicate what his particular [fol. 27] background is. I do not know offhand.

Q. Do you know whether he is an authority or not?

A. I am not competent to evaluate whether he is an authority. I assume, because Dr. Fabian is a skilled consultant, that he would use the data provided by people who are knowledgeable in the field that they are reporting upon.

Q. Now referring to Page 20 of your revised affidavit——

Mr. Vaughn: What do you mean by "revised affidavit"?

Mr. Coyle: The second affidavit as contrasted with the first.

Mr. Vaughn: You are talking about the document entitled "Affidavit of Roy L. Bouque" which we supplied to you. We supplied to you a previous one.

Mr. Coyle: I have two. I just want to make sure that I am talking about the second one.

Mr. Vaughn: All right.

The Witness: Page 20, Appendix I.

Mr. Coyle: Q. That is correct. You refer to Von's No. 4. How large a store is Von's No. 4 in square feet?

A. I do not know the exact square footage of the Von's Stores—of this particular store.

Q. Have you inspected this store?

A. I have not personally inspected this store.

Q. When you drew this theoretical draw area would

that draw area have a radius of two miles when you draw [fol. 28] the theoretical two-mile area?

A. Would you repeat the question?

Q. When you drew these theoretical draw areas around Store No. 4 would the two-mile draw area have a two-mile radius and the one-and-a-half-mile draw area have a one-and-a-half-mile radius?

A. That is correct. From the store.

Q. Then you state, "The Long Beach Freeway lies 1.5 miles to the west and northwest." How does the Long Beach Freeway affect your theoretical draw area?

Mr. Vaughn: Which one? We have two.

Mr. Coyle: Q. Either one. How does the Long Beach Freeway affect either of your theoretical areas?

A. Well, the Long Beach Freeway—I would have to refer to the map to be absolutely sure. But as long as the freeway is on the perimeter of the one-and-a-half-mile radii this would have little effect. I will retract that statement. The theoretical draw area is strictly a radius of one and a half or two miles from the store. The fact that the freeway is in it does not change the boundaries of the theoretical draw area.

Q. And within the 1.5-mile radius of the theoretical draw area around Von's Store No. 4 did you conclude that there were 58,300 residents?

A. Forgetting the Long Beach Freeway, one-and-a-half-mile radius from the store we computed the estimated [fol. 29] population to be 58,300 people.

Q. What source did you use to make that computation?

A. The source used is the census areas which had a population by segments or areas, shall we say, within the 1.5-mile radius.

Q. What census was used, that is what year census?

A. I would have to refer to the notes. I do not know offhand.

Q. Do you have your notes?

A. Not with me.

Q. Was this done before you came on the project?

A. This was done before I came on the project.

Q. You refer to it as an estimated population. How did you estimate the population from the census data?

A. We took the census data in a particular area, and assuming an even distribution, except when it was clearly evident that a particular locale was mountainous and people couldn't live there, and depending upon where the radii bisected a particular area and added up these particular census figures.

Q. Did the census tracts fit exactly on the three-mile radius—or the two-mile radii and the one-and-a-half-mile radii?

A. They didn't fit exactly on it. As I said, we had to assume a proportionate distribution in the census tract unless it was clearly indicated that it was a mountainous [fol. 30] area or it was completely empty, or there was a drainage basis, or things of this nature which precluded people from living evenly within a census tract.

Q. These judgments were made prior to the time you came on the project, were they not?

A. That is correct.

Q. Were any criteria set up to determine which were the mountainous and which were the drainage tracts and which were the areas where people would not be living?

A. It was clearly evident by looking at the particular maps——

Q. Which maps?

A. The maps which have been included as exhibits, on the table over there, are part of the maps that were referred to in developing this information.

Q. When you found that within a two-mile radius, or your predecessors found within a two-mile radius that there were 96,100 people living there; is that correct?

Mr. Vaughn: I will object to the question insofar as it refers to "the predecessors." Mr. Boque has said that he has reviewed the facts that his predecessors had to work with.

Mr. Coyle: Q. When you came on the project had a determination been made that within the two-mile radius there were 96,000 residents?

A. This first phase of the survey was completed before [fol. 31] I came on the project. But I, as indicated, reviewed and discussed this with the people, and in our normal practice, in management consultant, and many

other professions, you have a lot of subordinates that are doing a lot of other work, the detailed work, and based on your confidence in people they arrive at certain conclusions which you review and accept if you feel they are valid.

Q. But the procedures that were set up for doing this was prior to the time you came on the project.

A. That is correct.

(A short recess was taken.)

Mr. Coyle: Q. Mr. Bouque, referring again to Page 20 of the Appendix I, does this theoretical area represent the area in which between 60 and 90 per cent of the customers of a given store reside?

A. Which theoretical draw area are you referring to? There are two of them.

Q. The theoretical two-mile radius draw area.

A. Yes. From the facts as I know them the majority of the people that come from this two-mile radius would range anywhere from 60 to 90 plus per cent of the customers.

Q. So as many as 40 per cent of the customers might then reside outside of the theoretical draw area based upon your assumptions.

Mr. Vaughn: I object to the question as being argumentative and speculative.

[fol. 32] You may answer, however.

The Witness: Yes, it is possible that in some cases if the store was drawing 60 plus per cent of their people from a two-mile radius it is evident they would have to draw the balance of it outside the two-mile radius.

Mr. Coyle: Q. Now, you have in addition two estimated population figures showing estimated number of dwelling units. How were the estimated number of dwelling units ascertained?

A. That was drawn on the same basis as the estimated population, from the census tract figures.

Q. Do the census tract figures portray the number of dwelling units in a given area?

A. Yes, it does.

Q. Have you used census figures in the past in doing management work?

A. Yes, I have.

Q. Have you found them to be reliable?

A. Yes.

Q. Are they the best figures available for doing this type of work?

A. I think that is too broad a statement to say that they are the best figures. You have got to find out what you are searching for.

Q. Were there any other figures more reliable than these available to you?

Mr. Vaughn: I will object to that as assuming a fact [fol. 33] not in evidence. You are assuming that there is more than one source for this information.

Mr. Coyle: Q. Is there more than once source for this information?

A. Offhand I couldn't say what those sources might be.

Q. You don't know of any other sources, though, do you?

Mr. Vaughn: You mean for estimated population and estimated dwelling units?

Mr. Coyle: Yes.

The Witness: Well, there are estimates made by various people as to the population in the area. I have seen them in periodicals. The exact source I don't know. Some of them were probably drawn from census figures and then projections based on the estimated numbers of people that have come in the area and things of this nature.

Mr. Coyle: Q. What are the census years? When was the last census taken, Mr. Bouque?

A. I don't know offhand. I can't say positively.

Q. Did you ever update any of the census material prepared as part of this project subsequent to the time that you became associated with it?

A. No.

Q. You refer on the top of Page 21 to "Major competing stores within 1.5-mile radius," and refer to three

[fol. 34] larger-chain stores. Does the word "larger" mean that they were larger than the Von's store in the area?

A. It means that the stores are a member of a chain of more than ten stores.

Q. And the one medium-chain store.

A. Is a chain that has four to ten stores.

Q. So far as you know is there any difference in size between any of these chain stores?

A. To my personal knowledge I do not know the various sizes of these particular stores. They are supermarkets but I do not know the exact store footage.

Q. Do you know the trading area of these stores?

A. This was not within the scope of our survey to determine the trading area of these particular stores.

Q. Do you know whether they would have a theoretical trading area of one and a half to two miles?

A. To make the type of study we did we approached their trading area on the same basis as we did for the Von's and Shopping Bag stores.

Q. Did Dr. Fabian assume that they had the same trading area as the Von's store to make this study?

A. I wouldn't be in a position of assuming what was in his mind at this point. However, based on the judgment that was exercised in the assumptions made from a valid basis in our estimate, we would assume that these stores would have the same draw area, one and a half to two [fol. 35] miles, whatever it might be.

Q. Did the Dorothy Corey studies or the Facts Consolidated studies, which you referred to, relate to the draw area of stores other than the Von's and Shopping Bag stores?

A. The portion of the report that I saw applied only to the Von's and Shopping Bag stores.

Q. Now referring to Line 7 of your affidavit, Page 21, you state, "The Long Beach Freeway forms a barrier at the border on the 1.5-mile zone on the west." Was that determination made prior to the time you became associated with this project?

A. As I stated before, this portion of the work was documented prior to my association with this study.

However, I have, again, reviewed material associated with the development of this report.

Q. Was a consumer preference study undertaken to determine whether the Long Beach Freeway forms a barrier at the border of the 1.5-mile zone?

Mr. Vaughn: By Lybrand?

Mr. Coyle: Yes.

The Witness: That was beyond the scope of our particular survey and we did not make a consumer preference study of this.

Mr. Coyle: Q. Did you resort to any consumer preference study as to this barrier?

[fol. 36] A. I cannot refer to my own knowledge as to specific studies that they referred to but I do recall conversations with them indicating—or their discussions regarding the fact that a natural barrier such as a freeway does impede the movement of people and that they had concurred in other people's review of the situation. They drew this as a part of their conclusions.

Q. With whom did you have these discussions?

A. With Tibor Fabian.

Q. Who were the other people whose conclusions he relied upon to arrive at this determination?

A. As I stated earlier, I do not know the people, plus the fact just from your own judgement and looking at an area and seeing a natural barrier going to the center of the area, it is natural that it is going to impede the progress of people. Grocery stores are a matter of convenience and if you have to go around a barrier, go around something, it does from a barrier to easy access to the store.

Q. How many undercrosses or overcrosses were available to people residing on the other side of the Long Beach Freeway within the one-and-a-half-mile theoretical draw area?

A. This again was beyond the scope of our particular engagement.

Q. Was any traffic study undertaken to determine how much traffic passed over or under the Long Beach Freeway?

[fol. 37] A. I do not—A study was not made because it

was beyond the scope of the work outlined by our client.

Q. Did your client give you a memorandum outlining the procedures you were to follow?

A. The client indicated a particular problem and what they wanted done. We then developed our own approach to this thing to develop the conclusions as we saw them.

Q. Did you make a determination as to whether it is necessary to interview consumers to determine whether a freeway will act as a barrier?

A. Again this was beyond the scope of what our client requested. There are many ways to make an analysis of a particular problem and our particular assignment was to arrive at a conclusion based on this theoretical draw area which we developed and imposed upon a map, and based on our judgment and review of periodicals. As I recall, Facts Consolidated made personal checks on people who shop at the stores and that was their particular engagement. Ours was strictly from an objective statistical analytical approach of terrain, draw area and the like. We did not interview any consumers.

Q. Did you assume for the purpose of adjusting your draw areas that a freeway will form a barrier to a draw area?

A. Well, you have to take a look at the total situation. It is not a complete barrier, it impedes. Again, it depends on the access and other stores in the area as to how much of a barrier it performs. So you have to take each [fol. 38] individual situation and analyze it.

Q. What criteria do you use to analyze these individual situations?

A. You approach on the basis, which we did on the maps which were submitted as exhibits, we drew the draw area and then we imposed upon the draw area the various natural obstacles, taking a look at this, based on our judgment and knowledge of the area, we proceeded to arrive at these conclusions.

Q. What criteria did you use, other than the location of this freeway on the map, to determine that this freeway was a barrier?

A. Well, the existence of a natural barrier is going to impede or cause people to go to some other place. For instance, if you have a store next to a freeway and you

live right across the freeway and there is no access for a mile in either direction and there is a store three-quarters of a mile away, yet because this store is only 200 yards away from you it forms a natural barrier and you will not go there.

So based on our judgment and looking at the particular barriers, in this particular case the Long Beach Freeway, or in the case of others such as the Los Angeles River and the like, we looked at the terrain, these natural barriers and then looking at the competition in the area arrived at how effective this barrier might be.

Q. When you looked at the competition in the area you [fol. 39] assumed that all the chain stores in the area were the same size, did you not?

A. Again I do not know the sizes of the various stores in the particular area. I don't know whether this is a conclusion you can draw that they were the same size, because I don't know. I do not know the facts.

Q. Do you know how Dr. Fabian measured the qualitative importance of these various chain stores in the area as major competitors?

Mr. Vaughn: I object to the question. You just passed me over with that word "qualitative."

Mr. Coyle: Q. Do you know whether Dr. Fabian made any evaluation of the competitive importance of the chain stores in the area?

A. Well, as indicated earlier, you have to take a look at each one of these, and based on your judgment, of the location of the store that is under review, whether it be Von's or Shopping Bag. Then looking at the barriers that are in the vicinity and then looking at the other stores, we looked at the larger ones, in other words the larger-chain stores, the medium-chain stores and the like. We did not get down into the small stores.

So we just looked at the bigger ones, and seeing that they were much more accessible, and then going back to the basic assumption that the normal draw area is one and a half to two miles, unless there is some barrier that impedes [fol. 40] them, you come to what we feel is a valid conclusion that they would go to the store that is most accessible to them under most circumstances.

Q. When you undertook to adjust this draw area did you make any assumption as to the percentage of the Von's customers who would give convenience as their reason for preferring one store over another?

A. Here is a fact I am not aware of. You say "give convenience as the fact." I am not aware of these particular customer preferences. We had to go to this on the assumption of the normal draw area.

And here again you have to develop your assumptions and sort of ride with them. In this case the one and a half to two miles. We recognize that based on personal preferences people will come from outside the area and also we recognize that people within their draw area will go some place else. We assume that this will balance out over the long run.

Q. Is it correct in saying that you assume that just as many people will come into a draw area as will go out of a draw area in order to do their grocery shopping?

A. I wouldn't say that is a specific generalization. I would say, again based on studies, we find that people come from beyond the two-mile draw area for many reasons. Again the personal preference, the fact that it is a straight line to a particular store, there is no other store [fol. 41] within their—they are three miles from the store and they are the closest store to them and it could be six miles that is the closest store to them.

Q. Does driving time enter into the location of the draw area?

A. As I stated, the draw area established here, based on the studies, has been set, based on our assumption, which is as valid as anybody else's, we had to come to a conclusion based on the facts we had gathered from several sources, that the majority of the customers come from these particular radii.

Mr. Coyle: Would you read the question back again, please.

(The reporter read the pending question.)

Mr. Vaughn: I think he answered the question. He said he would not make that as a specific generalization and went on to explain.

Mr.Coyle: Q. Would you assume that some people go out of the two-mile radius to purchase their groceries and some people from without the two-mile radius will come into the two-mile draw area to purchase their groceries?

A. I think this has been substantiated by Facts Consolidated, which points out that people do have preferences and will move from a matter of a few blocks from a store and go some place else which is a mile or so away.

Q. Therefore, would it be correct to say that [fol. 42] competition may well exist between two stores whose two-mile draw areas do not intersect?

A. I will get your phrasing right there. Is it safe to assume what?

Q. That two stores whose two-mile theoretical draw areas do not intersect may well compete with each other?

A. I think that I have to go back again to the statement, people do go from beyond two miles to go to a particular store based on personal preference as well as freeways and the like.

Q. On Page 5 of your affidavit you use the term "competition between the stores." What do you mean by the word "competition" on Line 10, Page 5?

A. Well, by competition they are competing for the same customers or the people in the same draw area. We are saying in this particular instance that this refers to the overlap of the draw areas.

Q. Is that based upon the assumption that people won't come in from outside the draw areas or won't go outside the draw areas?

A. This is contrary to everything that I have ever said to this point. We said that people do come from beyond a one-and-a-half-mile or two-mile radius. We said that people basically, the majority of the people, will come from within this radius, but people, because of natural preference, will come from distances beyond two miles. [fol. 43] Q. And do stores that are more than four miles apart compete for these people who for personal preferences or other reasons aren't bound by the two-mile draw area?

A. Well, you are stating a fact that you said "four miles apart" in a two-mile draw. The two-mile draw meets right in the center of the two stores four miles apart.

Q. But some people will go more than two miles, will they not?

Mr. Vaughn: He has answered that question at least ten times. I am going to object to it on the ground that it has been asked and answered.

Mr. Coyle: Will you read back the question before the last one, please.

(The reporter read the pending question as follows:

"Q. And do stores that are more than four miles apart compete for these people who for personal preferences or other reasons aren't bound by the two-mile draw area?")

Mr. Vaughn: There has got to be a limit to the number of times you can ask one question, Mr. Coyle. I don't know how that limit is going to be imposed.

Mr. Coyle: When I get an answer I understand I will stop asking it.

The Witness: Would you please repeat that?

(The reporter reread the question.)

[fol. 44] The Witness: That question is unclear to me. Could you rephrase it?

Mr. Coyle: Q. I think that you testified that there are some customers who will go outside the two-mile theoretical draw area of a store to purchase their groceries. On the other hand, there are other customers from outside the two-mile radius who will come into the theoretical draw area to purchase their groceries.

A. Excuse me. Aren't both those things the same thing?

Q. The same phenomena with respect to these that are inside the draw area and outside the draw area. My question is: When you set up these overlap areas, superimposing one two-mile theoretical draw area upon another theoretical two-mile draw area, aren't there other customers who are not in that overlap area who would be potential customers of either of the two stores and wouldn't the two stores compete for the patronage of those customers? Do you understand that question?

Mr. Vaughn: I object to the question as being ambiguous, uncertain and unintelligible. If I understand it it has been asked and answered.

Mr. Coyle: Q. Do you understand the question, Mr. Bouque?

A. I am confused by the question.

Q. Do you suppose if it were read to you you might [fol. 45] understand it?

Mr. Vaughn: You don't have to answer that. It is immaterial.

Mr. Coyle: Read it to him, please.

(The reporter read the pending question.)

(Discussion off the record.)

Mr. Coyle: Q. We will pass this question until we get to the overlap areas themselves.

Returning to Page 21, you state, "The Long Beach Freeway forms a barrier at the border of the 1.5-mile zone on the west." Is it your testimony that this Long Beach Freeway doesn't form an absolute barrier?

Mr. Vaughn: Does not?

Mr. Coyle: Q. Does not.

A. Does not.

Q. And that some customers will pass under or over the freeway to get to the Von's store?

A. That is correct.

Q. And you don't know how many customers will pass under or over the freeway to get to the Von's store.

A. We don't know the exact number as to how many will do this, no.

Q. What kind of a number do you know as to how many will do this?

A. Here again this is a judgment factor. You can't isolate the question in this manner by saying the Long [fol. 46] Beach Freeway restricts so many people. It is the total situation in this environment, the Long Beach Freeway and other stores in the area which determine, in our judgment, the numbers of people that were restricted or impeded, shall we say, in moving around this.

Q. How many stores were there on the other side of the Long Beach Freeway?

A. I would have to refer to the maps to tell you exactly. First of all, how many stores are beyond the Long Beach Freeway I don't know. This takes the entire universe.

Q. Do each of those stores enter into your judgmnt?

A. Again going back to our basic assumption that normally a housewife, or whoever is shopping in the store, the majority of the customers are going to shop this store based on convenience within these draw areas.

Q. By "majority," how large a majority do you mean?

A. Well, as stated earlier, we referred to surveys, one of them being the Facts Consolidated, which we indicated the majority could change from 63 to in excess of 90 per cent of the customers that fall within the two-mile radius of the store.

Q. Is it your understanding, and was it your assumption, that Facts Consolidated's figures and the workings of Dorothy Corey led to the conclusion that the 60 to 90 per cent of the customers residing in the two-mile radius shopped on the basis of convenience?

[fol. 47] Mr. Vaughn: I object to the question as being uncertain, ambiguous and unintelligible. He said 63 per cent and not 60.

Mr. Coyle: Reread the question and see if he understands it.

(The reporter read the pending question.)

Mr. Vaughn: I also object to that as having been asked and answered. He has told you repeatedly the number of things that he relied upon to determine the draw area of a particular store. You asked him to repeat it once, you have asked him to repeat it twice, and this is the fourth or fifth time you are asking him to repeat what he based that on.

Mr. Coyle: All right. Let him now answer the question, please.

The Witness: The determination of the draw area was based on a series of facts obtained from various sources, be they reports or discussions with people in industry as indicated before, upon which we in our judgment stated an assumption of this 1.5- to two-mile radius, and it was on this basis that we conducted our survey.

Mr. Coyle: Q. Which people in the industry were these conferences or discussions held with?

A. As I indicated——

Mr. Vaughn: I will object to the question as having been asked and answered. You know very well, Mr. Coyle, that you cannot get away with this in the courtroom. You [fol. 48] cannot ask the witness the same question up to a dozen times. I do not think that it is proper for you to try and do so here and I very strenuously object to your doing it.

Mr. Coyle: Q. Now go ahead and answer it.

A. As I stated before I am not aware of the individuals that he discussed this with.

Q. When you made your affidavit did you assume that more than 48 per cent of the persons who shopped at Von's shopped there because of convenience?

A. Where does this 48 per cent come in?

Q. I am asking you. I am just asking you, did you assume that more than 48 per cent of the customers who shop at Von's shop there because of convenience?

A. I do not know the individual reasons as to why a person shops at a particular store. There are a myriad of reasons as to why they shop. One of the principal reasons is convenience. But there are many reasons. As to the exact percentage, this was beyond the scope of our work. I do not know the facts.

Q. You do not know whether 48 per cent or 58 per cent of the people who shop at Von's shop there because of convenience?

A. This was beyond the scope of our study and I am not aware of the facts involved here.

Q. You did not take that into consideration when you set up your procedures?

[fol. 49] A. We took a statistical approach based on, as I have said several times before, based on various sources and which no reasons were given as to the specific percentages of why people shop at a particular store. We based it on the results of these surveys that showed so many people, or percentage of so many people came to a store from within these given 1.5 or two-mile radii.

Q. Now referring to the figure on Line 12 of Page 21,

82,800 people, which is 7,300 people fewer than the population estimated for the theoretical draw area. Upon what did you base that reduction in the population in the adjusted areas?

Mr. Vaughn: Do you want to add that again?
Mr. Coyle: It is more than that.
Mr. Vaughn: 13,300.
Mr. Coyle: Thirteen three.

Q. What did you base that reduction of thirteen three on?

A. The reduction of thirteen three, the reasons for adjusting the draw area was based on looking at, again, the situation that existed in the draw area of this particular store looking at the physical barriers that would impede the access of people to the stores, the other competition in the area, and based on our judgment the resulting figure for the adjusted draw is 13,300 less than the theoretical draw.

Q. Is that the total population residing on the other [fol. 50] side of the Long Beach Freeway?

Mr. Vaughn: Within the two-mile draw area?
Mr. Coyle: Within the two-mile draw area.
The Witness: I would have to check the charts to determine this, but I would assume that it would not be the total number of people, because there will be people that will be coming to the Von's store. As I say, the barrier impedes, it does not prohibit the people from moving.

Mr. Coyle: Q. If it is the total population residing on the other side of the Long Beach Freeway would it be your testimony that the adjusted draw area understates the population that would be available to the Von's store?

Mr. Vaughn: That is a speculative question, to which I object.
Mr. Coyle: It is his judgment that I am asking for.
The Witness: I am going to have to have the question repeated. I don't follow your question.
Mr. Coyle: Would you repeat the question, please.

(The reporter read the pending question.)

The Witness: I am trying to figure out what you mean by this statement.

Mr. Vaughn: He is asking you, subject to my objection, if the total population on the other side of the Long Beach Freeway and within the two-mile draw area were eliminated as potential customers of the Von's store would that understate the number of people who were potential cus-
[fol. 51] tomers of the Von's store.

Isn't that right?

Mr. Coyle: That is correct.

The Witness: Now it is that the Long Beach Freeway is a permanent barrier, that they can't come through?

Mr. Vaughn: That is not what he asked.

Mr. Coyle: Q. You have already testified, I believe, that it was not a complete barrier.

A. Right.

Q. I am asking then would you be understanding the estimated population of the adjusted draw area if you eliminated all the persons residing on the other side of the Long Beach Freeway within the two-mile limit from your theoretical draw area?

Mr. Vaughn: To which I have the same objection.

Is there some aspect of it that you don't understand?

The Witness: I just don't understand the question, what he means by this understating of population available to Von's store. There is 13,300 people in the area and that is the total population over there beyond the freeway.

Mr. Vaughn: Does that answer your question?

Mr. Coyle: No. I am asking him whether or not in doing this he eliminated the entire population residing on the other side of the Long Beach Freeway within the two-mile zone.

Mr. Vaughn: In arriving at his adjusted draw area.

[fol. 52] Mr. Coyle: Yes.

Mr. Vaughn: Did you or didn't you?

The Witness: First of all that is not the entire population on the other side of the freeway.

Mr. Coyle: Q. It is not the entire population on the other side of the freeway within the two-mile area?

A. I would again have to check the maps to be accurate. But, as I pointed out earlier, this population, this estimate of the 13,000 difference by adjusting it is our best estimate of the people in that area beyond the freeway who would

probably shop at another market, that they would be impeded from coming to the Von's Store No. 4 in this case.

Q. It is not the entire population.

A. It is not the entire population.

Q. What percentage of the population is it?

A. I do not have those facts. I can get them but I don't have the facts in my head at this point. I would have to review the maps and the census figures.

Q. If we can find the maps perhaps you can review it.

(Discussion off the record.)

Mr. Vaughn: Mr. Coyle, are these maps that you had prepared from maps that we had Lybrand prepare?

Mr. Coyle: To the best of my knowledge, yes, these are the maps that we had prepared from maps that Lybrand prepared.

Mr. Vaughn: The census figures which appear on this [fol. 53] copy of the map, which you had prepared, are missing for the three crucial areas in question. It looks like they were there but they are not any longer.

Mr. Coyle: Q. Mr. Bouque, I show you a map entitled "San Gabriel Valley Area," which I understand is to be an exhibit attached to your affidavit——

Mr. Vaughn: It is a copy of an exhibit to be introduced.

Mr. Coyle: Q.——it is a copy of an exhibit to be introduced as part of your affidavit. I refer you to the store known as Von's No. 4 and ask you if you can locate it on this map.

A. It is right here (indicating).

Q. You have located it. Now I ask you if there is a one-and-a-half and two-mile radius drawn around Von's Store No. 4.

A. There are.

Q. Now I ask you whether the Long Beach Freeway is plotted along the one-and-a-half-mile zone on the west.

A. Yes.

Q. Now I ask you whether or not you have used that Long Beach Freeway as the boundary in adjusting your draw area.

Mr. Vaughn: Which draw area?

Mr. Coyle: Q. In adjusting your 1.5-mile draw area for this store.

[fol. 54] A. Not in adjusting the 1.5-mile radius because——

Q. In adjusting the two-mile radius?

A. Yes, in adjusting the two-mile radius.

Q. Now I ask you the total population residing within the adjusted draw area as shown on the map.

A. The figures that should be on the map are missing.

Mr. Vaughn: He is asking within the adjusted draw area.

Mr. Coyle: That is correct, within the adjusted draw area.

The Witness: Would you repeat your question again?

Mr. Coyle: Q. I am asking if you can compute the total population residing within the adjusted draw area as shown on this map.

A. For the two mile.

Q. For the two-mile area minus the area west of the Long Beach Freeway.

A. Yes, I would be able to compute it by taking the particular areas.

Q. Could you do that now from this map that is in front of you?

Mr. Vaughn: He has already done it in his affidavit. Do you want him to do it again?

Mr. Coyle: What I am trying to ascertain is whether he excluded everybody residing west of the Long Beach Freeway.

The Witness: It would take some time to compute these [fol. 55] because there are going to be some prorations on this, but it can be computed.

Mr. Coyle: Q. But you cannot compute it from the map.

A. It would take some time to do it.

Q. Can you do it if we give you a ten-minute recess?

Mr. Vaughn: If I don't miss my guess, that is going to take a half an hour to do, but he can do it. He has to take each one of these census tracts and determine what percentage of them are in the overlay area—I don't know if he has the tools to do that—and then prorate the popu-

lation of that census tract. There must be 10 to 12, maybe a dozen census tracts as to which he has to do that. Do you want him to do that?

Mr. Coyle: I would like to get the answer to the question as to whether or not he excluded everybody residing west of the Long Beach Freeway.

Mr. Vaughn: That is your ultimate aim.

Mr. Coyle: That is correct.

Mr. Vaughn: Can you answer that question without doing this?

The Witness: To the best of my knowledge——

Mr. Coyle: Q. That doesn't answer it. Do you know whether or not?

A. Mr. Coyle, as we have indicated on several previous occasions these figures were developed by our staff prior to my participation in this work. Therefore, I am not [fol. 56] familiar with the intimate details of exactly how they did it. It would be my assumption, if you are willing to accept this, that the total population in that area beyond the Long Beach Freeway in the two-mile radius, the total population was not excluded from our figures.

Q. That is your assumption but you do not know.

A. That is correct.

Q. Now referring to this map marked San Gabriel Valley area, and referring to the Von's Store No. 4 and the Shopping Bag store located in Montebello——

Mr. Vaughn: In Montebello at Greenwood and Whittier?

Mr. Coyle: I presume that is the address.

Q. Does the map indicate that there is an overlap in the one-and-a-half and two-mile draw areas of the Von's Store No. 4 and the Shopping Bag store in Montebello?

Mr. Vaughn: You are now talking about theoretical as opposed to adjusted draw area?

Mr. Coyle: Yes.

The Witness: There is an overlap in the theoretical draw areas at both the one-and-a-half and two-mile radii.

Mr. Coyle: Q. Now referring to the first overlay, which plots competitive stores, does that overlay indicate that there are two Safeways, a Market Basket and an A & P

in the area of either the Montebello store or the Von's No. 4?

A. That is correct.

Q. We are now placing the overlay showing freeways [fol. 57] and railroads. Does this overlay show all freeways and all railroads that are in either the Montebello or the Von's No. 4 draw areas?

A. On a quick review, yes. It includes the Union Pacific, Santa Fe, Long Beach Freeway and the Rio Hondo Wash.

Q. On the basis of anything shown on this map have you adjusted the draw area for either the Montebello store or Von's No. 4?

A. On the basis of this map——

Mr. Vaughn: That is Von's No. 4 and Shopping Bag No. 40, if I may aid the witness in order to speed this along.

The Witness: Yes, there were adjustments in both the draw areas in both of the situations here.

Mr. Coyle: Q. Were the adjustments on Von's No. 4 the adjustments that we have been discussing?

Mr. Vaughn: You mean the Long Beach Freeway only.

Mr. Coyle: Yes.

The Witness: That is correct.

Mr. Coyle: Q. And on what page of your amended affidavit do you discuss the Shopping Bag store on?

A. We discuss the Shopping Bag Store No. 40 on Pages 27, 28 and 29, in which case we indicate there is an adjustment to the draw area of Shopping Bag No. 40.

Q. What are those adjustments?

A. The reasons for the adjustments is the Rio Hondo River is a barrier for all residents in the two-mile draw [fol. 58] east of the river. A small pocket of residents east of the river within the 1.5-mile area do have reasonable access to the store and are considered part of the draw. The railroad does not appear to constitute a significant barrier.

Q. Will you show me where the river is?

A. It is right along here (indicating).

Q. How do the residents between the river and the one-and-a-half-mile radius get to the Shopping Bag store?

A. They would come down, if they shop at Shopping Bag, they would probably come down Whittier Boulevard.

Q. Is there a bridge across the river?

A. It indicates on the map that there is.

Q. Is there one bridge or two?

A. One bridge across Whittier Boulevard.

Q. Are there any other bridges across there?

A. Way up on Beverly Boulevard there is a bridge, and way down on Washington there is a bridge.

Q. There are three bridges across the river there, are there not?

A. That is correct.

Q. Did you take anything other than the existence of the river into consideration when you determined that the people residing east of the river and within the one-and-a-half-mile radius would have access to the Shopping Bag but the people residing east of the river between the one-and-a-half and two-mile radii would not have access to Shopping Bag?

[fol. 59] A. Well, as indicated in the affidavit, it was pointed out the small pocket of residents east of the river within the 1.5-mile area do have reasonable access and they would in the main use Whittier Boulevard for access to the Von's store.

Q. Did you make any study to determine if they would in the main use the Whittier Boulevard bridge?

A. Well, I again did not make the actual determination. I reviewed the facts. But based on the map in front of me, the principal access, if people were going to the Von's store, such as myself, Whittier Boulevard is the method by which I would approach the Von's store since, one, the Washington Street bridge is way down south several miles from Whittier, and which is an uninhabitated area between Whittier and Washington, and that there appears to be no access immediately from this little pocket to Beverly Boulevard without going some distance in the other direction.

Q. The people residing between the one-and-a-half and the two-mile radius east of the river, is the Whittier Boulevard bridge accessible to them?

A. Yes.

Q. Are any other bridges accessible to them?

A. The Beverly Boulevard bridge would be accessible to them.

Q. And was there another bridge up north that is accessible to them?

[fol. 60] Mr. Vaughn: That is Beverly Boulevard.

The Witness: This is Beverly Boulevard.

Mr. Coyle: Q. Is there a bridge south that would be accessible to them?

A. There is a bridge accessible to them on Washington Street.

Q. Are there any stores shown on your map between that pocket on the east of the river between the one-and-a-half and two-mile draw area that those people could shop at other than the Shopping Bag store?

A. Yes. There is the one here labeled "CR." I don't recall the code offhand.

Q. Is there anything on the map to indicate that that store "CR" is more accessible to those people than the Shopping Bag store?

A. Based on the black dot in the center it indicates that it is between—that that store is between Von's and their home if you came down Whittier Boulevard.

Q. How much closer to them is it than the Von's store?

Mr. Vaughn: This is a Shopping Bag store, is it not?

Mr. Coyle: This is a Shopping Bag store.

Q. Aren't they just about on the same block?

A. They are about two or three blocks away.

Q. At most?

A. At most.

Q. Do you think that that store would be more of a [fol. 61] deterrent to those people residing between the one-and-a-half and the two-mile radius than to the people residing within the one-and-a-half-mile radius, the people on the east side of the river, to the Shopping Bag?

Mr. Vaughn: And the river is a deterrent to their shopping at Shopping Bag.

Mr. Coyle: Q. When you determined that the people residing east of the river, between the one-and-a-half and two-mile radius, would not shop at the Shopping Bag

store but the people residing east of the river within the one-and-a-half-mile radius would shop at the Shopping Bag, did that store marked "CR" play any part in that determination?

A. Again this was a judgment factor which I did not participate in at that time. I am not able to verify this fact at this time.

Q. Reviewing the material did you find that it had played any part in their determination?

A. There was nothing that I saw that was documented on this thing. Again, people in exercising judgment don't necessarily always document each individual item considered at this particular point.

Q. Now referring to the barrier on the west——

Mr. Vaughn: I thought he was not finished with the answer and there was an interruption on the answer to the question on what other stores were available to the people in that area.

[fol. 62] Mr. Coyle: I am sorry.

The Witness: Well, again the determination where people are going to go is a total situation.

Mr. Vaughn: Had you completed your answer with respect to what other stores are available to the people east of the river?

Mr. Coyle: Why don't we read my last question back to him.

Mr. Vaughn: That wasn't the last question. It was a prior question where you stopped the answer in order to inquire about this particular store, I thought.

Mr. Coyle: I am sure that he had completed that one.

Q. Now returning to the barrier on the west, which I think is the Long Beach Freeway, did you take any competitive stores into consideration when you evaluated that freeway as a barrier?

Mr. Vaughn: This one over here?

Mr. Coyle: Yes.

The Witness: Again I was not in on the actual determining judgment factor as to what entered into each of these individual decisions. All these factors played a part in arriving at the adjusted figure, the barrier, the acces-

sibility of other stores that are involved in this particular decision, I am sure.

Mr. Coyle: Q. Does the map show any competitive stores more accessible to those people residing between [fol. 63] the two-mile barrier and the two-mile radius and the Long Beach Freeway than Von's Store No. 4?

A. This particular map does not indicate. It is at the edge of the map and there are no other stores indicated on this map.

Q. In your review of the work do you know whether or not they took any stores into consideration?

A. No, I do not.

Q. Were the records available which would show you whether or not they took any stores into consideration?

A. As I indicated previously there are two or three file cabinets full of data. I have perused through portions of this rapidly and I am not able to identify all the minute details of what is in each one of these folders.

Q. In your entire review of their work have you ever reversed or changed any determination they previously made?

A. Again this report, these maps, were prepared by the staff and submitted prior to my participation in the survey.

Q. And you haven't changed any of them?

A. I have not analyzed these to make a change. It was submitted as an affidavit. Again, the people are experienced in this area and prepared this based on their own best judgment. They reached their assumptions and carried through on their judgment as to what the facts were, submitted their reports and the figures and data, [fol. 64] maps and so forth that were submitted in evidence to the Court.

Q. And they were submitted to defense counsel.

A. To defense counsel.

(A short recess was taken.)

Mr. Coyle: Q. Mr. Bouque, I show you a map entitled "Southeastern Area," which I believe to be a copy of an exhibit you intend to attach to your affidavit. I ask you if you can locate Von's Store No. 26 on this map. Is that

store located in Garden Grove at 12151 Brookhurst Avenue?

A. That is correct.

Q. I ask you whether the map shows the one-and-a-half and two-mile theoretical draw areas for that store.

A. They do.

Q. On Page 66 of your affidavit do you list the estimated population within the one-and-a-half and two-mile radius?

A. We did.

Q. In listing this estimated population do you take into consideration any competing stores in the area?

A. The estimated population is based upon the population encompassed by the 1.5-mile radius and the two-mile radius, irrespective of the stores in the area.

Q. You say there are five larger-chain stores, one Shopping Bag, two medium-chain stores, one smaller-firm store. When you say "smaller-firm store," you don't necessarily mean that it is a smaller store, do you?

[fol. 65] A. It is a smaller firm. In other words, an independent or possibly a two- or three-store chain.

Q. We have placed the first overlay on the map. I wonder if you could name for me the major chain stores within the one-and-a-half-mile radius.

A. From what store?

Q. From the Von's store.

A. Well, there is a Safeway and "THR"—Thriftimart—Mayfair, Safeway and Food Giant. There are five stores within the 1.5-mile radius of the Von's location.

Q. Would you name for me the stores that are within the two-mile radius of the Von's store?

Mr. Vaughn: The major chain stores?

Mr. Coyle: Major chain stores.

The Witness: Again Safeway, Mayfair and Thriftimart are the stores, in addition to the five mentioned.

Mr. Coyle: Q. Now we have placed the third overlay on the map and I ask you whether it indicates any major barriers?

A. The principal barrier in the area of the Von's Store No. 26 is the Pacific Electric line which bisects the area of the Von's store—approximately bisects the draw areas, the 1.5 and the two-mile draw areas of the Von's store.

In addition there is the Southern Pacific line which runs—Pacific Electric Railway, which is a subsidiary of the Southern Pacific, is near the 1.5-mile radii on the north side.

Q. Did you determine that the Southern Pacific that [fols. 66-67] bounds the 1.5-mile draw area on the north constituted a barrier?

A. Yes. The railway, the Pacific Electric, constitutes a partial barrier in this area.

Q. I was referring to the Southern Pacific line. Did you find that it constitutes a barrier?

A. The Southern Pacific line is the owner of Pacific Electric Railway. They are one and the same.

Q. The Southern Pacific line is the one up here at the north edge along the 1.5-mile draw line.

A. Correct.

Q. Does it constitute a partial barrier or a complete barrier?

A. It would constitute a partial barrier.

Q. It would constitute a partial barrier. And you would not subtract from the population in the adjusted area, of the theoretical draw area of the total population residing between the Southern Pacific line on the north and the two-mile radius?

A. It was assumed, as stated on Page 67 of the report, that the core of the business did not extend beyond the 1.5-mile radius.

Q. Where was that assumed on the report?

A. On Page 67.

Q. Is that referring to the Pacific Electric line or to the Southern Pacific line?

[fol. 68] Mr. Vaughn: Actually that is probably a misprint of those. Both of those are Pacific Electric, according to the map. Southern Pacific owns the Pacific Electric and that is apparently where the discrepancy has arisen. They are one and the same.

Mr. Coyle: Q. Is it your testimony that the Southern Pacific line on the north and the Pacific Electric line which bisects the area are barriers of the same magnitude?

A. Would you repeat that last question?

(The reporter read the pending question.)

The Witness: No, they are not barriers of the same magnitude.

Mr. Coyle: Q. What magnitude is the Southern Pacific line on the north? Is that a complete barrier?

A. It was assumed that the core of the business did not extend beyond this 1.5-mile radius. There were naturally people who, as we have stated before, would on personal preference come there. But with the Shopping Bag store there and the Food Giant and Mayfair and the rest of them in the immediate vicinity, I would say for all practical purposes they would be shopping at the other stores. They are closer.

Q. I am trying to understand the statement that the Southern Pacific line that bounds the 1.5-mile draw area on the north constitutes a barrier. Is that this line that comes right across and turns north?

A. That is correct.

[fol. 69] Q. That constitutes a barrier. Then the Pacific Electric line which essentially bisects the entire drawing area constitutes a partial barrier. Is that this diagonal line that looks on this map as though it almost goes through Von's store?

A. That is correct.

Q. When you went about adjusting the population from your theoretical area to your adjusted draw area for the Von's store what did you do with the population residing between the Southern Pacific line, that is the northern line that turns and runs north? What did you do with the population residing between that barrier and the two-mile radius?

A. I would want, as a matter of fact—I could not tell you absolutely what determination was made in this specific instance, but based on the fact that there are several larger chains nearer the home owner's residence than they are to the Von's store and the fact that there is this barrier there, probably for all practical purposes and based on the statement on Page 67 this population was probably excluded from the adjustment to the adjusted draw area.

Q. Do you know whether it was excluded or not?

A. I would have—On a statement of fact I do not know exactly what was done in this particular instance.

Q. Do you know whether in this whole affidavit which you have written, and this appendix to it, when a line is designated as a barrier whether or not you always [fol. 70] assumed that it is a complete barrier and that nobody residing outside that barrier is computed within the estimated draw area unless there is a notation such as there is here that it is a partial barrier?

A. Well, again, as we have stated, we had to make some assumptions as to the draw areas 1.5 and two miles, and then we inserted the natural barriers and other barriers that are in the area based on the stores or supermarkets in the area. All these are determinants as to how many or what adjustment you would make, rather, in your estimate.

As I was not in on each individual adjustment, because of the judgment factor that enters in there, I cannot as a statement of fact tell you exactly what was done in each individual instance.

Q. Can you tell us what was done in any instance?

A. I can tell you the approach that was made. As I said before I did not get into this particular phase of the study. It was completed prior to my coming into this situation.

Q. Referring to Von's No. 4, which we discussed previously on Page 20, in which it says that the Long Beach Freeway forms a barrier at the border of the 1.5-mile zone on the west, do you know whether or not the population residing in the area between the Long Beach Freeway and the two-mile radius was treated any differently for adjustment purposes than the population residing between [fol. 71] the Southern Pacific line and the two-mile radius in Garden Grove?

A. I imagine—As a statement of fact I do not know. Seeing the two maps I would say there would be a difference in judgment exercised in these two areas.

Q. Now referring to Shopping Bag No. 33, which I believe is located in Anaheim at 9922 Katella Avenue, can you locate that?

A. I have.

Q. Does this map show the one-and-a-half and two-mile draw area radii for the Shopping Bag store?

A. It does.

Q. Do the two-mile and one-and-a-half-mile radii for the Shopping Bag Store No. 33 intersect with the radii for Von's Store No. 26?

A. They do. Von's 26 and Shopping Bag 33, both the 1.5 and the two-mile radii intersect.

Q. As a matter of fact, isn't the Von's within the one-and-a-half-mile Shopping Bag radius and the Shopping Bag store within the one-and-a-half radius of the Von's store?

A. The Von's store and the Shopping Bag store are in the overlap area of the one-and-a-half-mile radii.

Q. Has it been your testimony that the Shopping Bag store would draw some customers from outside its two-mile radius?

The Witness: Would you read that question back?

[fol. 72] (The reporter read the pending question.)

The Witness: I have indicated in our previous discussions that a Shopping Bag store could draw customers from beyond the two-mile radius.

Mr. Coyle: Q. Do you know from the surveys and reports that you read that they do draw some customers from outside the two-mile radius?

A. This was not part of our survey. However, I have seen the Facts Consolidated report which showed that there were customers going to certain Von's stores, not necessarily this particular one, from beyond the two-mile range.

Q. Have you ever seen any studies showing that either a Von's store or a Shopping Bag store draws no customers from outside the two-mile radius?

A. No.

Q. So would it be your understanding that they all draw at least some of their customers from outside the two-mile radius?

A. I would believe that is a valid assumption.

Q. Would some of the customers of the Shopping Bag store residing outside the two-mile radius also be customers of this Von's store shown on this map?

Mr. Vaughn: Would Shopping Bag customers be Von's customers; is that what you are asking?

Mr. Coyle: Let me rephrase the question.

Q. Would some of the Shopping Bag customers residing [fol. 73] outside the Shopping Bag two-mile radius live within the Von's two-mile radius?

A. It is entirely possible on a preferential basis that certain persons would prefer to shop at either Von's or Shopping Bag in preference to the other. And surveys, again Facts Consolidated, in one particular one—I do not recall the store names—it showed several people lived almost adjoining the Von's store and doing their shopping at Shopping Bag and vice versa.

Q. As a result of this fact that some customers come from outside the two-mile radius would it be proper to say that the overlap area shown on this map does not portray all the competition between Von's and Shopping Bag?

A. If I understand your question correctly, surveys have indicated that both stores draw from beyond their two-mile radius. So they would be getting customers from beyond that distance.

Q. And they would compete in areas other than the overlap area?

A. This is entirely possible on a preferential basis that people will come from beyond this two-mile radius.

Q. And you don't mean to say in these exhibits that the competition between the two stores is limited to the overlap area.

A. We won't say that competition is limited to the overlap area, no, exclusively to that area.

[fol. 74] Q. Now we put the overlay back down on the map of the southeastern area. Does this overlay indicate that there were six larger-chain stores plus Von's within the one-and-a-half-mile radius of your theoretical one-and-a-half-mile draw area around the Shopping Bag store?

A. It does.

Q. Does it show that within the two-mile radius there were seven larger-chain stores, one Von's store, one store of a medium-sized chain and one store of a smaller firm?

A. That is correct.

Q. Now we put down the overlay showing barriers. I ask you if there were any barriers on the one-and-a-half or two-mile draw areas of the Shopping Bag Store No. 33.

A. There are two—There is one line of the Pacific Elec-

tric Railway which forms a barrier for potential customers in the two-mile draw area to the southwest. The Santa Ana Freeway at the edge of the two-mile draw area forms a barrier.

Q. That is located at the northeast edge?

A. That is beyond. It is on the edge there.

Q. Is the Southern Pacific line within the draw area of the Shopping Bag store?

Mr. Vaughn: Which, Pacific Electric?

Mr. Coyle: Southern Pacific line.

Mr. Vaughn: We are calling the one that runs——

Mr. Coyle: The one on the north.

Mr. Vaughn: ——west to east and then turns north the [fol. 75] Southern Pacific line.

Mr. Coyle: I believe that is the one he calls the Southern Pacific line in the document.

The Witness: That is correct.

Mr. Coyle: Q. Is the Southern Pacific line running through the Shopping Bag draw area?

A. Yes.

Q. Does it run through both the one-and-a-half and the two-mile areas?

A. Yes.

Q. Did you treat that as a barrier?

A. This is a partial barrier, yes.

Q. Did you treat that as a partial barrier for the Shopping Bag store?

A. That is the question I just answered, yes.

Q. Referring to your affidavit, can you show me where on the affidavit that you state that you treat the Southern Pacific line as a partial barrier?

A. I stand corrected. The adjusted draw area is spelled out in the report that the Pacific Electric Railroad forms a barrier for potential customers in the two-mile draw area in the southwest, the Santa Ana Freeway in the two-mile area to the north.

Q. Does this exhibit and does your appendix to your affidavit indicate that you treated the Southern Pacific line as a complete barrier with respect to Von's No. 26 [fol. 76] but did not consider it a barrier with respect to Shopping Bag No. 33?

Mr. Vaughn: The document speaks for itself and I object to the question on that ground. As a matter of fact, you are improperly summarizing what the document says.

Mr. Coyle: I am asking the witness.

Q. What does the document show, the document being both the exhibit and your report, as to the treatment of the Southern Pacific line as a barrier with respect to Shopping Bag No. 33 and Von's No. 26?

Mr. Vaughn: I will object to the question insofar as it relates to the document, which I assume you mean is the affidavit and its appendices, because the best evidence is the document. As a matter of fact, you have not characterized the document correctly. The adjusted overlap area is there.

Mr. Coyle: I am asking the witness how he treated the——

Mr. Vaughn: He may answer the question. I am merely stating my objection.

Mr. Coyle: I just hope he understands the question.

The Witness: As stated in the reasons for the adjusted draw area on Page 67, the Southern Pacific line bounds the 1.5-mile draw area on the north and constitutes a barrier.

Mr. Coyle: Q. That is with respect to Von's Store No.——

A. Von's Store No. 26.

Q. How did you treat that Southern Pacific line with respect to Shopping Bag No. 33?

Mr. Vaughn: What the document says or what he says?

[fol. 77] Mr. Coyle: I am asking him how he treated it.

The Witness: Again the document states for Shopping Bag No. 33 the reasons for the adjusted draw area, the one line of the Southern Pacific Railway forms a barrier for potential customers in the two-mile draw area to the southwest. The other railroad line has not been cited in the document. This document was prepared prior to my association with the survey.

Mr. Coyle: Q. Do you know the reasoning and the judgments that were made to treat the Southern Pacific line

as a barrier with respect to the Von's store but not as a barrier with respect to the Shopping Bag store?

A. As I stated earlier I can express an opinion only as to what judgment was exercised by the staff who worked on this engagement. And I have cited previously the factors that were considered generally in this total survey as to the effectiveness of a particular barrier.

Q. Can you tell us how the Pacific Electric line was treated in making the adjustment of the theoretical draw area with respect to Von's No. 26 and Shopping Bag No. 33?

A. You are asking two questions.

Q. I am asking you how this Pacific Electric line was treated with respect to Von's 26 and Shopping Bag 33.

A. Excuse me, I misunderstood the question the first time. The Pacific Electric, which essentially bisects the entire drawing area on Von's 26, constituted a partial [fol. 78] barrier. In the case of the Shopping Bag No. 33 it also formed a barrier. In this case at the two-mile draw area to the southwest of the Shopping Bag store.

Q. In adjusting the theoretical draw area of Shopping Bag No. 33 you reduced the estimated population within the two-mile radius by 5,440 people. Where did those people reside?

A. These people would have resided to the southwest—correction. Again not having participated in the survey but using my judgment as to what happened at this particular point, it was that the people who were subtracted from the theoretical draw area probably lived to the southwest of the Pacific Electric line.

Q. Would they reside between the Pacific Electric line and the two-mile limit or between the Pacific Electric line and the one-and-a-half-mile limit, or between the one-and-a-half-mile limit and the two-mile limit to the southwest of the railroad?

A. This is a question of fact which I cannot answer at this time.

Q. Was this Pacific Electric Railroad considered a partial barrier with respect to the Von's store and a complete barrier with respect to the Shopping Bag store?

A. Did you say the Pacific line bisected?

Q. Yes. It is referred to as a partial barrier with

respect to the Von's store. My question is: What kind of [fol. 79] a barrier is it with respect to the Shopping Bag store? Is it a partial barrier or something other than a partial barrier?

A. It is a partial barrier.

Q. And it was treated exactly the same with respect to the Shopping Bag store as it was to the Von's store?

A. What do you mean by "treated exactly the same"?

Q. In determining whether or not how many people you were going to subtract in adjusting your draw area.

A. This was an adjustment made by the staff.

Q. Was it before you came on the case?

A. All of the exhibits, or this exhibit was prepared prior to the time I came on the case when they made the judgment factor and developed these particular figures.

Q. So that you really can't testify as to exactly what they did when they made these adjustments, can you?

A. I can't testify as to exactly what they had in their mind at the time they made the individual decisions. Again I have relied in my review of the documentation surrounding this report on the capability of the staff to gather the facts, analyze them and come to conclusions which they have felt were sound and I relied on their judgment as I came in subsequent to the time all these factors were discussed.

Q. When you refer to "the staff"——

A. I am including Dr. Tibor Fabian and Seymour Kwerel.

[fol. 80] Q. You are also relying on the standards that he set up that the staff was going to use in making these judgments.

A. That is correct.

Q. And you didn't participate with him in setting these standards when he set them?

A. I did not participate in setting the standards.

Q. Now referring to the overlap area with respect to these two stores, how did you treat the Pacific Electric Railroad line in computing your adjusted overlap area?

A. In this particular——

Q. Excuse me. I think perhaps that the Pacific Electric Railroad line, as used here, is the same line that was referred to as the Southern Pacific line on Page 67.

A. That's correct.

Q. With that correction how did you treat the Southern Pacific Railroad line, which is here referred to as the Pacific Electric line?

A. The adjusted overlap area at the 1.5-mile adjusted area is, for all practical purposes, the same as the 1.5-mile theoretical overlap. For the adjusted two-mile overlap the Pacific Electric line on the north is assumed to be a complete barrier.

Q. On what did you base that assumption?

A. The assumption, again, is what the staff assumed and I am not able to say what their assumption was at the particular time. Well, in large part based on the [fol. 81] general observations of the adjusted overlap area it is indicated there that because of the existence of several larger-chain stores to the north of the Pacific Electric, or Southern Pacific, whichever is appropriate here, it therefore acted as a barrier in adjusting the overlap area.

Q. Was this adjustment made prior to the time you came on the case?

A. That is correct.

Q. In evaluating the Alpha Beta Food Store to determine its relationship to this barrier did you take into consideration the parking facilities of Alpha Beta?

Mr. Vaughn: Which Alpha Beta? There are two.

Mr. Coyle: Either of these Alpha Betas.

The Witness: As stated previously, the individual weights or factors given in a specific instance I am not aware what was in the minds of the individuals making the evaluation. I was not a member of the team which established the charts and the estimates given on Page 70.

Mr. Coyle: Q. Did you ever inspect this area?

A. By "inspect," do you mean going out to the store itself?

Q. Yes.

A. I did not, no.

Q. You don't know how many crossings there were on these railroad crossings or how easy they were to cross?

A. I have not been out to the locale so I couldn't tell.

[fol. 82] Q. Was any study made to determine whether these were overhead railroads?

A. I know of no overhead railroads in the area.

Q. They are all surface crossings.

A. You said overhead railway.

Q. I meant overhead crossings.

A. I have not observed this locale so I couldn't tell you whether there were surface streets across the top of the railroad or whether there were underpasses or overpasses.

Q. Or how many or what streets they were on?

Mr. Vaughn: I object to that. He didn't say that.

Mr. Coyle: Q. Do you know how many there were, or what streets they were on?

A. By a physical observation I have not made it. However, looking on the map it is apparent that there are many streets which are crossing that particular railroad.

Q. Both of these railroads?

A. That's right.

Q. Now referring to the material contained between Pages 1 and 7 of your affidavit, were all the conclusions in that portion of the affidavit based upon this work and the studies which took place prior to the time you became associated with this project?

A. Give me a moment to look through it.

Q. Sure.

A. Certain statistics on Page 4, Item 2, Line 24, were [fol. 83] computed subsequent to the—were computed by men under my direction.

Q. Which statistics were those?

A. The total population, the areas of overlay was 104,320 if a 1.5-mile adjusted radius was used and 237,390 if a two-mile adjusted radius was used. These totals represent less than 1.6 per cent and 3.6 per cent respectively of the total population of 6,668,975 people who inhabit the Los Angeles metropolitan area as of the date of the merger.

Q. To what extent did you or people under you compute these figures?

A. The basic data was already compiled but they had not proceeded with the analysis to determine what per-

centage the people in the adjusted radius constituted of the total population.

Q. In other words, all you did was compute the 1.6 and 3.6 per cent; is that correct?

A. That is correct. Based on the basic data developed.

Q. But the 104,320 people in the one-and-a-half-mile adjusted radius and the 237,390 people had been computed by them.

A. This is based on the figures given in the affidavit.

Q. And they had been ascertained——

A. They had been ascertained but not totaled.

Q. So you just took their papers and totaled them up [fol. 84] without going into the basis for the adjustments; is that correct?

Mr. Vaughn: In making this calculation that he is now referring to?

Mr. Coyle: Yes.

The Witness: In this calculation I took their figures, added up the totals, these two different draw overlap areas and made the computation.

Mr. Coyle: Q. Now you have a total population of 6,668,975 people. As of what year was that the population in the Los Angeles area?

Mr. Vaughn: This was as of the date of the merger.

Mr. Coyle: I am asking the witness.

Mr. Vaughn: The document says it.

Mr. Coyle: Q. As of the date of the merger. Is that a census figure as of the date of the merger?

A. Well, again the particular figure was developed by the staff I had and they took this from data available. I am sure that part of it came from the census, because if the census was not taken at that exact moment the figure had to be interpolated.

Q. When did the merger take place, Mr. Bouque?

A. March 28, 1960.

Q. You don't know when the last census was prior to March 1960?

A. As stated previously, I don't recall the exact date. [fol. 85] Q. Do you know whether the populations in these adjusted radii were projected from any census?

A. The figures as indicated on the chart I did not participate in the determination of.

Q. Other than that everything in this portion of your affidavit between Pages 1 and 8 is based on work done prior to the time you were associated with the project.

A. No. On Page 7, Line 13 it discusses the last overlay prepared as a basis for additional information, November 1961. I participated in an overall supervisory capacity during the gathering of the data indicated here regarding discount houses. Again Tibor Fabian was in complete charge and I was acting as liaison for the Los Angeles staff with the New York central staff for the work on the initial gathering of the data.

Q. Is there anything else in this portion of your affidavit, between Pages 1 and 8, which is based on something other than work done prior to the time that you joined the project?

The Witness: On a quick look through I cannot see any other, Bill. Do any come to your attention?

Mr. Vaughn: You are testifying, Mr. Bouque.

The Witness: Based on a review again of the affidavit, with the two exceptions noted previously—other than the two exceptions noted all the data was gathered and written up prior to my participation in the study.

[fol. 86] (A short recess was taken.)

Mr. Coyle: Q. Referring to Page 8 of your affidavit, you state that you have made certain statistical charts and tables and then in parentheses you refer to figures which were compiled in the manner explained in Paragraph 20, Pages 24 to 25, and in Paragraph 19, Pages 22 to 24, of the document entitled "Statement In Support Of Defendant's Proposed Exhibits." Do you have a copy of that document entitled "Statement In Support Or Defendant's Proposed Exhibits"?

A. Yes.

Mr. Vaughn: I will supply you with a copy.

Mr. Coyle: Q. Now referring to Page 24 of that document, and referring specifically to the column on Line 4 marked "Total Food Sales" and referring to the item on

Line 6, of $1,303,948,000, can you tell me what products are contained in those sales?

A. I can tell you generally of the items included in the food sales would be the grocery staples, the dairy products and meat.

Q. Excuse me for interrupting. Can you define "grocery staples" for me?

A. Let me say there are the non-negotiable items, which would be groceries, I am thinking in terms again as a layman, of the canned items, dried box items and things of that nature.

Q. Excuse me again for interrupting. Would you in-
[fol. 87] clude packaged soap chips?

Mr. Vaughn: I object to the question on the ground that it assumes facts contrary to the statement which says he took this from another source, the Bureau of Census, plus certain projections.

Mr. Coyle: I am asking him what items did the Bureau of Census include in this category of total food sales.

The Witness: I would have to refer at this particular point to the actual census figures to itemize the items included by the U. S. Bureau of the Census.

Mr. Coyle: Q. What book of the U. S. Bureau of the Census did you get?

A. 1954 and 1958.

Q. Did you get the 1948 book of the Bureau of the Census?

A. No. The estimates—For the years as stated in the affidavit, for other years——

Q. Which page and which line?

A. Page 23, Line 1. "For other years total grocery store and food sales were estimated. These estimates were based on the assumption that such sales increased at an even rate between the census years 1948, '54 and '58—that such sales increased at a median rate between the census years 1948, 1954 and 1958."

Q. I ask you, did you get census figures for 1948?

A. No. The figures were estimated based on the
[fol. 88] assumption that sales increased at an even rate.

Mr. Vaughn: Do you understand his question?

The Witness: Apparently I don't.

Mr. Coyle: Q. I asked you if you got census figures for the year 1948. You say you estimated them on the assumption that sales increased at an even rate between 1948, 1954 and 1958. Without being argumentative, it would seem that you would have to have census figures for '48.

A. I misinterpreted your question. I had the census figures for '48, '54 and '58, and then between these periods we assume they came at an even rate and we extended this for the period beyond the '58 census.

Q. Now my question to you is: What products were included in this total food sales for the year 1948, where you began your projection?

Mr. Vaughn: If you know, Mr. Bouque.

Mr. Coyle: Q. I am asking you if you do know.

A. I do not know precisely all the products included.

Q. Do you know the volume of the census reports in which you ascertained these figures?

Mr. Vaughn: The volume?

Mr. Coyle: Q. From what document did you get the 1948 figure that you used to begin your projection?

A. I can't tell you the exact name of the report. I would have to refer to it. I do not know the exact title at this point. There is too much time that has gone on. [fol. 89] Q. Do you know whether or not Census publishes a figure for food sales in the Los Angeles metropolitan area in billions of dollars?

A. In billions.

Q. A dollar food sale figure for the Los Angeles area?

A. For what periods?

Q. Published for 1948, 1954 and 1958.

Mr. Vaughn: May we go off the record a minute?

Mr. Coyle: Yes.

(Discussion off the record.)

Mr. Coyle: Q. Does this figure which you list for the year 1954 purport to be the total food sales in the area or total food store sales in the area?

Mr. Vaughn: If you wish to have my stipulation, Mr.

Coyle, I will stipulate it is total food store sales, composed of grocery stores, delicatessens, meat markets and dairy.

Mr. Coyle: I am asking the witness.

The Witness: I would say that the total figure there indicates the total food sales in the grocery stores at that particular period.

Mr. Coyle: Q. Which figure is this now?

A. The figures on Line 6 on Page 23.

Q. Line 6 on Page 24?

A. 24, sir.

Q. Line 6 on Page 24, the first figure indicates total [fol. 90] grocery store sales; is that correct?

A. That is correct.

Q. And the second column, is that total food sales or total food store sales?

A. Total grocery sales——

Q. That is total grocery store sales?

A. It is, as indicated on Lines 8, 9 and 10, Page 23, the list prepared shows the total list of grocery store sales and total food sales enjoyed by each of the chains.

Q. That is my question, whether or not you purport to be showing total food sales or total food store sales.

A. Let me double check my figures.

It is time that I have to break off and I can check these to be absolutely sure when we return.

Q. Before you leave let me get on the record then that I would appreciate it if you would also ascertain for us whether or not when you adjust these theoretical draw areas to find the adjusted draw areas whether you exclude all the population within the areas or whether you only exclude part of the population within the areas encompassed by the barriers in the circles.

And I would also appreciate it if you would be prepared to tell us for the years 1948, 1954 and 1958 the census figures which you used for total grocery store sales and total food sales, or whether that is total food store sales for those same years and the census source from which [fol. 91] you obtained those figures.

(Whereupon at 6:00 o'clock P.M., Tuesday, May 28, 1963 an adjournment was taken until 9:00 o'clock A.M., Tuesday, June 4, 1963.)

[fol. 92] (Whereupon, at 9:00 o'clock A.M., Tuesday, June 4, 1963, the taking of the deposition of Roy Lawrence Bouque was resumed at the same place, the following persons being present:)

APPEARANCES OF COUNSEL:

For the Plaintiff: James J. Coyle, Esq. Attorney for the U. S. Department of Justice, Antitrust Division, 1602 Federal Building, Los Angeles, California.

For the Defendants: Johnson, Bates & Sheffield, Esqs. and O'Melveny & Myers, Esqs. William W. Alsup, Esq. and William W. Vaughn, Esq. By: William W. Vaughn, Esq., 433 South Spring Street, Los Angeles, California.

Reported by: Harold M. Leibovitz, C.S.R.

[fol. 93] ROY LAWRENCE BOUQUE, having been previously duly sworn, deposed and testified further as follows:

Direct examination. (Continuing)

By Mr. Coyle:

Q. Mr. Bouque, have you secured figures showing the total grocery store sales and total food sales for the year 1948?

A. I have some revised figures here for the total grocery store sales and the total food store sales during the period 1950 through the first six months of 1960.

Q. You say total food store sales; is that correct?

A. That is correct.

Q. It is not total food sales, it is total food store sales.

A. The meaning was intended to be total food store sales.

Q. And every place in your affidavit where you use the words "total food sales" you are referring to "total food store sales."

A. That's correct.

Q. What do you define as a food store?

A. A food store is as defined in the 1958 Census of Business Retail Trade, California, in Appendix I, Food

[fol. 94] Stores. It is under the major group 54, which indicates that it includes grocery stores, including delicatessens, meat markets, fish markets, fruit and vegetable stores, candy, nut and confectionery stores, dairy product stores, retail bakeries manufacturing, retail bakeries non-manufacturing, egg and poultry dealers and others.

Q. Are there any stores which sell groceries and related products which are not included in the category of food stores?

Mr. Vaughn: Would you read that back, please?

(The reporter read the pending question.)

The Witness: Well, by definition the food store category in the Census indicates that these are the stores that are included in the figures presented in the exhibit. The other category includes establishments not elsewhere classified, primarily selling specialized lines of foods such as coffee and tea stores, spice shops, health food stores and so forth.

Mr. Coyle: Q. Are they included in the food store category?

A. They are included in the food store category.

Q. Department stores that sell any groceries and related products?

A. It is not indicated in here. However, by definition food stores include establishments primarily selling food for home preparation and consumption. There is not a [fol. 95] separate category spelled out. I am not able to say positively at this time just how it was categorized by the census people.

Q. My question was: Do department stores sell any groceries and related products?

Mr. Vaughn: What department stores?

Mr. Coyle: Q. Do any department stores in this area sell any groceries and related products?

Mr. Vaughn: I object to the question as calling for a conclusion as to what a department store is.

Mr. Coyle: I am asking the witness.

Q. Does every store which sells groceries and related products fall into that category of food stores?

A. Does every store selling groceries fall into this category?

A. Yes.

A. I assume that the stores, department stores, would not be categorized as a food store even though they might sell some specialty item.

Q. They might sell some groceries and related products?

A. They might sell—I am trying to think of the word—exotic foods and things of this nature. But this is really beyond—I would say they would not be categorized—My assumption is that they would not be categorized as a food store.

Q. But do they sell any grocery or related items?

A. Be more specific.

[fol. 96] Mr. Vaughn: You are asking if any department store in the Los Angeles area sells grocery items and related items?

Mr. Coyle: Yes.

Mr. Vaughn: In Los Angeles what do you mean by "department stores"?

Mr. Coyle: Q. I will give you one, the Broadway. Does the Broadway sell any groceries and related products?

A. I don't know.

Q. Have you ever been in the Broadway?

A. Yes. I very seldom go into the Broadway. I go into a specialty store for my clothes. I do know that some of these department stores have some of these exotic items. I cannot spell it out.

Q. Do they sell drug items that are sold in grocery stores?

Mr. Vaughn: If you know, Mr. Bouque.

The Witness: Well, here again you are taking a real broad category of items. What is a drug item? Department stores sell various kinds of items.

Mr. Coyle: Q. Do they sell tooth paste?

Mr. Vaughn: Isn't that outside the issues in this case, Mr. Coyle? I will object to it on that ground.

Mr. Coyle: I don't think it is. I want to know what "total food sales" means.

The Witness: The total food sales is indicated by the census figures which spells out these particular items. It [fol. 97] goes right down the list what is included by food stores, and the census spells it out. I will reiterate, if necessary, the categories of stores that are included in their categories as food stores.

Mr. Coyle: Q. Do food stores sell any non-food items?

A. Yes.

Q. And that is included in this total sales figure?

A. That is correct.

Q. Does a food store category include grocery store sales?

A. That is correct.

Q. How did you arrive at this figure $1,303,948,000?

Mr. Vaughn: For what year?

Mr. Coyle: For the year 1950 of the total food sales.

The Witness: The total food sales in the year 1950 was arrived at by taking the census figures of 1948 for total food store sales and the total food store sales from the census figures for 1954.

Mr. Coyle: Q. What was the total food store sales for the year 1948?

A. The total food store sales for 1948 in terms of thousands of dollars is 1,094,706.

Q. What was it for 1954?

A. For 1954, again in terms of thousands of dollars, it is 1,722,540.

Q. Then what was it for 1958?

[fol. 98] A. For 1958 it was 2,216,472.

Q. How did you arrive at the figure 1,303,948 for 1950?

A. To arrive at the figure we subtracted the figure for 1948 from 1954. The difference was, again, in terms of thousands of dollars 627,834, which meant an average increase per year of 104,639. And then adding this last figure to the '48 figure and each subsequent year you will arrive at the total figure for 1954.

Q. Would you repeat that average figure for me, Mr. Bouque?

A. The average increase was 104,639.

Q. Then you would add that 104,639 to 1,094,706,000; correct?

A. That is correct.

Q. And adding that to this figure you would get $1,199,335,000 for 1949; is that correct?

A. Three hundred forty-five.

Q. And you get 1,303,984,000 for 1950?

A. That is correct.

Q. And you got 948 on your table, I believe.

A. That is a typographical error.

Q. It should be 984?

A. Right.

Q. That is a typographical error, you say.

A. That is correct. Because when you add the figure [fol. 99] 104,639 to the 1950 total you will come up with 1,408,623,000.

Q. Then you would add 104,639 to your 1950 figure and you would get $1,408,623,000.

A. That is correct. Doing that each year to '54.

Q. From then on you add $104,639,000 up until 1954.

A. That is correct.

Q. I was confused because of that one typo.

A. That typographical error threw you off.

Q. And then between 1954 and 1958 what figure did you use?

A. We took the figure for 1958 and subtracted the figure for 1954, and using this same technique took the average increase per year of $123,483,000 and added it to the '54 and then cumulative up to 1958.

Q. You added——

A. We added the 123,483,000, which is the average increase per year, to the 1954 figure of 1,722,540,000.

Q. What figure did you add to that?

A. We added 123,484,000.

Q. When you add this to 1,722,540,000 the figure of 123,483,000——

A. For 1954.

Q. We are talking about food store sales.

A. The figure for 1955 would be 1,722,540,000 plus 123,483,000.

Q. What does that give you?

[fol. 100] A. That would give you 1,846,023,000.

Q. And you show 1,827,734,000 on this tabulation.

A. This figure would have to be adjusted to the 1,846,023,000.

Q. Then what figure would you add to the 1,846,023,000?

A. We would add 123,483,000 to the 1,846,023,000.

Q. What would that give you?

A. It would be 1,969,506,000. And then adding the same figure, 123,483,000 you come up for 1957 with 1,092,-989,000. And then adding the 123,483,000 to the '57 figure you come up with the 1958 census figure of 2,216,472,000.

Q. So all of these figures on your affidavit are incorrect.

A. The figures have to be adjusted because the census changed—in obtaining the figures for 1958 the staff man failed to turn over a page and left out three categories, which is the difference between the 2,143,318. So this difference had to be added to that figure to come to the correct figure of 2,216,472,000. And therefore the figure has to be adjusted for the '54 to '58 period in total food sales.

Q. Total food store sales.

A. Total food store sales.

Q. What census book did you get this figure of 2,216,-472,000 from?

[fol. 101] A. We got this from the 1958 Census of Business Retail Trade of California, Page 522, Table 103.

Q. Could I see it, please?

How did you get the figure of 1,097,663,000 for the year 1950 for grocery store sales?

A. The same technique was used for arriving at the grocery store sales as for the interim years on the total food store sales. We took the figures from Table 102, Page 4—05 of the 1948 census figures, which were in thousands of dollars, 920,335. And then taking the figures in the 1954 census, which was 1,487,116, a difference of 566,781, or an average increase per year of 94,463. That figure was added to the total grocery store sales figures up through the 1954 figure, which was obtained from the census figures.

Q. Did you have any basis for assuming that the increase in food store sales would be the same each year in the period 1948 to 1954?

A. It is difficult to determine what the actual trend of the sales were between these periods. And we took the

approach, because there were no figures available in intervening years, of taking an even spread in the actual dollar sales between the two years.

Q. You conducted no studies or did no research to determine whether that was a constant increase or whether it was a sporadic increase?

A. We took the available sales figures from 1948 and [fol. 102] available figures for 1954.

Q. You mean the census figures.

A. The available census figures for those two years and then because there were no census figures in between those two years, we assumed for purposes of this computation that there was an even trend. It is possible that it did not increase at an even trend for every year.

Q. Were there any recession periods in the economy during that period? Was 1951 a recession year?

A. What do you mean by "a recession year"?

Q. Economic setbacks, unemployment and average income is down.

A. I do not know exact figures. We have had problems in various years. Unemployment we have with us consistently.

So here again just how much this would affect the sales figures is entirely problematical as to your judgment. So rather than attempt to second guess what happened in each year, since people have to continue to eat, we assume an even increase for purposes of trying to identify a trend.

Q. You made no adjustments for changes in the economic picture for recessions?

A. The adjustments were made by bringing the figures into line for the two accurate figures we had. In between this time it was only a supposition.

Q. Were there any strikes in the retail food industry during the period 1948 to 1954?

[fol. 103] A. I believe—The retail trade industry I know has had a number of strikes. What happened in those specific years I do not know.

Q. Do strikes affect the total sale of groceries and related products in the area?

A. This is entirely hard to say since the people have to

eat and all the stores do not go out at the same time. So people manage to get food by going to other stores.

Q. Did the consumption go down during the strike period?

A. I think this is beyond the scope of our survey, determining if people eat less during a strike period.

Q. Did the population increase less in the same period on a year-to-year basis?

A. The population has increased. I do not recall the figures offhand, whether it increased at an even base at this point.

Q. You made no inquiry into the population trends when you assumed that you had this average increase during this period of six years?

A. The population trend did increase during this period. There has been a constant influx of people into this particular area.

Q. But you don't know on a year-to-year basis whether it is consistent or whether it is sporadic?

A. I would have to look at the figures at this point. [fol. 104] To my recollection it has been thoroughly stable. Now, what is stable is something else.

Q. In 1948 food store sales were 1,094,706,000 and the grocery store sales were 920,335,000. Would it be correct to say that sales of food stores other than grocery stores were 174,371,000?

A. What was your figure again?

Q. 174,371,000.

A. That is correct.

Q. That is sales of food stores other than grocery stores?

A. Food stores other than grocery stores.

Q. And then in 1954 could you tell me what the sales of food stores other than grocery stores was?

A. 235,424,000.

Q. And then in 1958 what was the sale of food stores other than grocery stores?

A. 208,159,000.

Q. So that in the period 1954 to 1958 the sales of food stores other than grocery stores declined.

A. That is correct.

Q. How did you arrive at the figures for the years 1959 and 1960 for food store sales?

A. The food store sales for 1960 were stipulated at 2,500,000,000.

Q. What do you base that assumption on?

[fol. 105] A. This was stipulated in a court order.

Q. Which court order?

A. As per Paragraph 26 on Page 6 of the pretrial conference order.

Q. What does it say? What does that pretrial conference order say?

A. It stipulates that the level of total food store sales to be at 2.5 billion dollars.

Q. For what year?

A. For 1960.

Q. Does it say that in that paragraph in the order?

Mr. Vaughn: I will object to the question. The paragraph speaks for itself.

Mr. Coyle: I want to know what the witness read in that paragraph.

The Witness: This particular figure was given to me by M'Melveny & Myers.

Mr. Coyle: Q. Have you ever read the pretrial conference order?

A. I have not read the pretrial conference order.

Q. So this is based entirely upon a figure that was given you by O'Melveny & Myers.

A. I base this on a figure given me by O'Melveny & Myers from the pretrial conference order.

Q. And they represented to you that the pretrial conference order stated that the total food store sales in [fol. 106] 1960 was 2.5 billion dollars?

A. They indicated to me that this was the amount agreed upon in that pretrial conference order.

Mr. Vaughn: I will so stipulate that we said that to him.

Mr. Coyle: Q. That is the only basis that you have for making these conjectures?

A. That is correct.

(A short recess was taken.)

Mr. Coyle: Q. Mr. Bouque, do you know whether household supplies are sold in grocery stores?

A. What do you mean by household supplies? If you mean cleaners and soaps and so forth, yes.

Q. That is correct.

A. Yes.

Q. Are they sold in any stores other than food stores?

A. Yes.

Q. Do you know whether drugs and sundries are sold in grocery stores?

A. When you say "grocery store," are you including supermarkets and things of this nature which handle many departments?

Q. Do you include supermarkets in your category?

A. I do, yes. They do sell drugs.

Q. Are those items sold in stores other than food stores?

[fol. 107] A. Drugs are definitely sold in other than grocery stores.

Q. And sundries?

A. That is correct.

Q. Are fruits and vegetables sold in stores other than food stores?

A. They are sold but they are not at such as stands and farmers. They are not included in these figures, the census figures.

Q. Are frozen foods sold in stores other than grocery stores?

Mr. Vaughn: Now other than grocery stores.

The Witness: Other than grocery stores?

Mr. Coyles: Q. Yes.

A. Yes, they can be sold in others.

Q. Are they sold in stores other than food stores?

A. Such as?

Q. Frozen strawberries, are they sold in drug stores?

A. I have never been in a drug store that sold frozen strawberries.

Q. Is bakery goods sold in stores other than food stores?

A. I am trying to recall seeing bread in a drug store but I don't recall it.

Q. Can you buy bread at a gas station?

A. This would be a highly isolated instance. I don't [fol. 108] know whether it is done in the L.A. area. I have seen it done.

Q. You don't think gas stations sell many grocery items?

A. No, I don't.

Q. How about milk depots?

Mr. Vaughn: What about them?

Mr. Coyle: Q. Drive-in milk depots, do they sell grocery items?

A. Are you referring by "milk depots" to these new small drive-in stores that have been established on corners with access?

Q. Yes.

A. They sell a wide range of items other than milk.

Q. Are they included in the food store category?

A. I would assume that the census picked up these particular figures. If they had inquiry about them they would be picked up.

Q. How about soaps and detergents, are they sold in stores other than food stores?

A. I have seen some kind of soaps sold in drug stores.

Q. Don't most stores carry laundry detergents?

A. On some of these larger drug stores that handle a wide range of products they do carry all types of items, including soaps of all nature and the like.

Q. What were your increments between the year 1958 [fol. 109] and 1959 on food store sales?

A. On food store sales the increment between 1958 and 1959 was 141,764,000.

Q. What was it on grocery sales?

A. The increment difference between 1958 and 1959 was 149,455,000.

Q. Grocery sales?

A. Grocery store sales. That is correct.

Q. Would you give me that again?

A. The increment of grocery sales added to the 1958 figure was 149,455,000.

Q. How did you arrive at this increment of 149,000,000?

A. We arrived at this increment in the following man-

ner: We took the stipulated total food store sales for 1960——

Q. You mean you took the sales that O'Melveny & Myers told you was stipulated.

A. That is correct. Using this figure for the first six months we divided that figure—rather we used that figure, the 2,500,000,000 to represent the entire year for 1960. We then, looking at the trend of food store sales and grocery store sales for the period 1954 to 1958, we extended the increase of grocery sales for these succeeding periods, one a full year and one a six-month period, as nine-tenths of 1 per cent increase. Because during the period 1954 to 1958 there had been a percentage increase [fol. 110] of 4.3 of grocery sales to food store sales. This is about 1.1 per cent increase per year on an average basis.

Being conservative we said that it probably increased .9 per cent for this 18-month period or, shall we say, two-year period. Then using that percentage we applied it to the stipulated figures and to the computed figure for the food store sales to arrive at the grocery store sales for those two periods.

For example, the percentage of grocery store sales to total food store sales was computed to be 91.5 for 1959. We applied this figure to the 2,358,236,000. We increased that figure 91.5 by the nine-tenths of 1 per cent to 92.4 for 1960. Applying this figure to the stipulated sales figure for total food store sales we arrived at 2,310,000,000 sales. Then taking half of that you arrive at the sales for the first six months of 1960.

Q. Have you ever made any study to determine what percentage of total sales of grocery stores and related products are accounted for by food stores?

A. The review made was based on this relationship between 1954 and 1958 figures.

Q. The question I asked you was: Have you ever made any study to determine what percentage of total sales of groceries and related products are made by food stores?

A. I reviewed these figures in the census to arrive at this conclusion.

[fol. 111] Q. Did you compute that the total food store

sales is the same as total sales of groceries and related products?

Mr. Vaughn: I object to the question as calling for a conclusion of this witness as to what groceries and related products means. I might know what it means.

Mr. Coyle: Q. Do you know what that means?

A. I would like to keep the definition within the census context because these are the figures used to form a basis which we refer to.

Q. You are using census figures up to 1958.

A. That is correct.

Q. After 1958 you are not using census figures.

A. We are using the census figures to project the trend because the exact figures are not immediately available.

Q. You are using, in addition to the census figures, one assumed figure that O'Melveny & Myers supplied you with and represented to you to be total food store sales.

A. That is correct.

Q. And they represented that it was total food store sales.

A. That is correct.

Mr. Vaughn: And that was our understanding at the meeting of the pretrial conference.

Mr. Coyle: Q. They didn't state to you that it was total sales of groceries and related products?

A. No. They indicated——

[fol. 112] Q. Go ahead.

A. They indicated to me that the figure, the 2,500,000,000 coincided with the figures given in the census as total food store sales.

Q. The census doesn't publish any figures for total sales of groceries and related products in the Los Angeles metropolitan area, does it?

A. The census provides in this retail trade area statistics, it provides the figures covering the items which I itemized earlier in this deposition.

Q. Covering types of stores, not items at all, but type of stores; isn't that correct?

A. The stores that sell this type of item.

Q. Categories of stores?

A. Categories of stores.

Q. But groceries and related products are sold by stores not in these categories, are they not?

A. I think you would have to be more specific to say what you mean.

Q. Soaps and household supplies, candies and liquor and these other items are sold by stores other than food stores, are they not?

Mr. Vaughn: Objection. It assumes a conclusion, really, that groceries and related products includes soaps, detergents and liquors.

Mr. Coyle: It doesn't assume a conclusion at all.

[fol. 113] Mr. Vaughn: It certainly does.

Mr. Coyle: Q. If I tell you the pretrial conference order defines groceries and related products as groceries, meats, produce, bakery goods, dairy products, delicatessen products, frozen foods, fruits, vegetables and household supplies and drugs and sundries——

Mr. Vaughn: Are you reading from the pretrial conference order?

Mr. Coyle: Yes, sir.

Mr. Vaughn: May I see it, please? What is your question?

Mr. Coyle: I am asking the witness if any of those items are sold by stores other than food stores.

The Witness: Candy, nuts and soaps are sold in stores other than grocery stores.

Mr. Coyle: Q. Other than food stores. Are they sold in drug stores?

A. Yes.

Q. Department stores?

A. Those items are sold to the extent to which they are sold. I am not capable of saying.

Mr. Vaughn: Have we just expanded our line of commerce to include all liquor store sales and all specialty store sales?

Mr. Coyle: I am asking the witness a question. I am asking the witness how he assumed that a statement that [fol. 114] total sales of grocery stores and related products in the Los Angeles metropolitan area is the same

thing as total food store sales in the Los Angeles metropolitan area.

Mr. Vaughn: All right. It sounds to me, though, from the import of your question, that you are now including in the universe all the drug store sales, all the liquor store sales, all sales of groceries and related products from no matter what establishments. Those figures don't have any relevance, if that is your interpretation of the line of commerce.

Mr. Coyle: I am just trying to find out what this witness did to arrive at these figures.

Q. You say you related your projected total food store sales figure to the total grocery store sales figure on the basis of a percentage of .9 something.

A. .9 per cent. It would be percentage in 1958 of grocery store sales to total food store sales, which was 90.6.

Q. In 1958.

A. In 1958.

Q. What was it in 1954?

A. In 1954 it was 86.3.

Q. In 1948?

A. In 1948 it was 84.1.

Q. Will you repeat that?

A. '48 is 84.1. In 1954 it was 86.3 and in 1958 it was 90.6.

[fol. 115] Q. You use 90.6 in your computations beyond 1958

A. Use 90.6 in our computation beyond 1958.

Q. I think we established that sales of food stores other than grocery stores in 1950 was 174,000,000.

A. What year did you say?

Q. 1950 it was 174,000,000.

A. 194,722,000.

Q. In 1954 it was 231,000,000, I think.

A. 235,424,000.

Q. In 1954 it was 208,000,000, I believe.

A. That is correct.

Q. In 1960 under your figures what would the sales of food stores other than grocery stores be?

A. Are you speaking of the first six months or the entire year?

Q. For the entire year.
A. It would be 190,000,000.
Q. So that in the period between 1954 and 1960, according to your calculations the sales of food stores other than grocery stores declined by 45,000,000; correct?
A. Approximately that figures, yes. Would you restate that question?

Mr. Vaughn: Would you read it back please, Mr. Reporter.

(The reporter read the pending question.)

The Witness: 45,000,000 betweent 1950 and——

[fol. 116] Mr. Coyle: Q. 1954 and 1960.
A. That is correct.

Mr. Coyle: Off the record.

(Discussion off the record.)

Mr. Coyle: Q. These tables——
A. Reflect all the figures that we have been talking about here.
Q. —which you describe in your affidavit, Pages 8 through 12, were these tables prepared under your supervision?
A. Yes, they were.
Q. And this is the work that you were repsonsible for, that is personally responsible for, as an employee of Lybrand, Ross Bros. & Montgomery?
A. That is correct.
Q. Now referring to this exhibit showing percentage of total grocery store sales by various groups of chains in the Los Angeles metropolitan area, you state that the source is records of companies obtained under court order; two, Los Angeles Examiner estimated sales, chain grocery stores in the Los Angeles primary area, 1950 to 1960. How did you use the Los Angeles Examiner in preparing this table?
A. To get a running start, so to speak, the Examiner publishes these sales figures referred to each year and they list about 25 to 28 stores.
Q. Chains of stores?
A. Chains of stores. Using thes figures to find the

[fol. 117] stores that are in this top group, we then used the records obtained under court order from the FBI and took those figures, where they were available for the stores in the top 20. Where the sales obtained under court order did not go back to 1948, in a few instances we had to use the Examiner figures, which are based on either information they have garnered from the particular chain or their estimate of the sales based on their experience in the area.

Q. What years did you use the Examiner data?

A. We used the figures obtained under court order for practically all the figures. There were certain figures used in the 1948-50—it is in the 1948 figure a few stores were used. We used the Examiner figures.

Mr. Vaughn: He is not talking about this exhibit now, he is taking about this one.

The Witness: He said 1948. You were looking——

Mr. Coyle: Q. I am talking about this exhibit (indicating). Which years, I am asking you, did you use Examiner data?

A. I would have to refer to the detailed records to tell exactly at this particular point. I know that the figures, for example referring back to the comparison of sales from 1948 to 1960 of the 20 largest chains for the Great Atlantic and Pacific Tea Company we had to use the Los Angeles Examiner estimated sales figures. So we had to use those Examiner sales figures in specific instances where [fol. 118] the figures had not been obtained under court order for individual stores. There were very few that we used.

Q. But you can't state now which instances?

A. I would have to go back into the detailed working papers to do it. But I know there were very few, because most of the figures were available from the records obtained under court order.

Q. Did you ever check the actual figures with the figures published in the Los Angeles Examiner?

A. Which figures are you referring to?

Q. For specific chains. Did you ever compare Ralphs figures with the Examiner's figures?

A. As I stated previously, we used the FBI figures

furnished under court order whenever they were available. There were fluctuations between the figures provided by the Examiner and the actual figures obtained under court order in some instances.

Q. Now referring to this comparison of sales from 1948 to 1960 of the 20 largest grocery chains in the Los Angeles metropolitan area, using June 30, 1960 ranking, you list a figure for Safeway Stores of $130,000,000 in 1948. Was this figure obtained from the Los Angeles Examiner?

A. No. As stated by the letter "B," the 1948 census sales figures of the top four chains less the actual sales that were available for Ralphs, Mayfair and Von's.

Q. Where did you get the census figures for the top four [fol. 119] chains for the year 1948?

A. The top four figures, the census figures, were furnished by O'Melveny & Myers to us.

Mr. Vaughn: Do you want me to say where I got them?

Mr. Coyle: I will ask the witness.

Q. Did you know that the census has furnished total sales figures for the top four, top eight, top 16 and top 20 chains for the years 1948, 1954 and 1958?

A. Would you repeat that?

(The reporter read the pending question.)

The Witness: I did know that the figures were furnished in 1948 for the top four stores since I was furnished this figure by the O'Melveny & Myers office.

Mr. Coyle: Q. But was that the only census figure that O'Melveny & Myers furnished you?

A. That is the only census figure they furnished us for this particular table, yes. We used other figures under the court order which were obtained from the FBI records, actual sales of these particular stores.

Q. Now referring to this graph showing percentage of total grocery store sales by various groups of chains in the Los Angeles metropolitan area, did you know that the year 1959 was a strike year?

A. I did.

Q. Did that account for the dip in the market shares of these chains from 1958 to 1959?

[fol. 120] A. On a judgmental basis, yes, because the other stores remained open. While the major chains were tied up in the strike there would be some loss of sales.

Q. And does the graph show that in 1960 the chains had gained back their losses?

Mr. Vaughn: I will object to that on the ground that the graph speaks for itself.

Mr. Coyle: I am asking the witness whether he understands that.

The Witness: The graph projects, based on the stipulated sales, the anticipated grocery sales by these stores for the entire year 1960 based on the projection of .9 on an average each year beyond 1958.

Mr. Coyle: Q. The other day, Mr. Bouque, you talked about these barriers to competition in these areas that were marked off. Did you check the records to find out whether you eliminated the entire population living beyond these barriers?

A. I checked with the people who made the estimates and basically they excluded the people beyond the barrier. I emphasized the word "basically" because there are other conditions in some cases and you have to take each one individually, as to whether with some of the people it might have acted as a partial barrier rather than a complete barrier.

Q. In every instance where they used it as a partial barrier is it so indicated in your exhibit?

[fol. 121] A. You have to analyze the situation on each individual chart. They have indicated in many of the instances that certain ones were partial barriers and that a certain pocket of people pass the barrier and so forth. Each one has to be analyzed on its own merits.

(Discussion off the record.)

Mr. Coyle: Q. Referring to Appendix I, coming to Page 21 of your affidavit, you say, "The Long Beach Freeway forms a barrier at the border of the 1.5-mile zone on the west." Was that a complete barrier or partial barrier?

A. That was a complete barrier.

Q. There are underpasses and overpasses across the freeway, aren't there?

A. That is correct, at irregular intervals.

Q. Referring to Page 22 you state, "The Southern Pacific Railroad is a barrier to the north; the freeway is a barrier to the south; and the Alhambra Wash is a barrier to the east." Are all of those complete barriers?

A. You will have to pull out the map and analyze each one to arrive at a figure—or a judgment.

Q. You don't know as of now whether they are a complete or partial barrier?

A. Each one I cannot tell you offhand which one is complete and which one is partial.

Mr. Coyle: Off the record.

(Discussion off the record.)

[fol. 122] Mr. Coyle: Q. Mr. Bouque, I show you copies of the exhibits which you prepared for O'Melveny & Myers in connection with this lawsuit and which show the various stores and your theoretical and adjusted draw areas for the stores and ask you to locate Von's Store No. 4 on those maps.

A. Here is the No. 4 store.

Q. Is this the Long Beach Freeway?

A. This is the Long Beach Freeway.

Q. You designated that as a barrier and considered it a complete barrier; is that correct?

A. That is correct.

Q. Now can you find Von's Store No. 29?

A. (The witness indicated.)

Q. Now referring to the Southern Pacific Railroad, which you designated a barrier on the north, can you find it?

A. (The witness indicated.)

Q. Is that a complete or partial barrier?

A. For what area are you referring to? Are you referring to the 1.5 or the two-mile radius as a barrier?

Q. I am asking you whether you have used it as a complete or partial barrier in adjusting your theoretical draw area.

A. As indicated previously, the basic supposition was used by the people making this evaluation of the adjusted

draw. The basic premise was that the natural barriers tended to form a complete barrier. But when they had to [fol. 123] look at the surrounding environment to determine where it actually became a permanent barrier or not.

For example, you will note on the overlays that just beyond the barrier are five major stores beyond the railroad, which is between these stores and Von's. And in addition there is a lack of direct access to the Von's store.

So in evaluating this one, without itemizing each individual figure, this acts as a substantial barrier for potential customers shopping at the Von's store.

Q. You look at this as a natural barrier?

A. Natural and man-made barriers. Railroads, freeways, those are man-made barriers.

Q. Did you use that as a partial barrier or a complete barrier in adjusting your draw area, or do you know whether you used it?

A. I would have to actually go over all these detailed figures on each individual case to determine whether it excluded everybody or not. As I repeated before, you took the picture as it was based on the distance of the barrier from the immediate store. Based on the competition as to whether this really acted as a complete barrier or not, whether there were roads that provided—People are not going to go across the so-called barrier and drive a circuituous route to Von's ordinarily if there are five or six stores within a very short distance of their homes. [fol. 124] If they were living right here (indicating) and they have to come down here a ways to get to Von's, they are probably going to go to these stores (indicating) unless they have a high preference for a particular store.

Q. Were any surveys made whether they had a high preference?

Mr. Vaughn: I object to that as having been asked and answered.

The Witness: This would be beyond the scope of our work of interviewing individual people.

Mr. Coyle: Q. How did you take into consideration these other stores in the area if you made no interviews?

A. This is a judgmental factor. First of all I know how we do our shopping.

Q. You personally?
A. Yes.
Q. Based upon your own experience.
A. Yes, family experience. I won't go driving a great distance.
Q. That is not much of a universe, is it?

Mr. Vaughn: I object to it as being argumentative.
The Witness: You asked for a judgment and I gave it to you.

Mr. Coyle: Q. This is the judgment that these other people made. You didn't make it.
A. This, as I stated some time ago, was an attempt [fol. 125] statistically to arrive at these draw areas around a given store. And based on observation of the maps, the barriers, the people, the way the streets flow, the way the traffic flowed, based on the streets dead ending against these particular areas, also in reading other material, where people shop, the judgment was made in each case as to what the draw should be.
Q. How much field survey did they do?
A. It was not intended that our work would be in the field talking to people. The men on the job did take several trips to some of the stores in contention. Specifically I do not know which stores but I do know they went into the area and looked at the stores and the immediate vicinity to be aware of what the area was like.
Q. Now referring to this adjusted draw area for Von's Store No. 29, is it your testimony that you would have to check your records to determine whether or not the Southern Pacific Railroad or the freeway to the south of the Alhambra Wash were used as complete or partial barriers?
A. It was my testimony that I would have to pour over the maps and come up with a judgmental figure as to how they arrived at their particular figures.
Q. Wouldn't it appear from the mathematical calculations that they made whether they excluded the entire population or part of it?
A. The drafts of the reports show the total figures. [fol. 126] The calculations are not available here in Los Angeles.

Q. Would they be in New York?

A. The staff, as I indicated earlier, who were out here working on this engagement, after gathering the data they went back to New York and wrote up the report.

Q. At the termination of the previous deposition I think I asked you to ascertain whether these were partial or complete barriers.

A. You asked me, as I understand it, what was the approach used on these barriers. As I mentioned several times, the approuch that the individuals who did this, the approach they made——

Q. I was more specific. I asked you to find out cases where they were partial or complete barriers.

Mr. Vaughn: That is completely false, according to my understanding. You asked him whether or not the barriers were regarded as complete or partial.

Mr. Coyle: Yes. That is what I want to know.

Mr. Vaughn: I didn't understand it to be a case-by-case analysis, by any manner of means. It was not my understanding at all. And in my discussions with Mr. Bouque after the deposition I so stated to him. So that was not done. I don't think you made yourself clear, if that was your intent.

Mr. Coyle: Q. I will ask you now. Could you go through this appendix or consult your records and indicate whether each of these are partial or complete barriers?

[fol. 127] A. We could go through it but it would be a tremendous job.

Q. Wouldn't the records in New York show that?

A. I would have to double check on that. A lot of these were worksheet papers. I think the better approach on this thing would be to take a look at these maps—it is going to take a long time—and take the ones that compare with the figures and see what they actually did.

Q. All right, then, you tell me now whether or not on Von's No. 29 the Southern Pacific Railroad was used as a partial barrier to the north or a complete barrier.

Mr. Vaughn: If he knows.

Mr. Coyle: Yes.

The Witness: I don't know offhand.

Mr. Coyle: Q. Can you tell from these maps?
A. I would have to do a lot of figuring. It is going to take some time to figure it out.
Q. Well, sit here and figure, I guess.

Mr. Vaughn. Do you intend to go store by store and have him figure each one?
Mr. Coyle: Sure. I intend to be——
Mr. Vaughn: You will be here until the trial.
Mr. Coyle: We can adjourn the deposition and let him go over to this office and sit down and do it.
Mr. Vaughn: Who is going to pay him for that work?
Mr. Coyle: He is your witness, Mr. Vaughn. He is [fol. 128] simply being deposed.

(Discussion off the record.)

Mr. Coyle: Q. Mr. Bouque, in some instances your Appendix I indicates that you treated certain barriers as partial barriers. Do you know whether they were any instances in which you treated barriers as partial barriers and did not so state in your appendix?

Mr. Vaughn: He asked you whether you know whether there are any such instances.
The Witness: I do not know whether there are any such instances which are not mentioned in the report as I did not do the detailed analysis personally. There are several mentioned in the survey—in the appendix, but I do not know whether all of them have been enumerated.

Mr. Coyle: Q. Do you know whether there were any instances in which barriers were treated as complete barriers in preparing this Appendix I?
A. It appears that the barrier of the freeway to the west of Von's Store No. 4 was a complete barrier. But I would have to again say that I would have to compute them to be absolutely sure for purposes of swearing that that was a complete barrier. Generally they consider a barrier such as this a complete barrier and modified it based on surrounding circumstances.
Q. When you say "they," you mean the people——
A. The people who did the survey.
[fol. 129] Q. You have never rechecked their figures to

ascertain whether they correctly computed these adjusted draw areas?

A. I have not completed the figures in detail, no. It would be a horrendous job to do.

Q. You didn't supervise them when they did it?

A. No. I was no way associated with the work in this initial phase of drawing the maps and so forth.

Q. Referring to Page 16 of your affidavit, did you prepare this portion of your affidavit?

A. You mean did I do the basic research work on this particular store?

Q. Yes.

A. No. This was done during the phase in which they developed the maps and this other information.

Q. When you refer to "they," who was responsible for this portion of the information?

A. Dr. Tibor Fabian was responsible for it.

Q. This hypothetical situation that he put in here?

A. Yes.

Q. Do you know whether he based it on these various publications he lists?

A. That is correct. Each one of these figures that is indicated, such as on Page 16, the total capital required to establish such a supermarket would be $290,000, asterisk, and the source is Chain Store Age, December 1960, Page 38.

Q. Now referring to this other portion of your affidavit [fol. 130] dealing with discount houses, did you do this portion of the work yourself?

A. Let us define what you mean by did I personally. Again, the discount house work was the second phase here in October of 1961 and was under the direct supervision of Dr. Tibor Fabian. However, at this particular point I was keeping in contact with him and knew what was going on. I was in touch with this particular work.

Q. But he developed the program.

A. He developed the program, wrote the instructions for taking the counts in the store, determine the number of license numbers that should be checked with the Department of Motor Vehicles and directed the men in preparing the map which is furnished as an exhibit.

Q. What did you do with that?

A. I kept myself informed at this time because he was from our central research staff and because this had been going on over an extended period which had been unanticipated at the time. When this work came up in October I kept informed so that I would know what was going on.

Q. Did you know that you were going to sign an affidavit then?

A. At that particular time I was not aware that I would be signing an affidavit.

Q. Or that you would be a witness?

A. At that time, no.

[fol. 131] Q. When did you first learn that you were going to be a witness?

A. Before this affidavit was actually prepared, and I have forgotten the exact time. It is a few months ago when I first learned that I would be giving it since Dr. Tibor Fabian had left our firm.

Q. I am going to ask you, Mr. Bouque, to go through this Appendix I and indicate by letter or otherwise to us which were partial barriers and which were complete barriers.

A. This means every single store or are you going to take a sampling basis?

Q. I really think that when you check into it you will find that you can answer it with one sentence, that they are complete barriers unless otherwise indicated in the appendix.

A. Unless otherwise indicated. This means that I have to go through——

Q. Unless your records show the instructions. I am sure Dr. Fabian must have had some instructions as to what procedure would be followed.

Mr. Vaughn: He has made the request. We will see what we can do.

Mr. Coyle: Otherwise I have no more questions.

[fol. 132] Cross-examination.

By Mr. Vaughn:

Q. Mr. Bouque, during our prior session of this deposition Mr. Coyle asked you what census figures you used

in connection with the preparation of the maps that we have been referring to, that is what population census figures you used in connection with that portion of your study which is summarized on Page 1 through 7 of your affidavit. Have you had an opportunity since that time to determine what census figures were in fact used in that portion of your study?

A. The figures used on the census tracts was the preliminary census report for 1960. The counting was done in April of 1960. We took this preliminary report, PC(1-6).

Q. Where did you obtain these preliminary census figures?

A. The preliminary census figures for the overlay were obtained from the Los Angeles Times, who had an advance copy or the preliminary census report, which they made available to us.

Q. Have you since that time checked those census figures in general with the final 1960 census report?

A. The preliminary figures do not agree exactly with the final census figures. However, in the three, four, five or six tracts that we took the difference between the actual figures and the preliminary figures—or I should say the final report and the preliminary figures was very small.

[fol. 133] Q. If you will refer to Page 4 of your affidavit, Line 28, and to the total population figure 6,668,975, where did you get that figure?

A. That figure was from the preliminary census report which the staff working on the job obtained in August of 1960.

Q. That is the preliminary 1960 census?

A. Yes.

Q. Mr. Bouque, you have revised, have you not, the figures which you used for total grocery stores and total food store sales for the years 1950 through the first six months of 1960 since the first time that you signed this affidavit?

A. That is correct.

Q. And we have inserted substitute pages to reflect the changes that will be necessary in your affidavit as a result of those changes; is that not right?

A. That is correct.

Q. And those changes were based upon your second examination of census figures and computations based thereon; is that right?

A. That is correct.

Q. The affidavit does not include the total universe figures for total grocery store sales and total food store sales which you ltimately used in connection with the preparation of your statistics; is that right?

[fol. 134] A. The year 1948 is what you are referring to?

Q. No. The years 1950 through 1960. Those figures are not set forth in the affidavit, they are set forth in another document to which the affidavit refers; is that correct?

A. That is correct.

Q. And the figures in that other document have now been found to be inaccurate; isn't that right?

A. That is correct.

Mr. Vaughn: I wonder if we could arrange to have Mr. Bouque prepare an exhibit which would show total grocery store sales and total food store sales for the year 1950 through the first six months of 1960 and submit copies of that to the reporter so he can attach it to the deposition, to Mr. Coyle for the government and to ourselves, and then the reporter will mark that document Exhibit 1 to Mr. Bouque's deposition? If that is agreeable with counsel we will do it that way.

Mr. Coyle: That is agreeable with me.

Mr. Vaughn: Q. In other words, Mr. Bouque, you will supply the reporter and all counsel with a copy of this exhibit which will show total grocery store sales and total food store sales for the year 1950 through the first six months of 1960.

A. I will prepare a typed copy of the handwritten draft and supply that.

Q. Those will be the figures on which you based your [fol. 135] computations as set forth in your affidavit and the exhibits referred to therein; is that correct?

A. That is correct.

(The notary public after completion of the deposition was furnished by the witness the exhibit above referred to

and it was thereafter marked Bouque Exhibit No. 1 for Identification and is attached hereto.)

Mr. Coyle: I have some questions.

Redirect examination.

By Mr. Coyle:

Q. Mr. Bouque, referring to Pages 22, 23 and 24 of the document entitled "Statement In Support Of Defendant's Proposed Exhibits," do these pages accurately and correctly set forth the compuations which you have used in making the revised list showing total grocery store sales and total food store sales which you are going to submit?

Mr. Vaughn: I don't understand the question. Are you asking if these figures are accurate?

The Witness: The figures on Page 24, which we will be submitting in an additional exhibit to correct the figures, were used—the corrected figures were used in preparing these exhibits.

Mr. Coyle: Q. And were the methods described on [fol. 136] Pages 22, 23 and 24 used to arrive at these corrected figures which you are going to submit?

A. That is correct.

Q. And on Pages 22, 23 and 24, when you use the words "Total food sales" you really mean "Total food store sales"?

A. That is correct.

Mr. Coyle: I have no more questions.

Mr. Vaughn: I have none.

(Discussion off the record.)

Mr. Coyle: The government is agreeable to closing the deposition at this time subject to the understanding that the witness will attempt to ascertain whether these barriers were used as complete or partial barriers in adjusting the theoretical draw areas.

Mr. Vaughn: With the understanding that we do not now at the present time know just how far we will have

to go or just what work will be required or just what records will have to be obtained in order to develop that information. All we are saying is that we will exert our best efforts to complete that job.

Mr. Coyle: With the understanding that if the witness doesn't know himself how they were used he is to try to ascertain what the people who prepared the exhibits did when they prepared them.

Mr. Vaughn: That is my understanding of what he is going to try and do.

[fol. 137] (Discussion off the record.)

Mr. Vaughn: Mr. Bouque, would you be agreeable to waiving the signing of the deposition if counsel for the various parties agree that your deposition without signature may be introduced in court just as if it were signed?

The Witness: I do.

Mr. Coyle: That is agreeable to the government.

Mr. Vaughn: It is agreeable to the defendant.

[fol. 138] State of California,
County of Los Angeles, ss:

I, Harold M. Leibovitz, a Notary Public within and for the County of Los Angeles and State of California, do hereby certify:

That prior to being examined the witness named in the foregoing deposition, Roy Lawrence Bouque, was by me duly sworn to testify the truth, the whole truth, and nothing but the truth; that the said deposition was taken down by me in shorthand at the time and place therein named, and thereafter reduced to typwriting under my direction.

I further certify that it was stipulated by and between counsel, with the consent of the witness, that the signature of the witness to the said deposition be waived, and that it shall possess the same force and effect as though read and signed by the said witness.

I further certify that I am not interested in the event of the action.

Witness my hand and seal this 6th day of June, 1963.

Harold M. Leibovitz, Notary Public in and for the County of Los Angeles, State of California.

BOUQUE EXHIBIT NO. 1

Total Grocery Store Sales and Food Store Sales for each of the Years 1950 through 1960 in the Los Angeles Metropolitan Area*

Year	Total Grocery Store Sales $000	Total Food Store Sales $000
1950	1,109,262	1,303,984
1951	1,203,725	1,408,623
1952	1,298,189	1,513,262
1953	1,392,652	1,617,901
1954	1,487,116	1,722,540
1955	1,617,416	1,846,023
1956	1,747,716	1,969,506
1957	1,878,016	2,092,989
1958	2,008,313	2,216,472
1959	2,157,786	2,358,236
1960 (1st 6 mos.)	1,155,000	1,250,000

* This table is intended to replace the table appearing on page 24 of the Statement in Support of Defendant's Proposed Exhibits in United States of America, Plaintiff, vs. Von's Grocery Company and Shopping Bag Food Stores, Defendants. Amounts have been computed in the manner described in the statement.

DEFENDANT'S EXHIBIT BH

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60 C

[Title omitted]

AFFIDAVIT OF GODFREY M. LEBHAR

STATE OF NEW YORK,
County of New York, ss:

GODFREY M. LEBHAR, being first duly sworn, does hereby depose and state as follows:

I am a member of the Bar of the State of New York. Since 1925 I have been the Editor-in-Chief of *Chain Store Age,* a monthly publication dealing with matters of interest primarily to chain store operators and managers of chain stores in all fields. Specialized editions of *Chain Store Age* are published to cover each of the fields in which chain stores play an important role, of which the grocery field is one. I have devoted most of my business life to reporting and interpreting chain store activities. I am the author of "The Chain Store—Boon or Bane?" published by Harper & Brothers in 1932, and "Chain Stores in America, 1859-1950," published by Chain Store Publishing Corporation in 1952. A second edition of the latter appeared in 1958, and a third edition is now in preparation for publication early in 1963.

I am the Chairman of the Board of Lebhar-Friedman Publications, Inc., publishers of *Chain Store Age, Shopping Center Age* and *Discount Store News.* I am also Chairman of the Board of Business Guides, Inc. a subsidiary of Lebhar-Friedman Publications, Inc.

Business Guides, Inc. publishes annual directories of chain stores in the United States and Canada. One of such directories covers the grocery field. It is called "Directory of Supermarket and Grocery Chains." Such directories are available for the United States and Canada as a whole or for particular States and regions. The directory covering the State of California, which sells for

$12 a year, lists the chains doing business there, by county, and provides such additional information as the address of the chain's principal office, the names of its owners, officers and principal buyers, and the number of stores it operates. For the purposes of the directory, a chain is definied as a concern which operates two or more stores.

Business Guides, Inc. maintains a large research staff to keep track, from various sources of information, of the changes which occur in business covered by our directories. These directories are prepared for and used by suppliers and others whose business requires them to know the details of chain store operation. For this reason, it is necessary that our directories be accurate, and we do everything possible to see that they are. Our sales of directories and customer reaction indicate that we are doing a good job in this respect.

For the January, 1962 issue of *Chain Store Age*, I wrote an article entitled "Small Chain Virility a Bar to Monopoly." In this article I attempted to analyze statistics developed by Business Guides, Inc. with regard to the number, size and growth of grocery chains, both large and small, throughout the United States from 1953 to 1961. As a result of that article, I was asked by the attorneys for Von's Grocery Co. to make a similar survey and analysis of grocery chains in Los Angeles and Orange Counties—which two counties are hereafter referred to as "the area." The purpose of this affidavit is to set forth the results of that study.

Because of the reduced geographical scope of this study, the data compiled is more detailed than was practicable in the case of the nationwide study. Indeed I was able, with the cooperation of the Research Director of Business Guides, Inc., to make an actual case-history of each of the 270 chains of two or more stores which were listed for the area not only in our 1953 and 1962 directories but in each of the directories for the intervening years.

For this purpose, we first constructed a master-list identifying the 270 chains in question. Then we broke them down into four categories as follows: (a) 47 chains listed in the area in both 1953 and 1962; (b) 49 chains listed in the area in 1953 but not in 1962; (c) 71 chains

listed in the area after 1953 but not in 1962; and (d) 103 chains listed in the area in 1962 but not in 1953.

The chains in each of these four categories were then broken down into four groups based on the number of stores operated by each. Group I included all chains with 2 or 3 stores in the area. Group II included those with 4 to 9 stores. Group III included those with 10 to 99 stores. Group IV included those with 100 or more stores.

A summary of the terminal data for the years 1953 and 1962, respectively is presented in the following table:

Table 1

Group	No. of Companies			No. of Stores Operated		
	1953	1962	% change	1953	1962	% change
I. 2 and 3 stores.....	56	104	+86%	130	231	+77%
II. 4 to 9 stores.....	30	22	−27%	170	115	−32%
III. 10 to 99 stores.....	9	23	+155%	229	592	+158%
IV. 100 or more stores...	1	1	—	175	147	−16%
Total.....	96	150	+56%	704	1,085	+54%

The statistics contained in Table 1 indicate strongly that the existence of larger chains as shown in Groups III and IV and their growth both in number and size over the last decade has not posed any threat or deterrent to the entry and growth of other grocery concerns. It will be noted that firms with only 2 or 3 stores grew in number from 56 to 104 during the period in question. This represents an increase of 86% as compared to an increase in the number of chains with 4 or more stores from 40 to 46, or only 15%.

Furthermore, when these statistics for the area are compared with similar statistics for the United States as a whole, the vigor and growth of small chains in the area become even more apparent. Table 2, from the study which appeared in the January, 1962 issue of *Chain Store Age* and which has been previously referred to, gives the national picture as follows:

Table 2

Group	No. of Companies			No. of Stores Operated		
	1953	1961	% change	1953	1961	% change
I. 2 and 3 stores....	2,013	2,527	+25%	4,654	5,690	+22%
II. 4 to 9 stores.....	587	616	+ 5%	3,040	3,272	+ 7%
III. 10 to 99 stores...	256	258	—	6,069	6,360	+ 5%
IV. 100 or more stores	23	25	+ 9%	14,115	15,310	+ 8%
Total.....	2,879	3,426	+19%	27,878	30,632	+ 9%

A comparison of Table 2 with Table 1 shows that whereas the number of food chains increased 19% and the number of their stores 9%, the number of food chains in the area increased 56% and the number of their stores 54%. Actually, the increases in both instances parallelled the population gain in the respective areas.

Next, from the data in our master-list, supplemented by the records of Business Guides, Inc., we followed the course of each of the 270 chains involved from their first appearance in our directories until 1962. The results are summarized as follows:

Group I (2 or 3 store chains)

Table 1 shows that in 1962 there were 104 chains with 2 or 3 stores each as compared to 56 in 1953. However, this does not mean that only 58 new chains were born in the decade. The grocery business is more dynamic than that. Our records show that at various times between 1953 and 1962, a total of 208 chains of 2 or 3 stores each were doing business in the area. This total consisted of the 56 chains noted in 1953, 5 chains which had 4 or more stores in 1953 but which had only 2 or 3 by 1962, *and 143 new 2 or 3 store chains.*

What happened to those 208 chains in the decade under study? As we have seen, 104, or precisely 50%, were still operating 2 or 3 stores in 1962. Seven of them had expanded and were operating 4 or more stores by 1962, and 27 were operating only one store each by that year. Therefore, 138 of those 208 concerns, or 66%, were still in business in one form or another in 1962. Of the remaining 70 chains, 12 were acquired by other concerns, and 58, or 28%, had gone out of business for reasons which our records do not reveal.

In my opinion, the fact that 147 new 2 or 3 store chains were born in the area during the last decade and that the majority of chains of that size remain in business shows that competition from larger chains does not offer any barrier to the entry and success of smaller concerns, and, moreover, that Los Angeles has seen in the past and can expect to see in the future the emergence of a significant number of new single store operations and

chains to compete for the patronage of an increasing population.

The birth of 147 new 2 or 3 store chains in 10 years is indirect evidence of the prosperity of single store operators. For, while our directories do not contain information concerning grocers who operate only one store, I know from experience and from the history of grocery chains that 2 or 3 store chains do not ordinarily come into the picture fully matured in one year. Almost without exception, such chains are the outgrowth of a successful one-store operation whose proprietor is not content to remain a single store operator and who has the wherewithal to open a new store usually derived from the profits made from his first store.

Group II (4 to 9 store chains)

Table 1 shows a decrease in the number of chains in this Group from 30 to 22 between 1953 and 1962. However our records show that in addition to the 30 chains in the group in 1953, 26 chains entered the group after 1953 and before 1962. Of these 26, 6 were in Group I chains which expanded, and *20 were chains which did not exist as such in 1953.*

This means that at various times between 1953 and 1962, 56 grocery chains in the area had from 4 to 9 stores. Of these 56 chains, 5 dropped into Group I by disposing of their stores, 2 became single store operators, 11 were acquired by other concerns, 8 discontinued operations altogether and 8 expanded to move into Group III, leaving 22 in Group II in 1962.

As an illustration of the growth potential of grocery chains in the area, our data reveals that the 8 companies which had expanded sufficiently to move from Group II to Group III by 1962 were operating a total of 46 stores when first listed but by 1962 had a total of 103 stores! It also shows that the 6 chains which climbed from Group I in 1953 to Group II in 1962 increased the number of their stores from 15 to 33, and that 17 other chains which came into the picture after 1953 and were operating a total of 53 stores when they were first listed were operating a total of 146 stores by 1962. Here, I believe, is

graphic evidence of the virility of small chains in the area and the competitive opportunity available to them.

Group III (10 to 99 store chains)

Table 1 shows that the number of Group III chains increased from 9 to 23 in the period under study. This increase came about as follows: in addition to the 9 chains listed in 1953, 8 chains entered the Group from Group II, one chain climbed all the way from Group I, and 7 chains which were not in existence in 1953 had grown big enough to make Group III by 1962.

This makes a total of 25 chains with 10 to 99 stores each. Of these 25, however, two merged with other concerns, and thus gave us the 1962 total of 23. One of these mergers is the one under consideration in this case.

Analysis.

From the foregoing facts and statistics and the detailed study we made of the area, I draw the following conclusions:

1. The retail grocery business in the Los Angeles metropolitan area today is less concentrated and more fragmented than in 1953, as is obvious from the following facts:

a. The number of chain store competitors has increased from 96 to 150, or 56%. The number of their stores has likewise increased from 704 to 1,085, or 54%.

b. The increase has occurred in the number of both large and small chains. Chains of 10 stores or more have increased in number from 10 to 24, or 140%. Chains of 2 to 9 stores have increased in number from 86 to 126, or 46%.

c. The increase in number of competitors is highlighted by the fact that since 1953, 174 new chains were born in Los Angeles. Some of these new ventures failed; some of them were acquired by other concerns; some of them had cut back their operations by 1962; but a significant number of them succeeded, and apparently continue to prosper as independent competitive forces. *Indeed, 7 of the 24 chains operating 10 or more stores each by 1962 were not in business at all in Los Angeles as chains in 1953.*

2. The apparent willingness and ability of grocers to expand and create new chain entities at the staggering

rate of more than 17 a year, and the growth potential of new chains, precludes in my opinion the possibility that the retail grocery business in Los Angeles will become either monopolistic or oligopolistic in the foreseeable future. It must be remembered that in 1953, only 10 chains with as many as 10 stores each were operating in the area. These chains are recognized as being among the best managed, most successful and most aggressive supermarket operators in the country. They themselves have engaged in expansion programs of significant proportions since 1953. Yet, 10 years later, instead of having swept aside all competition and being left alone to compete among themselves, these same 10 chains are now faced with the necessity of competing against no less than 14 new chains of 10 or more stores each, a significantly greater number of smaller chains and a host of successful single store operators, of whom many are affiliated with powerful voluntary chains or other cooperative groups.

Moreover, if the past in any way foretells the future, it is obvious that today's small chains and independents will, in many cases, respond to the urge to expand. In such circumstances, it seems inescapable that competition will become even more vigorous in the area, that more entities will be competing and that there is and will be no threat of domination of the market by one or a few firms.

3. The growth of independents into chains and of small chains into larger ones, as reflected in the studies which have been summarized herein, demonstrates convincingly that small concerns don't have to remain small in Los Angeles. If there were any kind of built-in disadvantage by reason of smaller size, the dramatic history of growth expansion and prosperity which is documented herein would not have been recorded.

Godfrey M. Lebhar.

Subscribed and sworn to before me this 11th day of October, 1962. /s/ Patricia Wood, Notary Public.

Patricia Wood, Notary Public for the State of New York, No. 41-4337100, Qualified in Queens County, [Seal.]

Commission Expires March 15, 1963.

Def. Ex. BH.

[fol. 1] DEFENDANTS EXHIBIT BH

IN THE UNITED STATES DISTRICT COURT

Civil Action No. 336-60-CC

[Title omitted]

Deposition of GODFREY M. LEBHAR, a witness, taken by libellant pursuant to notice, at the offices of Lebhar-Friedman Publications, Inc., 2 Park Avenue, New York 16, N. Y., on May 16, 1963, at 10:00 a.m., before Laurence H. Hennefeld, a Shorthand Reporter and Notary Public of the State of New York.

[fol. 2] APPEARANCES:

James J. Coyle, Esq., and Malcolm F. Knight, Esq., Assistant United States Attorneys Proctors for libellant, Federal Building, Los Angeles 12, California.

Messrs. O'Melveny & Myers, Proctors for respondent Von Grocery Co., 433 South Spring Street, Los Angeles, California. By: William W. Vaughn, Esq., Advocate.

It Is Hereby Stipulated and Agreed, by and between the proctors for the respective parties herein, that the signing, sealing, filing and certification of the within deposition be waived.

It Is Further Stipulated and Agreed that all objections, except as to form, are reserved to the time of trial.

GODFREY M. LEBHAR, called as a witness by libellant, being first duly sworn by the Notary Public (Laurence H. Hennefeld), testified as follows:

Examination.

By Mr. Coyle:

[fol. 3] Q. Mr. Lebhar, would you state your full name and address for the record, please?

A. Godfrey M. Lebhar, office address 2 Park Avenue, New York.

Q. Are you affiliated with an organization known as Business Guides, Inc.?

A. Yes, sir.

Q. What is your position with that organization?

A. I think I am chairman of the board.

Q. What is the business of Business Guides, Inc.?

A. Publishers of business directories.

Q. Do these directories purport to be a census?

A. What do you mean by a "census"?

Q. An actual count of business firms.

A. That is not the purpose of them, but that is in effect what it is.

Q. What is the purpose?

A. The purpose of it is to provide the names and addresses and other details of the names included in the directory.

Q. How do you ascertain the names to include in——

A. Oh, we have many ways.

Q. Would you name those ways, please?

A. Yes. We have—you see, this business guide is a sub- [fol. 4] sidiary of Lebhar-Friedman Publications, of which I am also the chairman, which publishes a trade magazine, Chain Store Age. So, Business Guides has access not only to such data as our publications compile, but also the services of our field staff of subscription solicitors who travel the whole country the whole year round on a full time basis getting subscripitions for our magazines. That is one source of information. We will call that the field force.

Q. What other sources do you have?

A. We have trade publications, newspapers——

Q. What trade publications?

A. Grocery trade publications, as far as this particular field is concerned.

Q. Could you name the trade publications?

A. Why, there are so many I couldn't begin to name them all by names. All the leading trade publications. Supermarket News, Progressive Grocer, local retail grocery papers, so far as the grocery field is concerned. I am confining my answers largely to the grocery field now because

we are interested in the grocery field, department store field and other fields too.

We have access in many cases to the membership lists of what are known as voluntary chains or cooperative [fol. 5] groups from which we can cull the names of chains.

After all our directories aren't interested only in——

Q. How many cooperative groups are there in the U. S.?

A. Oh, I would imagine—I am guessing now because I haven't made any real count of this recently. When you speak about cooperatives are you separating them from voluntary? There are two separate kinds.

Q. First voluntary cooperatives.

A. Well, I would say in the area of at least a thousand.

Q. How many of these do you have access to their records?

A. I couldn't tell you offhand. I don't personally compile these records, you understand.

Q. You don't personally compile these statistics?

A. No, we have a staff of 20 or 30 people, a full time staff doing this work.

Q. What is your relationship to the staff?

A. I am the chairman of the board of the company. I am the editor-in-chief of the publications.

Q. Do you have any statistical training?

A. No.

Q. Did you have any experience in statistical gathering [fol. 6] or statistical work before coming to this——

A. Only self-taught, I would say. After all, I have been publishing Chain Store Age since 1925, 38 years, in the course of which we have had to publish a numerous selection of data in our publication. I am not speaking about directories, so I have constantly had the responsibility of supervising the work of those who actually do the compiling.

Q. You mean the writers and the reporters?

A. Writers, reporters, our research department. We have a research department.

Q. When did you organize your research department?

A. Well, it may not have been called a department. We always had somebody here that was competent to do research work.

Q. Do you have a research department?

A. Yes.

Q. When did you organize the research department?

A. Probably four or five years ago we called it a department—no, it is longer than that. We have had it for about 11 or 12 years. The head of it has just retired and left us. I know he was with us 10 or 11 years so we have had it at least as long as we have had him.

Q. Does he have a pretty free hand in conducting the [fol. 7] research of his department?

A. Fairly free hand, yes.

Q. You leave it up to his judgment as to what to do?

A. Yes. He was a man of great background, graduate from the school of—Harvard School of Business, Yale University. That was his field.

Q. Rather than your field, it was his field?

A. I am talking about his particular job. I don't do the job of everybody in this organization, naturally.

Q. Business Guides publish directories. Do they publish directories for chain stores?

A. Yes, that is all they publish.

Q. Just for chain stores? When did the Business Guides first start publishing a directory of supermarket and grocery chains?

A. Well, the business was started by an individual before it became affiliated with us, and his experience goes back I believe to 1936.

Q. When did it become affiliated with you?

A. Oh, about 17 or 18 years ago.

Q. Referring to the Los Angeles metropolitan area, how large a field force do you have out there?

A. We only have one circulation man.

Q. One circulation man?

[fol. 8] A. Who covers the area.

Q. What area does he cover?

A. California.

Q. The whole state of California?

A. Yes.

Q. What are his duties?

A. To solicit subscriptions.

Q. To your magazine?

A. Yes.

Q. Does anyone subscribe to your magazine other than a grocery chain?

A. Oh, yes. I mean if an independent wanted to subscribe—we don't solicit the subscriptions from other than grocery chains but we don't deny anybody that wants to buy it.

Q. Do suppliers also——

A. Certainly.

Q. How many subscriptions do you have in the State of California?

A. Oh, I couldn't break it down that way, although our ABC Report which gives a complete breakdown of our circulation would give the exact data. If you want it I can get it from our circulation department.

Q. What would the ABC report show?

[fol. 9] A. It would show the number of subscribers to each of our various editions. You know we publish Chain Store Age in various editions. One for grocery store chains, variety store chains, drug store chains, restaurant chains and so forth. It would show the total circulation for each of those editions, specifically now the supermarket and grocery edition. It would give you a breakdown by states of the number of subscribers in each state, it would give a breakdown of classifications of what businesses they are in, whether they are store managers, store executives, independents, voluntary chains, manufacturers, miscellaneous, and so forth.

Q. When you set up the directory of supermarket and grocery chains for a given year, what specific data do you put into the directory?

A. Well, this is a continuous operation. For instance, we have just got off the press our 1963 directory of supermarket chains. Right now we are starting to compile the material, day by day, from all the sources from which we get such material, to be used when we go to press at the end of this year. This is to cover current changes that come to our attention from any source, to verify the material we had in the last edition, and then long before we get ready to go to press we send questionnaires to every chain listed [fol. 10] in the directory with a clip out of the material we published in the last edition, ask them to make any changes or corrections or additions.

That would go to the big chains with the list of all their buyers and so forth and even to the fellow of two or three store chains.

Q. Do you ask them to return those lists to you with the questions?

A. Yes, it is a questionnaire they fill out. We ask them for the locations of each of their stores.

Q. Do they return the questionnaires if there is no change?

A. Well, I wouldn't say they all do, no.

Q. How many questionnaires did you send to the Los Angeles metropolitan area last year?

A. Well, that I can't answer of my own knowledge because I didn't take care of that.

Q. You don't know that?

A. No.

Q. You wouldn't know then what percentage of response you got from those questionnaires?

A. Well, no, I don't know. To answer specifically I don't know what percentage. I think it is a very great percentage, but in the case of those who do not respond we then use [fol. 11] the telephone, we keep after them until we get whatever information is available. We don't rely exclusively on the questionnaire, of which I believe there are two or three mailings at intervals before the final date.

After we get no reply from a company, and I understand we never fail to get a reply from all fair-size companies, like Safeway or Alpha Beta or anything like that, they give us complete information to go in our directories.

Are you familiar with our directories?

Q. No. Do you have a directory? Maybe we can look at them.

A. Yes. This is the 1962 directory which forms the basis for the data in my statement. You see it is arranged geographically.

Q. You publish the Chain Store Age and Chain Store Directory, grocery chain store. Do you also publish a drug store chain directory?

A. Yes.

Q. What other types of directories do you publish?

A. We publish a department store directory, restaurant directory, variety store directory, a directory of coopera-

tive and voluntary chains, a directory of discount store houses.

Q. How do you determine what constitutes a grocery [fol. 12] chain?

A. Of course, we have no other than the ordinary understanding, census understanding. A store with more than 50 per cent of its gross—of its sales are in groceries or predominantly groceries.

Q. Do you ask these people what——

A. No, I don't know whether we ask them that so specifically, but we don't have to ask Safeway whether they were a grocery firm, do we?

Q. No——

A. These things are common knowledge.

Q. I was thinking of Louis Stores, Inc., Bay Shore Station, Oakland.

A. Well, we have the basis of our original report. It comes from a field man. He will say, "A grocery store has been opened at such and such an address by so and so and he has a second store which is opening next week."

From that basis we conclude he is a chain.

Q. If he acquires a second store?

A. Yes, I say if he opens or acquires another store. We wouldn't put him in until he has two stores.

Q. How would you determine whether he is a grocery store or a butcher shop, for example?

A. If it were a butcher shop we wouldn't put it in. It all [fol. 13] depends upon the source from which we get it. If it is by visit, on actual visit, we rely upon our own salesmen who knows what kind of a store he is in. If it is a newspaper clipping—incidentally, I didn't mention among our sources we have a very big newspaper clipping service, and if a newspaper clipping from a local newspaper says that, "John Jones opened his third grocery store at such and such a place," we do take that—we don't take it for granted because we then send a questionnaire to the address.

We don't pick up these things by hearsay. We write to the company direct, to the individual direct. I assume that if he didn't have a grocery store why he would say, "I am in the drug store business," or whatever business he is in. There is nothing mysterious about that.

Q. What percentage of responses do you get on these questionnaires that you mail?

A. I think a great percentage.

Q. Do you know?

A. I don't know.

Q. Does anybody here know?

A. Yes, I imagine so. The man that supervises the preparation of the mailing, Mr. Torpy, the head of the research department of the Business Guides.

Q. You don't know?

[fol. 14] A. No.

Q. What newspapers do you clip in the Los Angeles metropolitan area?

A. All of the newspapers. We don't clip them ourselves. We subscribe to clipping service bureaus who clip local newspapers all over the country for us. Several clipping services.

Q. What services are they?

A. Well, I haven't had much contact with them myself, but—I mean in recent years, but I think Luce is one of them. That is one of the big ones. I don't know who the others are.

Q. You say that one of your sources of information are the cooperatives. What cooperatives do you get information from in the Los Angeles metropolitan area?

A. Oh, I think—I know we have got it from Certified.

Q. What kind of information would you get from Certified?

A. A list of their members.

Q. A membership list?

A. Yes, and also Spartan's which is a subsidiary.

Q. What information do you get on that membership list?

A. Only the—all that we are interested in is whether the [fol. 15] same man has more than one store.

Q. That appears from the information——

A. The membership. His name appears. It will give us the name of the man, John Jones, and if we have John Jones in two different addresses, why we use that as the basis for sending a questionnaire to him. Don't forget, the information we get is not picked up and used just as we get it. We use that as the basis for further inquiry. We keep a card index of every name that is in that directory and all of the other directories. We have a case history of every

one of those companies from the time they first appeared, came to our notice.

Q. You say you have a field force of one man in California?

A. I said our field subscription man, yes.

Q. What is his name?

A. Offhand I couldn't tell you.

Q. Where is he located?

A. He probably works from Los Angeles.

Q. Do you know him?

A. I can find out. I don't know offhand. We have a staff of so many people I don't remember the names of them.

Q. Do you have a subscription man in Oregon?

A. I don't know. It could be a man from San Francisco [fol. 16] could cover that.

Q. Do you have a man in San Francisco?

A. I don't know. I will have to check those things. We only have 12 altogether covering the country.

Q. The same man covers the whole State of California?

A. Yes, and possibly the other western states. I mean the Pacific coast states.

Q. He might be located in San Francisco rather than Los Angeles?

A. I think—it might be, yes.

Q. Might he also cover states like Arizona, New Mexico and Nevada?

A. Yes.

Q. Would it be correct to say that your directory, insofar as it relates to the Los Angeles metropolitan area, is based upon information which you get from this one subscription man, from the newspaper clipping service and from the membership lists of Certified and Spartan?

A. No, it wouldn't, because that wouldn't include the newspaper clipping services——

Q. I mentioned the newspaper clipping services.

A. Did you include trade papers?

Q. No, I didn't. We haven't talked about trade papers [fol. 17] A. I mentioned before, Supermarket News.

Q. What do you get from trade papers?

A. The opening of new stores.

Q. The opening of new stores by the major chains. If John Jones acquires a small grocery store in an adjacent

neighborhood, it is likely it would not be noted in the Supermarket News?

A. If it isn't noted we wouldn't get it. We only get what is noted, and that applies to trade papers, newspapers or any other source. What appears in these books is what we do get. I can't tell you what we dont' get.

Mr. Vaughn: You also didn't mention the questionnaires which he has testified to.

The Witness: That is to verify the leads. Let's call all this stuff what we have talked about as providing leads for entries in our books. We follow them up in various ways by questionnaires, and so forth. Once they appeared in our book in one edition we don't let them get away very easily without finding out whether they should appear in the next edition. The first step, as I said, is to send a questionnaire two or three months before.

That is followed up, I believe, in reasonable time, maybe six weeks later, by a second questionnaire.

[fol. 18] If that fails to bring in the response on way or the other we use in important cases long distance telephone. We have to in the case of California.

Q. If you don't get a lead you can't send a questionnaire?

A. That is right.

Q. The leads come from the field force, from the trade publications, from the newspaper clipping service and from Certified and Spartan?

A. Well, there may be other—I am quite sure there are other voluntary chains and cooperatives operating in that area.

Q. Which ones?

A. I don't know them but I say there are others operating in California and Los Angeles.

Q. You don't know whether they make their records available to you or not?

A. I don't know, no.

Q.Have you ever made a tabulation of the number of chains in the Los Angeles metropolitan area based upon your statistics or your directories for anyone other than the defendants in this case?

A. No.

Q. This is the first time you have done this?

[fol. 19] A. Yes. That is right.

Q. Have you ever made a tabluation in terms of the total number of stores or chains in the United States for anyone other than the defendants in this case?

A. Yes.

Q. For whom have you done this?

A. Well, we have done it. We haven't done it for anybody else. I made a study of the national situation to publish in Chain Store Age, and it appeared in January 1962. That was the basis for the request which came from Von's for us to make a specific study covering the Los Angeles area. If we could make a similar study as the one we published in January 1962, they thought it would be useful to them in this case.

Q. What years were covered by the Chain Store Age article?

A. 1952 to 1961.

Q. For every year?

A. No, just the terminal years. We took the 1953 directory and analyzed it and broke it down and compared it with the 1961 directory for Los Angeles, which first came later on, the study was made later.

We were able to use 1953 as the starting point but in that case we took all the intervening years too. We made [fol. 20] a study of each directory from 1953 to 1962 inclusive. That is a ten year span, so each—the directory for each of those years for the Los Angeles and Orange Counties was analyzed and compiled into a master list.

Q. You say "for 1953." When you referred to 1953, which directory do you use?

A. I am using—those references are to directories. They would really refer to the previous year. In other words, the 1953 directory would reflect the conditions that prevailed in 1952, and so would the 1962 directory, it would relate to the data we compiled during 1961.

Q. Would it be fair to say that essentially this Table 1 in your affidavit actually reflects 1952 through 1961?

A. That is right. 1953 to 1961, that is correct.

Q. 1952 and 1961?

A. I beg your pardon.

Q. It would be 1952 and 1961?

A. That is correct. Let me correct my answer regarding

the national study. The first year was the same. The 1953 directory was it. The 1961 was different in the Los Angeles study.

Q. That Table 2 would actually reflect 1952 and 1960?

A. That's right.

[fol. 21] Mr. Vaughn: You are now referring to Table 2 in Mr. Lebhar's affidavit, are you not?

Mr. Coyle: Correct.

Q. How many subscribers did you have in the Los Angeles metropolitan area in 1962?

Mr. Vaughn: Subscribers to what?

Mr. Coyle: Grocery Chain Store Age.

A. I couldn't tell you offhand and I wouldn't guess a number. We have it in our ABC report which is the audit by the ABC Bureau, and that is correct.

Q. Is that broken down by Los Angeles metropolitan area?

A. Oh, no. I though you were referring to California.

Q. Do you have a record broken down by the Los Angeles metropolitan area that would show your total number of subscribers in the area?

A. It could be that our circulation department arranges its addresses by cities. I think it probably does, but that would have to be obtained. I wouldn't have that.

Q. Does it ever happen that you will get a new subscriber and find that he has been a chain for ten years?

A. Well, I suppose it could happen. I don't know that it ever has.

Q. That would be a new lead? Would it ever happen [fol. 22] that he had been a chain for two or three years?

Mr. Vaughn: I object to your question as speculative.

A. No.

Q. Do you know whether you ever get subscriptions from people who have been chains for a number of years?

A. Put it the other way and I think you have the answer. We don't have a subscription today from many a chain that is in existence. I wouldn't say "many," so naturally when we do get the subscription for the first time we are getting a subscription—we are talking about a magazine now—

from a chain which had been in existence for a number of years before we got it.

Q. You also get new leads when you get these new subscriptions?

A. That is true.

Q. Have you ever revised any of your directories to show these chains which were actually in existence but you didn't have a lead on them?

A. They were probably in the directory long before we got the subscription. We use the directory information for the basis of getting subscriptions.

Q. Do you get subscriptions from chains that weren't in your directory and had been in existence?

[fol. 23] A. It could happen, but I don't know.

Q. You don't know whether or not you do?

A. I don't know whether or not we ever got a subscription from a chain which had been in existence for some time whose name did not appear in our directory. I don't know that that ever occurred.

Q. You don't know one way or another?

A. No, I don't know that it did or it didn't.

Q. Do you know what percentage of all the chains in the Los Angeles metropolitan area appear in your directory?

A. Well, we hope that they all do. When you are talking about chains you are talking about two or more stores, aren't you.

Q. Yes. But you never made a door to door canvass or area canvass to determine what percentage of coverage you had in your directories?

Mr. Vaughn: I will object to the question as assuming a fact not in evidence, namely that not all of them are in the directory.

Mr. Coyle: I will rephrase the question.

Q. Have you ever made a door to door canvass or census in the Los Angeles metropiltan area to determine whether you have all of the chains in the area in your directory?

A. No, we haven't.

[fol. 24] Q. In this study that you made for the defendant Von's Grocery, I believe you said that you had made it for every year between—you have listed 1953 but that is really 1952—and 1961. I wonder if you could tell me the number

of chain stores in operation in the Los Angeles metropolitan area for each of those years starting with 1953.

A. I am afraid I will have to do some work on it. I've got the master list but we would have to add them all up. You see what we did, the first thing we did when we undertook this job was to analyze the directories for each year from 1953 to 1962, inclusive, listing from each directory the names of all chains in the area with two or three stores. They were ten separate lists. Those ten separate lists were then amalgamated to give us that master list.

Q. What were those ten separate lists?

A. Ten separate directories. The question you have just asked me was as to whether I could give you the total number of chains for each of those intervening years. Well, we didn't add them up because it wasn't required for these tables.

Q. What do these figures indicate here, "3/3"?

A. That means three stores of which three were supermarkets. The first figure is the number of stores. It wouldn't necessarily all be supermarkets. They could have [fol. 25] a small store.

Q. What do you define as a supermarket?

A. Our definition has changed through the years as the market has changed. I believe for our directory purposes we don't regard as a supermarket a store that does less than $10,000 a week, which would be $520,000 a year. If it's volume is less than that we would not regard that as a supermarket.

Q. Do you apply the same definition in every part of the country?

A. I think so, yes.

Q. Have you observed a trend toward larger and larger supermarkets in the United States?

A. Very definitely.

Q. Have you ever compared your count on the number of chain stores in a given area to Bureau of Census figures?

A. No, I haven't. I mean—in this connection, you mean?

Q. Yes.

A. No.

Q. Have you ever compared your count with any source material or any reference material to determine its accuracy?

A. If you are asking me in connection with this study [fol. 26] that I made, no, because the sole purpose of this study was to take the data we had, analyze it and report what it showed. That is all we did. We didn't go beyond that.

Q. It showed the total number of listings that you had based upon the leads which you got from this one man field force, from the trade publication, from the newspaper clippings and from the cooperatives?

Mr. Vaughn: I will object to the question as improperly summarizing the evidence and asking this man to trace a half hour's evidence and summarize it in one question, which you tried to do before.

Mr. Coyle: I am asking him what sources of leads he has.

Mr. Vaughn: You have asked him before. The question has been asked and answered at least twice before.

Q. Did you understand the question?

A. I'd like him to repeat it.

(The question was read.)

A. (Continuing) Not entirely from that. We have other sources.

Q. What other sources?

A. Information that comes to us from people in the trade.

[fol. 27] Q. From word of mouth, you mean?

A. Yes, word of mouth. We have Dun and Bradstreet's reports, which we check. One thing I didn't mention which takes a lot of space in our organization here, we have the telephone directories from every little community throughout the United States, including not only the A. T. & T. directories, but even the independent telephone companies. Not only A. T. & T. telephone, the big companies. We go through that with a fine-tooth comb.

Q. Go through what?

A. The telephone books, to check names and addresses and telephone numbers because you will find that our directories include the telephone numbers.

Q. I am looking at page 4 of your tabulation, a notation showing that a chain of four stores called the Desert Fair first appeared in your 1956 listing.

Would you make any check in that situation to deter-

mine whether or not that chain may have been in existence prior to the first listing?

A. No, we would have no occasion to do that because, after all, the directory we had published for previous years was already in existence. We couldn't change it.

Q. If that firm had been in existence your previous years would have been understated?

[fol. 28] A. That is quite correct.

Q. Another instance. Fine's Food indicates four stores in 1956 and no previous indication of any stores, and Foodland Markets indicates four stores in 1955, no previous indications.

Mr. Vaughn: Is that part of a question?

Mr. Coyle: I am just saying that is so.

Mr. Vaughn: I would move to strike Mr. Coyle's testimony in that respect.

Q. Referring to page 6 of this work paper and calling your attention to the notation for Garvey Markets, could you tell me what that notation indicates to you?

A. That in the 1954 directory we listed Garvey Markets with five stores, including two supermarkets.

Q. Do your directories or your records indicate whether Garvey Markets was in existence as a chain prior to 1954?

A. Neither prior nor subsequently. If it is not listed in our book we have no information about it.

Q. Did your follow-up questionnaire indicate what happened to Garvey Markets?

A. That I couldn't answer about a specific case.

Q. Would it be shown on this master list if it had indicated what had happened to them?

A. No. The fact that it does not appear in a subsequent [fol. 29] edition of the directory is reflected in my comments on the disappearance of some chains that are included in this entire list of 270 companies represented in this list

Q. You would assume that Garvey Markets is out of business?

A. We assume. We have no information, and I so state in my affidavit. We have to assume where we could get no further information from them, or in some cases, further

work sheets would show in some cases that we did receive information that they liquidated or sold their stores.

Now, it could be that in that particular case I can give you the answer. Garvey Markets. We have no information as to what became of them. Our records do not disclose.

Q. May I see this document you have just referred to?

A. This is a breakdown of all this material.

Q. You would assume in the case of Garvey Markets that Garvey Markets came into existence in 1954 and went out of existence in the same year?

A. I would not assume that at all. I would assume that in preparing our directory for 1954 we had information that Garvey Markets was operating five stores, of which two were supermarkets. Whether that information was correct or not I don't know. It came from the same way we get most of our information stuff, which is 99¾ correct, [fol. 30] we believe, and from then on we don't know what happened.

Q. You used the term "99¾ correct." You made no statistical study?

A. No, I am using that——

Q. In a layman's sense, not in a statistician's sense?

A. Only by—let's put it this way. We assume that our lists are correct to a very great percentage otherwise we wouldn't sell $500,000 worth of these directories every year.

Q. Your total sales are $500,000 a year?

A. Yes, for the directories.

Q. Does that include your drug store directories?

A. Other drug store directories too, department stores, all of them.

Q. How much do the directories cost?

A. I think this grocery one—they vary in price. You will find it in the front of the book. It is $40. The department store one would be $50. It depends really upon their thickness, but I think we publish no directory that costs less than $25. That is for the nation. We also publish directories taken from the national for individual states, and they may sell for $2 or $3 or $12.

Q. They all go into this $500,000 total?

A. That's right.

[fol. 31] Q. How many grocery directories do you sell in a year?

A. Well, I'd have to hazard a guess. We have the actual number, of course, but I would say probably 3,000.

Q. 3,000 directories?

A. Yes.

Q. In the whole United States?

A. Yes.

Q. How many directories would you say in the Los Angeles metropolitan area?

A. I don't know. We don't sell them to chains, don't forget. We sell them to suppliers. The directories are not sold to chains. The chains themselves are not interested in having a directory of chains. We sell them only to manufacturers and suppliers.

Q. When you referred to the 3,000 that you might sell in the grocery trade, was that including these various state directories?

A. Yes, that is an innovation of only the last two or three years and I don't think those individual state sales amount to more than a few thousand dollars a year.

Q. Could you get for us a count of your total subscription list in the Los Angeles metropolitan area?

A. You are speaking of Chain Store Age now.

Q. For Grocery Chain Store Age.

[fol. 32] A. Yes.

Q. I would like that for every year covered by your study so we will see the movement. The first year and the last year.

Mr. Vaughn: You want the number of subscriptions he has to Chain Store Age?

Mr. Coyle: Yes, by grocery chains.

The Witness: I couldn't get it for Los Angeles. Again I was thinking of states because the ABC statement is broken down by states.

Q. Let's get it for California.

A. For California, and I will see how far back we can go.

Mr. Vaughn: I don't know that I see the materiality of that.

A. I have found for 1962, the 1961 and 1960.

Q. Are those the only years you have them for?

A. Well, we have them but I thought after you see what

it is it may not be useful to you at all. I don't know. I see in California we had 3941 subscriptions in the year ending 1962. For the year 1961, California subscriptions amounted to 4080. That one will indicate what it was for 1960.

Q. For the record, would you state what it was for 1960? [fol. 33] A. Yes, 3967.

Q. Referring to this document which you have identified as an ABC report which is marked "For the six months ending December 31, 1960," could you again tell us how many subscribers to your grocery edition of Chain Store Age you had in State of California?

Mr. Vaughn: To which I will object on the grounds of irrelevancy. It doesn't seem to me that subscriptions to Chain Store Age have any relevance to this question at all.

Mr. Coyle: I think it will prove to be relevant.

A. The number of paid subscribers we had in California for the November 1960 issue was 3967. You will note a comment here that this is not an average of the circulation for six months, because, naturally, it does vary, and the notation further says that "Total paid circulation of this issue was .10 per cent less than the average total paid circulation for the period."

Q. Referring to the ABC report for the six months ending December 31, 1961, could you tell us what your paid circulation was?

Mr. Vaughn: Same objection.

A. I would like to state first for clarification that ABC [fol. 34] stands for Audit Bureau of Circulations, which is a national organization supported by national advertisers, advertising agencies and publications for the purpose of taking an audit of the circulation of publications which bases their advertising rates on their claimed circulation.

This is an outside auditing organization for which those publications who are willing to submit to it have to pay a very substantial fee to send in their auditors once a year or twice a year and make a complete audit of all the subscriptions we claim to have, how many are in arrears and how many are truthfully paid. Answering your question, I would say that the circulation, the paid circulation of the

November 1961 issue of the grocery edition of Chain Store Age in California was 4080.

That, according to the notation of the audit was .28 per cent less than the average total circulation for the six months period.

Q. Now I wonder if I could trouble you to get the ABC reports for 1953 and 1954?

A. I'll see if I can get them. I don't know whether he has got those back that far. He probably has his original working papers if he doesn't have the blue sheets. ABC has nothing to do with the sales of our directories so we don't have any such records of that at all. All we would [fol. 35] have would be total sales of directories for each year as a business report, but we certainly wouldn't have it broken down by Los Angeles and it would have no relevance because they are sold to suppliers.

Q. Your leads come from your subscription lists?

A. No, only partially.

Q. I know.

A. Partially.

Q. It does come partially from your subscription list?

A. Partially.

Mr. Vaughn: When you say "subscription list," you are meaning subscription list to the magazine Chain Store Age?

Mr. Coyle: I want to ask the witness that question.

Q. The leads that come from your subscription list, what subscription list do they come from?

A. Chain Store Age Grocery list.

Q. That is where your leads come from?

A. Yes. In other words, our directory division has access to all the data that the publications compile, which would include new subscriptions. In other words, it is one organization and all the data that one compiles is available to the other.

[fol. 36] Q. Then I do want what I originally said, your subscription, your total number of paid subscriptions in the years 1952 and 1953, if you could get them for us.

Mr. Vaughn: I don't think you have to do that, Mr. Lebhar. I don't see the materiality of it and if you know from your own knowledge whether they were greater or less or what they were, you can answer the question.

Mr. Coyle: Let him get it. It will only take him a minute to get it. We are here——

Mr. Vaughn: No.

Mr. Coyle: The witness has testified that this is one of his sources of leads, and I just wanted to see how big a source of leads it was in 1952.

Mr. Vaughn: Maybe you can——

A. I could hazard a guess that it probably isn't five per cent source of our leads.

Q. It is not five per cent of the source of your leads?

A. Less than five per cent. I would hazard that guess. It is a very minor source of leads. After all we don't get so many new subscriptions in the course of a year.

Q. How much of your subscriptions go up during the period 1952 and 1962 in the Los Angeles area?

A. That I wouldn't say offhand.

[fol. 37] Q. They have been increasing?

A. Oh, yes. Whether in this particular state or not, I don't know, but I would say our total circulation has increased every year since we have been in business.

Q. There is no reason to suppose that it hasn't been increased in California?

A. I would be pretty sure it has.

Q. And in the Los Angeles area?

A. Yes. Except, in one particular—let me qualify that. You see, we publish our grocery edition in two editions; one for store managers and one for executives.

One we call the Executive Edition and the other the Store Manager Edition. Through the period of years we have been discussing, the number of chain stores has declined and therefore the number of copies going to store managers would tend to decline over that period.

Q. The number of chain stores has declined?

A. Certainly.

Q. In the Los Angeles area?

A. Yes.

Q. You say in the period between 1953 and 1962 the number of chain stores in the Los Angeles area has declined?

A. Well, probably not in the last ten years. I was going [fol. 38] back. I mean with the trend toward biggers stores, the number of grocery stores has declined, and that has had some effect on the number of copies going to chain units.

Now, it could be that that trend has changed so that in 1962 compared with 1953, a particular chain might have almost as many units as it did in the previous time. In some notable cases like Safeway we know that they have fewer units in the Los Angeles area than they had in 1952.

Therefore, the number of copies of the managers' edition that goes to Safeway managers would be fewer today than it was then.

Q. Those copies that go to managers wouldn't be a lead for you anyhow because you already have Safeway?

A. No, that is why I say the leads that we get from our subscriptions are relatively unimportant.

Q. They are five per cent of your leads, you say?

A. I say I don't believe they would exceed five per cent.

Q. What per cent of your leads would you get from the trade publications?

A. Well, I am not going to attempt—that would be pure speculation. I don't know. I don't do the work myself.

[fol. 39] Q. Wasn't it speculation when you said "five per cent"?

A. I did say it was speculation. I said I would hazard a guess, and that is only a guess. It is not an accurate figure.

Q. It would be specultion for you to say where the majority of your leads come from?

A. I wouldn't want to speculate as to which was the greatest. They come from so many different sources I don't know what proportions come from each source.

Q. Referring to page 7 of your work sheet and the notation for Hughes Markets, I wonder if you would tell us what the notation shows with respect to Hughes Markets in 1955 and 1956?

A. It shows that our directory for 1955 did not include Hughes Markets but that our directory for 1956 included Hughes Markets having four stores, of which all were supermarkets.

Q. Would you assume from that notation that Hughes Markets was not a chain prior to 1956?

A. That would be guessing. I don't know the history of it. I know that Hughes came out of Fitzsimmons I think originally, and it could be that he started opening four stores fairly rapidly. He was an experienced chain store man.

[fol. 40] Q. That is what your study would——

A. If you are asking me, I don't know. I am assuming how I would account for the fact that Hughes was operating four stores in 1956 and our directory showed him operating none in 1955. At least we didn't include him. He might have been operating four for the last 20 years. It could be that we missed him entirely, but I know that wasn't the fact because I happen to know the man and I know he was with Fitzsimmons' chain. I think I am right on that. Then he started in business for himself.

Q. Your records wouldn't show the precise year when he opened as a chain?

A. I think it would. I think our card index on this market, the case history that I tell you we obtain on each one of these companies would give us the whole story.

Q. The case history that you used to prepare that sheet showed that Hughes Markets wasn't operating as a chain in 1955, and that is the type of case histories that you based your study on, is it not?

A. I don't get the import of your question.

Q. Is the case history that you used to prepare this table as it relates to Hughes typical of the case histories that you have used to prepare——

A. That I don't know. I haven't got the case history in [fol. 41] front of me so I don't know whether it is typical.

Q. Is this the case history?

A. No. When I refer to the case history I am referring to the card index we maintain of each one of these companies. Now, that card may disclose when Mr. Hughes opened his first store. He may have opened it in 1954. He may have opened it in 1953. I doubt it but he may have. It will tell the story as we have it to justify why we have him listed in 1956 as operating four stores.

That is what our case history would disclose.

Q. But if he were operating two or more stores prior to 1956 your study would be in error as to that situation, would it not?

A. If it didn't include that it would be in error. That is two assumptions. Number one, that he was operating two or more before that and number two, that we didn't include it.

Q. You haven't included it?

A. We haven't included it.

Q. That is definite, you didn't include him before——

A. That is right, yes.

Q. Referring to page 5 of your work sheet, could you tell us what page 5 shows as to Fine's Food and Foodland Markets?

[fol. 42] A. Referring to Fine's Food our directory for 1956 listed it as a chain with four stores of which two were supermarkets, then located in Sun Valley but later in Los Angeles.

Q. With respect to Foodland Markets?

A. The reference to Foodland Markets indicates that our directory for 1955 listed it as a chain operating four stores of which four were supermarkets.

Q. With respect to both of these listings——

A. They were the earliest entries.

Q. They were the earliest entries——

A. In our directories.

Q. You don't know whether they were operating as chains prior to that time?

A. No. I don't.

Q. Referring to page 6 of your work paper, could you tell us what your work paper shows for the Great A & P?

A. Great A & P shows—let me say did show when the paper was prepared no information whatever but later a notation was put on it to indicate that in 1953 A & P was operating 17 stores in the Los Angeles area, of which 17 were supermarkets, and in 1962 they were operating 21, of which 21 were supermarkets.

Q. Would that——

[fol. 43] A. That is in addition to the work sheet that was not taken from the directories.

Q. Would that indicate that your directories have not shown A & P in the Los Angeles metropolitan area?

A. I might not have given the number of stores. That is what I am talking about. It might have listed A & P.

Q. Do you know whether it did or didn't?

A. Well, look at 1962 and you will see. Directory for 1962 lists A & P as operating 29 stores in eight California counties. It does not specifically say how many were in Los Angeles and Orange Counties, so this information was

obtained from some other source. It was not in the directory.

Q. Do you know what source that information was obtained from?

A. That I can't tell you at this time.

Q. Who made this work sheet up?

A. Mr. Torpy, Joseph Torpy.

Q. Is you affidavit based upon this work sheet?

A. Yes.

Q. You didn't make the work sheet up?

A. No.

Q. Who is Torpy?

A. Joseph Torpy is the head of the research department [fol. 44] of the directory division.

Q. He would know where that material came from but you don't know where it came from?

A. No, this is my notation, not his. The work sheet, the photostat as you see it, all the markets on it were put on by me, not by Torpy.

Q. Did you supervise the preparation of this work sheet?

A. No. Indirectly; he is the head of the research department and I asked him to make the analysis, which he did, and we checked the names of the individual cities to see whether they were in the two counties involved.

Q. You have never done anything like this before?

A. Yes, we did do it in the 1962 for this article on the national picture.

Q. But not for a local area?

A. No.

Q. Referring to page 8 of the work sheet, could you tell us what page 8 shows with respect to Kory's Markets?

A. It shows that our directory of 1955 showed that this company was operating five stores in Los Angeles at that time, of which five were supermarkets.

Q. Does it indicate that Kory's was not operating as a chain prior to that time?

A. It does not indicate that it was not operating as a [fol. 45] chain but it indicates that our directories prior to 1955 did not include it.

Q. It was not reflected as a chain prior to 1955 when you——

A. Not in these directories.

Q. Or in your affidavit?

A. No. My affidavit is based entirely upon what appears in this master list.

Q. Your affidavit would show Kory's Markets as a new entry with five stores in 1955, would it not?

A. New entry in our directory, yes.

Q. You would reflect it as a new entry into the market in your affidavit?

A. No, I would not—you mean talking about in breaking down the list?

Q. Yes.

A. Yes, certainly.

Q. Referring to page 10 of your work sheet, can you tell us what the work sheet shows with respect to Pix Markets?

A. It showed that our directory of 1960 listed them as operating 13 stores in the area.

Q. Did it show Pix prior to 1960?

A. No.

[fol. 46] Q. Would Pix be reflected in the table that you incorporated in your affidavit as a new entrant with 13 stores in 1960?

A. Yes, new entry in our directories and my comments are based entirely upon what our directories show.

Q. Based upon your experience, is it somewhat unusual for a chain to spring up with 13 stores?

A. Well, it has been unusual in the past, but with the bantam type of operation coming into the picture in recent years it wouldn't be unusual at all to see a company open 10 or 15 right off the bat. There it involves a small investment.

Q. Referring to page 11 of your work sheet, can you tell us what the notation is for the S & K Markets?

A. That in 1955 our directory for that year listed them as operating two stores, both supermarkets, and that—that is all the work sheet itself lists, but I have a notation on that that they were later sold to Pix.

Q. In what year were they sold to Pix?

A. I don't know.

Q. Did you make the notation?

A. Yes, I made this notation. But, that probably came from our data we have in the office. In other words, we went through every one of these names to find out what

[fol. 47] became of them, and if our case history that we have on S & K Markets disclosed that they were sold to Pix, presumably it was in the first year in which they didn't appear in our directory as a separate entity.

Q. Would it be in the first year they didn't appear or in the last year they appeared?

A. It would probably be in the first year. After all if they were sold to another company there wouldn't be a hiatus. I assume that they were sold the year following their appearance as a separate entity in our directory.

Q. Referring to page 13 of your work sheet can you tell us what that page shows with respect to Tops Markets and U-Tel-Em Markets?

A. It shows with reference to Tops Markets that our directory for 1954 indicated that they were operating four stores, of which four were supermarkets, and the entry for 1956 shows that they were operating two stores of which two were supermarkets and that thereafter they did not appear in our directories.

Q. What was the first entry shown for Tops?

A. 1954. It showed four stores.

Q. Do your records indicate that they made a new entry in 1954?

A. My records——

[fol. 48] Q. Do they show that they were not operating as a chain prior to 1954?

A. It shows that this was the first time that we discovered them. What was the other one, U-Tel-Em?

Q. U-Tel-Em.

A. Our directory for 1954 listed them as operating six stores, of which six were supermarkets, and they appeared in each directory for each of the successive years until 1957, inclusive.

In the last year they were indicated as operating ten stores and a notation, not the work sheet but a notation shows that in 1957, in February 1957 they were sold to Mayfair.

Q. Your work sheet indicates also, does it not, that U-Tel-Em was not operating as a chain in 1953?

A. 1953, correct.

Q. Referring to your affidavit, to page 6, you state I believe that in the period covered by your affidavit, that is in

the period between 1952 and 1961, that two firms with ten or more stores merged with other concerns. Is that correct?

A. What paragraph are you referring to?

Q. The top paragraph.

A. Yes.

[fol. 49] Q. Referring to page 3 of your work sheet and calling your attention to Clark's Markets, can you tell us what it shows as to the termination of Clark's Markets?

A. The work sheets show nothing but the notation on it added subsequently indicates that in 1958 Clark's Markets were sold to Food Giant.

Q. Was Clark's Market a chain of ten or more stores?

A. Yes.

Q. Referring to page 7 of your work sheet, can you tell us what the work sheet shows as to the termination of the Iowa Pork Shops?

A. The work sheet itself showed that the last entry for Iowa Pork Shops was in the 1958 directory, at which time they were operating 11 stores. The notation on the work sheet shows that thereafter they were sold to Fox, and therefore did not appear in subsequent directories.

Q. That was a chain of ten of more stores also?

A. Obviously.

Q. Referring to page 11 of your work sheet can you tell us what it shows as to the termination of the Raisin Markets?

A. The work sheet itself showed that our directory for 1958 showed that that company was operating 13 stores, that thereafter it was sold to Alpha Beta—the work sheet [fol. 50] doesn't show that but the notation on it shows that. It was thereafter sold to Alpha Beta.

Q. Could you tell us what your work sheet shows on page 11 as to the termination of the Shopping Bag Store?

A. It shows that as of our 1960 directory they were operating 37 stores and the notation on the work sheet shows that thereafter they were merged with Von's.

Q. And they were a chain of more than ten stores?

A. Yes.

Q. I think you testified that the work sheet shows that the U-Tel-Em Markets were a chain of ten or more stores sold to Mayfair?

A. I don't know whether I testified to that but that is true.

Q. To recapitulate, your affidavit says that two concerns with two or more stores merged with other chains in the period?

A. I can't take that out of context.

Q. I want to know what it means.

A. You have to read the whole thing. I will have to read it all to tell you what it means. The reference to two chains merging with other concerns on page 6 of my affidavit does not imply or state or mean to state that only two chains merged with other concerns. The two chains that are re-
[fol. 51] ferred to in that statement were Jim Dandy Markets of Los Angeles, which were sold to Lucky in 1956 and Shopping Bag—they had ten stores at that time. They operated ten stores in 1953, and Shopping Bag of Los Angeles which operated 25 in 1953 and merged with Von's.

That is the reference to the two chains of the 25 which are listed as operating—of the 24 operating ten or more stores in 1962.

Q. Referring to page 7 of your work sheet, would you tell us what page 7 shows with respect to Jim Dandy?

A. It shows that in 1956 they were operating nine stores and that thereafter they became Lucky. They were merged with Lucky, presumably.

Q. How do you show these other stores in your tables here, the stores such as Clark's, Iowa Pork Shops and U-Tel-Em?

A. Let's see. Let's take one at a time and see what classification they are in, because that will tell me what table to look for.

Q. Take Iowa Pork Shops.

A. That is included as a chain which operated six stores in 1953 and were sold to Fox in 1958.

Q. Wasn't that a chain with ten or more stores?

A. No, not in 1953. This particular section is accounting
[fol. 52] for what happened to the chains that were in existence in 1953, and that is all it says.

Q. How many chains of ten or more stores were in existence in 1953?

A. In 1953 we had eight that were in existence in 1953 and in 1962, in both years. We had two that were in exist-

ence in 1953 but were not in existence in 1962, and in 1962 we had seven that were not in existence in 1953.

Q. Referring to page 5, the bottom of page 5 and the top of page 6 of your affidavit, you don't purport to show there the chains which entered what you call group 3 subsequent to 1953 and were acquired or otherwise left the grouping prior to 1962?

A. That is true. The statement covers just what it says it does. It covers only the chains with ten to 99 stores, the number of them that were in existence in 1953 and the number that were in existence in 1962, jumping from nine to 23, and accounts for who they were and how they came about, and it explains in detail how we arrived at 23 chains in 1962 in this category where there were only nine in that category in the 1953 directory.

That is all it purports to show. It doesn't cover anything more or anything less.

Q. I do not want to argue with you. It seems that in [fol. 53] some of these other discussions of group 2 and group 1 I think you do indicate which are the chains that entered the group and subsequently left?

A. Well, that may be another observation. These are observations. It could be somebody else studying this data could arrive at a lot more conclusions but these are the conclusions that I arrived at and I thought were pertinent.

Q. Referring to table 1, page 3 of your affidavit, does it show that there were 704 chains, according to your records and your figures, 704 chains in 1952, which you show for 1953, and that of those 704, 300 were chains of nine or fewer stores?

Mr. Vaughn: It doesn't show that.

A. No.

Mr. Vaughn: It shows 704 chain stores, not chains.

Q. A chain from two to nine stores would represent 42.6 per cent of all chain stores?

A. If that is the correct percentage. It is 300 out of a total of 704 in the year 1952 as represented by our 1953 directory.

Q. Then in the year 1962 chains of two to nine stores had

increased to 346 or 31.8 per cent of the total number of [fol. 54] stores operated by chains in the area?

Mr. Vaughn: I object to the question as argumentative.

Mr. Coyle: I am asking him if it is true.

Mr. Vaughn: I know you are asking him if it is true but you are asking him to perform a mathematical act here which he has not so far as I know heretofore performed.

Mr. Coyle: Would you mark this as an exhibit, please?

(Sheet entitled "Table 3" marked Lebhar Exhibit 1 for identification, as of this date.)

Q. I show you Lebhar Exhibit 1 and ask you whether this exhibit shows the total number of chains of two to nine stores and chains of ten or more stores shown on your table 1 in your affidavit.

Mr. Vaughn: You are now asking him about the figures in the line under "Number of stores," not the percentage?

Mr. Coyle: That is correct.

Mr. Vaughn: Does that conform with table 1 in the affidavit?

Mr. Coyle: Yes.

A. Correct.

[fol. 55] Q. If those percentages are mathematically correct, would it indicate that chains of ten or more stores accounted for a larger percentage of all stores operated by chains in the Los Angeles metropolitan area in 1961 than in 1952?

A. It would, with this qualification. That you will notice in the table that the chains with four to nine stores declined from 30 in 1953 to 22 in 1962, and the reason for that decline which is explained in the affidavit, I believe, was because many of them were promoted to group 3 by expansion, so with fewer chains in the smaller group you had more chains in the larger group and therefore the number of stores in—the increase of number of stores is accounted for in that way. The mathematics are there.

(Sheet entitled "Table 4" marked Lebhar Exhibit 2 for identification, as of this date.)

Q. Mr. Lebhar, have you ever undertaken to make a tabulation or a count of the total number of stores in the Los Angeles metropolitan area, whether they be chains or independents?

A. No, I haven't.

Q. You, from your own knowledge, don't know what the total number of chains——

A. No, I don't.

[fol. 56] Q. Referring to Lebhar Exhibit 2 for identification and also referring to Table 1 of your affidavit, does table 1 indicate that in 1953 there were 40 chains in the Los Angeles metropolitan area with four or more stores and that those 40 chains operated a total of 574 stores?

A. Yes, it does.

Q. Is this reflected in Lebhar Exhibit 2 for identification under the column "40 chains with the most stores"?

A. Correct.

Q. Referring again to table 1 of your affidavit, does this table show that in 1961, which you indicate as 1962 because of the date of the directory, 24 chains in the Los Angeles metropolitan area with ten or more stores were operating 739 chains in that area?

A. 739 stores, yes, it does.

Q. Referring to the first column of Lebhar Exhibit 2 for identification, and referring to the figures given for the total number of stores operated by all grocery stores, if the total number of stores operated by the 40 chains with four or more stores in 1952 is expressed as a percentage of all grocery stores operated in 1952, would the percentage be approximately 10 per cent?

Mr. Vaughn: You don't have to answer that, Mr. Lebhar, unless you can tell the reporter——

[fol. 57] A. Yes, I can say that that is approximately correct.

Q. Would the percentage of stores operated by the 24 chains with the most stores in 1961 be greater than the percentage shown for the 40 chains in 1953?

A. Yes, in——

Mr. Vaughn: I will object to the question. Obviously this is an argumentative exhibit and the question is therefore argumentative in that in the second column on your proposed Lebhar No. 2 you have listed all chains with four or more stores while you in the last column there have listed only chains with ten or more stores. You are comparing apples and oranges, in other words.

Mr. Coyle: We are trying to show that the 24 chains with the most stores in 1962 had a bigger percentage of all stores than the 40 chains with the most stores in 1953, and I think it is obvious from the tables submitted by the witness in his affidavit.

Mr. Vaughn: My objection still stands. Naturally he may answer the question.

A. (Continuing) The only way I can answer the question, if the figures for the total number of grocery stores operating in the area is correct, then the mathematical percentage of 739 in 1962 of the figure given is correctly [fol. 58] stated as 16 per cent, which is more than 10.3 per cent.

(Sheet entitled "Table 5" marked Lebhar Exhibit 3 for identification, as of this date.)

Q. Referring to Lebhar Exhibit 3 for identification, is the figure of 704 chains of two or more stores for the period 1953 or 1952 the figure which is derived from your affidavit?

A. Yes, sir.

Q. With respect to the figure 1085, is that a figure which was derived from——

A. That is also derived from it.

(Sheet entitled "Table 6" marked Lebhar Exhibit 4 for identification, as of this date.)

Q. Referring to Lebhar Exhibit 4 for identification, does your affidavit at page 4 show that there were 208 chains of two and three stores operating in the Los Angeles metropolitan area at some time during the period between 1952 and 1961?

A. It does. You specify two and three store chains?

Q. Yes.

A. Yes.

Q. Does it show that during that period 58 of those chains went out of business?

A. Yes.

[fol. 59] Q. Does it show that 12 of these chains were acquired?

A. Yes.

Q. Referring to Lebhar Exhibit 4, therefore, are those figures 58, 27 and 12 the figures reflected in your affidavit?

Mr. Vaughn: Isn't that argumentative? Either the answer to the question is yes or no depending upon what the affidavit says, and doesn't the affidavit speak for itself?

Mr. Coyle: It clarifies the affidavit.

A. No, I think it muddies the affidavit myself, because what I said was that the group 1 chains that we reduced to single stores were still in business and there are 27 of those, so that only 58 were out of business.

Q. I think that is what I have listed there.

A. You total these together whereas I separated them.

Q. Your affidavit does state that of the 208 chains operated at some time, during some time in the area two to three category, 97 are no longer operating as chains or are out of business, acquired or operating as single——

A. Yes, it says so in effect. It doesn't say so in so many words.

Q. Referring to the group 2 discussion in your affidavit at page 5 and to the portion of the Lebhar Exhibit 4 for [fol. 60] identification, does Lebhar 4 for identification in the column which reads "8, 1, 5 and 11" portray or describe it as happening in your discussion of group 2 on page 5?

Mr. Vaughn: May it be understood that I have a continuing objection to these questions on the ground that they are argumentative. I see one error right away.

A. Yes. I say two became single stores, not five. That is one error.

Q. Other than that two, that two are reduced to single stores rather than one——

A. Yes, I think that is correct with that one change.

Q. Referring to your affidavit, page 5, you state I think that five stores which had been in group 2 at some time during the period had dropped back into group 1 by disposing of certain of their stores prior to 1962 and then later you state that six stores or chains climbed from group 1 into group 2. Would this indicate that in the combined category of two to nine stores for the period 1953 through 1962 there were a total of 253 stores?

A. I couldn't come to that conclusion from what you just said, but I am not disputing the fact.

Q. What I have done is add the 208 to 56 and subtracted the figure 11 which is the six which climbed up and the [fol. 61] five which went back.

Mr. Vaughn: I am just not smart enough to figure out whether that is right or not right on the spot, to tell you the truth.

A. I am afraid I can't really clarify that because I would have to study these figures to answer it accurately. I assume that you have it right.

Q. Referring again to the stores which were listed in your discussion of group 2 in the four to nine store chain and were subsequently acquired, I think that the previous testimony brought out that some of those stores grew into chains of more than nine stores prior to the time they were acquired, isn't that correct?

A. Yes.

Q. Stores like U-Tel-Em?

A. Yes, I think it did, although I am not too sure whether any of those chains were in existence in 1953. Were some of them in existence or did they all come in after 1953, then get to the point where they had ten stores and they were then taken over. I am not too sure. I can probably——

Q. We have a chain like Raisin Markets. Raisin Markets is one example.

A. That was in existence in 1953, achieved a status of [fol. 62] 13 stores in 1958 and then was sold, yes. I don't know whether there are 11 of those. The 11 might have included some of those.

Q. The 11 would have included some of those?

A. Yes, it would have included those.

Q. Mr. Lebhar, in connection with your work do you ever make or prepare any estimates as to what percentage of total sales in the area are accounted for by chains?

A. No. We don't have occasion to. You are speaking about the area of Los Angeles?

Q. Yes.

A. We are not especially interested in Los Angeles. We don't even—we do it for the country at large, chain store proportion of sales for the country at large, we do that annually, but we don't do it for any specific district.

Mr. Coyle: I'd like to have this marked as Lebhar Exhibit 5 for identification. Lebhar Exhibit 5 is the work sheets which we have been referring to in the course of this.

The Witness: I referred to in my affidavit as the master list.

(Work sheets marked Lebhar Exhibit 5 for identification, as of this date.)

[fol. 63] Examination.

By Mr. Vaughn:

Q. Sir, you referred to Mr. Joseph Hughes as formerly being with Fitzsimmons. Just for the record, Fitzsimmons changed its name to Thrifty Mart, did it not?

A. It did.

Q. I would like to clarify again, if it is not already clear on the record that in your affidavit and with particular reference to the discussion heading group No. III on page 5 that what in effect you did there was to take the nine chains which were shown as operating ten or more stores in 1952, subtract from those nine the two which merged with other concerns prior to 1961 and then added to those seven chains the newcomers into group 3. Isn't that right?

A. That is correct.

Q. And it does not purport to show the chains which may have risen from group 2 to group 3 between 1952 and 1962 and prior to 1962 were acquired by other concerns?

A. That is right or disappeared for other reasons.

Q. Have you made any computation, sir, which would show what percentage of the stores opened by chains since 1953 were opened by one of the chains in group 3, that is, having ten or more stores in 1953, and what percentage were opened by chains which increased in size from group 2 to group 3 between 1952 and 1961?

[fol. 64] A. I did make some calculations, only this morning, to satisfy my own curiosity, and I found that chains with ten or more stores between 1952 and 1961 added 335 units to the 404 operated in 1952.

That figure is based, when we speak about opening stores, this is net result. They may have opened two stores and closed one, but I mean the total number of stores operated

by the chains with ten or more stores in 1952, according to our 1953 directory, had altogether 404 stores, whereas in 1961, as revealed by our 1962 directory, they had 335 more, which makes a total of 739.

Now, then, of these 335 stores which were added, 241 or approximately 75 per cent were added by group 2 chains or newcomers since 1953.

Another observation, the chains with ten or more stores increased—well, it is repeating what I said—from 404 to 739, again a gain of 83 per cent. Of these eight largest chains which were in existence both in 1962 and 1961 increased their number of stores from 369 to 465, a gain of 25 per cent.

The names of the chains involved and the figures are available on this compilation of mine.

Mr. Vaughn: I have no further questions.

[fol. 65] By Mr. Coyle:

Q. When you say "opened," you mean they show more stores? Some of them may be acquired?

A. That's right.

Q. Most of them might have been acquired?

A. That's right. It is immaterial for my particular purpose. I am talking about where the number of stores, 1085 stores shown in my table 1, where did they come from.

Q. When you refer to Safeway, is Safeway one of the eight largest chains?

A. Yes.

Q. Safeway shows a decline in total number of stores?

A. That's right, so it naturally effects the result.

Q. Is Safeway closing small stores and opening large stores?

A. I presume they are. Yes.

Q. It is common knowledge that that is what they are doing?

A. Yes, it is common knowledge. All the chains are doing that.

Q. These eight largest chains which you have shown as increasing by 25 per cent in number of stores, they would be opening the supermarkets rather than the smaller categories of stores?

[fol. 66] A. That would be true of all chains whether they have two or three or four to nine or whatever.

Q. Would it be true of Speedy Marts?

A. Well, unless they were bantam stores. But the trend towards bigger stores applies to them all.

Q. Some of these are acquiring stores. When they are acquiring stores aren't some of them acquiring smaller stores?

A. I don't under stand the question.

Q. In other words, when you compare the percentage of increase in total number of stores of the eight largest chains with the other chains in order to make it meaningful in terms of impact on the market, don't you have to know the size of the stores?

A. But we don't know it in either case so we assume that whether a chain has five stores today or 205 stores its newer stores will presumably be of the bigger type because that is the trend.

Q. Do you assume that this increase in total number of stores operated by the chains of ten or more stores results from building new stores rather than acquiring existing stores?

A. It results from both. Naturally if there had been any merger——

[fol. 67] Q. Isn't it a fact that a chain such as Bob's Supermarket as selling stores to firms such as Mayfair?

A. Will you show me the reference?

(Document handed to witness.)

That is not a chain of ten or more stores.

Q. But they are selling stores to Mayfair which is a chain of ten or more stores?

A. Yes.

Q. So Mayfair is growing by acquisition?

A. That is true.

Q. There is no way of knowing what the size of Bob's Supermarket is, whether it is a $250,000 a year store or a $2 million a year store?

A. No way of telling it from the statistics, the size of any store.

Mr. Knight: This is your handwriting here in pencil? Did you write this up?

The Witness: No.

Mr. Knight: I am a little confused. I thought you stated on the record that you were working just this morning and you had prepared this.

The Witness: That's right. I was working on this material this morning because this list was a comparison which Mr. Von had made himself without all these figures or any [fol. 68] of this stuff on it.

Mr. Vaughn: That is my handwriting on it in pencil.

The Witness: He is telling me that he had tested my list against his information and it checked out, so I had this list and then I made this compilation myself this morning before I came here.

Mr. Vaughn: I will certainly stipulate that the handwritten part there is my own. The pencil marks are my own.

The Witness: The names of the chains, that is all you had.

Q. When you referred to the eight largest chains you are referring to the eight largest chains in terms of total number of stores operated?

A. Yes.

Q. Was that the eight largest in terms of total number of stores operated in 1953 or in 1962?

A. 1953.

Q. You have checked this table with your master sheet?

A. Yes—well, from my material taken from the master sheet, yes.

Q. When you refer to chains as newcomers since 1952, you are referring to them in terms of your exhibit? They [fol. 69] appeared as newcomers on your exhibit?

A. That's right. That is correct.

Q. You include as newcomers firms such as the Speedee Marts which you show?

A. Yes, newcomers to the area.

Q. I wonder if you could find Speedee Mart for me on this master sheet.

A. No, we couldn't find it because they are not listed in our Los Angeles—this is only a list of Los Angeles chains and Speedee Mart, Speedee Mart has its headquarters outside of Los Angeles.

Q. How did Speedee happen to be on this list?

A. Because they operate stores in the area.

Q. Why aren't they on your master list?

A. The master list includes only those chains which have headquarters in the particular cities that are in the county. That is what our directory shows.

Q. I don't understand this at all. I don't see why Speedee is on this——

A. Well, I will show you. I think it is the same explanation I gave you when you queried me about A & P. You see A & P is listed in our directories for the number of stores it operates in that unit but they are not all necessarily in the two counties that we are interested in, so I [fol. 70] will have to get that from an independent source, how many were in. I think we will find that is true of Speedee too. That Speedee Mart is not included in our master list because it is not included among the chains which have headquarters in Los Angeles or in any of the cities in Los Angeles or Orange Counties.

Q. Do I understand you correctly as saying that your master list doesn't include chains whose heaquarters is outside the Los Angeles metropolitan area?

A. It includes it in the areas in which they—the directory—take Safeway for a good example. Safeway's headquarters is in Oakland. So, we don't call that a Los Angeles chain. But we do include in our compilation, not in the directory, the number of stores which Safeway operates in the counties in which we are interested.

Q. But you didn't include the Speedee Stores?

A. No.

Mr. Vaughn: I think I can clear this up if you would like for me to save a little time and right from the master list that we have been talking about.

Mr. Coyle: Let the witness do it.

The Witness: I state here at the end of the master list. Other chains with headquarters outside of the area operated stores in the area as follows:

[fol. 71] Lucky Stores, Speedee, Stater, U-Tote-Em. Their headquarters are all outside of the two counties. Page 14 of the master list.

Q. You show Lucky Stores with 16 supermarkets. Is that correct?

A. It shows Lucky Stores operating 16 markets in the area.

Q. Is that supermarkets in the area?

A. Yes.

Q. What kind of stores was Speedee operating?

A. I believe bantam stores, aren't they?

Q. What is the dollar sale of a bantam store?

A. It could be $300,000, $500,000, it could be any amount, depending upon how successful it is.

Q. Wouldn't that make a supermarket under your——

A. Not necessarily, no. A supermarket involves the number of the items carried, the size of the store and many other things.

Q. You say that Speedee wasn't listed in 1953 but was listed in 1962. It is not listed in 1963 or 1962.

Mr. Vaughn: You are arguing with the witness. You don't have to answer that question.

Mr. Coyle: I am asking him.

Mr. Vaughn: You made a statement.

[fol. 72] A. I said that Speedee wasn't listed in our directories as operating stores in Los Angeles or Orange Counties in 1953 and it was not listed in our 1962 directory as operating stores in those counties. This information that is found on page 14 of the master list came from an independent source.

Q. What independent source?

A. From our data that we have in our offices here.

Q. What year did those 27 Speedee Stores begin operating——

A. That I don't know.

Q. They may have been operating in 1953, as far as your records show?

A. Yes, but I don't believe they were. As far as this record shows, no. I am sure our own records will show when they came into the picture.

Q. The same is true of the Lucky Stores. Your records don't indicate when the Lucky Stores came into the area?

A. No. The master sheet doesn't. I won't say that our records don't.

Q. The master sheet that you used in preparing these exhibits?

A. That's correct.

Q. And you used this master sheet to prepare this?

[fol. 73] A. And which is supplemented by other data I obtained from our regular files.

Q. Referring again to this slip of paper from which you have been testifying, this paper shows the Lucky Stores and the Speedee Stores as opening up in the Los Angeles metropolitan area subsequent to 1953, does it not?

A. It would indicate that in 1953 we didn't have them listed.

Q. But it wouldn't be indicated from your work sheet, it would be indicated from this sheet of paper that Mr. Von wrote out and showed you?

A. The fact that it wasn't in the work sheet would indicate that they weren't in the area in 1953. As a matter of fact, I am just looking up Lucky Stores in the directory, and that is listed in San Leandro. That is where their headquarters is. They operate stores in Arizona, California and Washington.

Naturally, we don't include them in our listings when we come to discuss chains operating in—with headquarters in Los Angeles and Orange Counties.

Q. Could you look up Safeway in your listing?

A. We don't list Safeway as being in Los Angeles, under the geographical heading of Los Angeles. We say that they occupy a division office operating 190 stores in the follow-

[fol. 74] ing states and counties. California, about half a dozen or a dozen states, Nevada, and so forth. This is not an entry that would appear in our master list showing the number of chains with headquarters in the counties that we are interested in.

Q. As a matter of fact, in your master list, did you or did you not treat Safeway differently than you treated Lucky Stores and Speedee?

A. No, I didn't. I treated them exactly the same. The master list had no data for Safeway. As I say, that was inserted later as you can see by the red ink figures.

Q. From some outside source?

A. Yes.

Q. You did have beginning data on Safeway?

A. From some outside source. The master list shows no more information about Safeway because its headquarters are in Oakland than it shows about Lucky because its headquarters are in L[illegible]idro. They are identical treatment.

Q. But you got more information on Safeway from this outside source?

A. Yes, I did. It could be for all I know that Speedee was not operating in 1953.

Q. You don't know?

A. I don't know.

[fol. 75] Q. It may or may not?

A. I rather think it wasn't. I think it is a relatively new chain myself.

Q. But you don't know?

A. No.

Mr. Coyle: I have no further questions.

By Mr. Vaughn:

Q. Sir, don't you have some further information about Lucky in the master list?

Mr. Coyle: You are leading the witness. It is your witness.

Q. I'd like you to refer to your master list and specifically page 7 and the entries behind the name Jim Dandy. Does that tell you anything about when Lucky entered the market?

A. No, it only tells me when Lucky acquired the Jim Dandy Stores. They might have been in the market. I am not sufficiently familiar with their history. They might have been in existence before they acquired the Jim Dandy Stores.

Q. That entry "New Lucky" doesn't mean there is a new entry in this market for Lucky, I take it?

A. No.

Q. Do you know whether Mayfair has acquired more stores than it has sold in the last decade?

[fol. 76] A. I couldn't say offhand.

Q. Finally, referring to the piece of paper which we have referred to here on which appears my handwriting and yours, I gave this to you, did I not, Mr. Lebhar, yesterday

to merely show some work that I had done to confirm the work that you had done?

A. That is correct.

Q. Did I ask you to make any computation based upon anything that I had handed you?

A. I do not.

Q. Did I suggest any change?

A. You did not know anything about it until I mentioned it here.

Q. Did I suggest any change be made in what you were going to say today by reason of anything on this piece of paper?

A. No, sir.

Q. And any impression to the contrary which may have been created by Mr. Knight or Mr. Coyle's questions is inaccurate, is that correct?

Mr. Coyle: You should not characterize us——

Mr. Vaughn: You characterized me, Mr. Coyle, and I will characterize you. I have nothing further. Mr. Lebhar, [fols. 76a-77] would you stipulate to waiving the signing of your deposition in this case with the understanding that counsel will review it and if they regard it as accurate they will waive your signature also and stipulate to that waiver?

The Witness: I so agree.

(Whereupon, at 12:40 p.m., the deposition was closed.)

[fol. 2249] IN UNITED STATES DISTRICT COURT

Transcript of Proceedings—June 14, 1963

DEFENDANTS REST

Mr. Vaughn: Defendants rest.
The Court: Does the government have anything?
Mr. Coyle: Yes. We have two witnesses.
The Court: I see it is almost 10 after 11:00.
Are your witnesses here and ready?
Mr. Coyle: Yes, your Honor.
The Court: Suppose we take a 10-minute recess.

(Recess taken.)

[fol. 2250] The Clerk: I have marked Plaintiff's Exhibits 83, 84 and 85 for identification.

(The exhibits referred to were marked Plaintiff's Exhibits 83, 84 and 85 for identification.)

Mr. Coyle: Your Honor——
The Court: All right.
Mr. Coyle: If your Honor please, I think as part of the defendant's case, we would like to offer the deposition of Ray King.
Mr. Alsup: Roy King.
Mr. Coyle: Roy King, who is one of the defendant's witnesses. We didn't offer the deposition at the time his affidavit was offered through inadvertence.
The Court: Now wait a minute. You are confusing me, you say one of the defendant's——
Mr. Coyle: One of the defendant's witnesses.
The Court: One of the defendant's witnesses.
Mr. Coyle: Yes, your Honor. So we ask that that be recorded in the transcript.
The Court: Well, I will reopen the case.
Mr. Vaughn: We have no objection, your Honor, to the deposition of Mr. Roy King being copied after his affidavit.
The Court: All right. The reporter will do that.
The Clerk: I don't find the original.

DEFENDANTS' EXHIBIT BB

IN UNITED STATES DISTRICT COURT

AFFIDAVIT OF ROY KING

STATE OF NEW YORK,
County of New York, ss:

ROY KING, being first duly sworn, does hereby depose and state as follows:

I am a sales and marketing consultant to the food industry. Prior to October 1961, I was the Editor of Food Topics, the nation's largest supermarket trade journal, and the Editor of Food Field Reporter, the nation's leading grocery manufacturer business journal. I was also Vice President of Marketing of both Food Topics and Food Field Reporter.

For 12 years, I operated a supermarket of my own. I have also developed a shopping center and worked in the New York City produce market. I have performed consulting services for such organizations as:

H. C. Bohack Co. (large L. I. chain)
National American Wholesale Grocers Association
United States Wholesale Grocers Association
Grocers Wholesale Cooperative of Des Moines
National Association of Transportation Advertising
Flickinger & Company Wholesale Grocers
Cooperative Food Distributors of America
Red & White Convention
Associated Grocers of Oklahoma
Associated Grocers of Kansas City
Associated Grocers of St. Louis
Point-of-Purchase Advertising Institute
British Columbia Grocers Association
Iowa State Retail Grocers
Massachusetts State Retail Grocers
Associated Grocers Cooperative of Atlanta
New England Sugar Company Convention
San Francisco Advertising Club
New England Wholesale Grocers

The University of Wisconsin's Advanced National Seminar
The Lansing Food Distributors in Lansing, Michigan
The Kalamazoo Food Distributors in Kalamazoo, Michigan
The Grand Rapids Food Distributors in Traverse City, Michigan
The Traverse City Food Distributors in Traverse City, Michigan
The Canadian Wholesale Grocers Association
The Flint Food Distributors in Flint, Michigan
The Detroit Food Distributors in Detroit, Michigan
The Toledo Food Distributors Association in Toledo, Ohio
The Michigan Food Dealers Association
The Associated Grocers of Colorado
The Allied Food Club of St. Louis
American Association of Advertising Agencies
Packaging Institute
General Foods Packaging Clinics
American Marketing Association
Book Publishers Council

I have written extensively on problems of interest to retail grocery companies and their suppliers. Recently, I was awarded the Sylvania Electric Company's award for outstanding service to the food industry.

In 1957 and 1958, a group of qualified and trained research personnel of Food Topics, under my supervision and direction, conducted a survey and analysis of the retail grocery business in 17 metropolitan areas. They were New York; Long Island; Detroit; Pittsburgh; Charleston, South Carolina; Chicago; Minneapolis-St. Paul; Miami; St. Louis; Houston; Kansas City; Atlanta; Syracuse; Denver; Washington, D. C.; Montreal, and Los Angeles.

In the course of these surveys, extensive interviews of retailers, wholesalers, suppliers and representatives of food associations were conducted. Statistics were gathered from all sources deemed significant at the time. Ultimately, reports were made of the findings of the Food Topics staff. Those reports appeared in article form in

various issues of Food Topics and were later reissued in a separate publication entitled, "Food Topics Visits Major Marketing Areas", (Exhibit —). The results of Food Topics' survey insofar as they relate to the Los Angeles metropolitan area may be summarized as follows:

1. *The retail grocery business in Los Angeles is exceptionally healthy, dynamic, vigorous and growing.*

2. *No chain or group of chains can claim dominance of the market.* In 1958, Safeway, the area leader, had only about 10% of the market in terms of sales. The leading 39 chains enjoyed only approximately 56%. Compare these statistics to Detroit, for example, where the five largest national chains have approximately 52% of the market; or Pittsburgh, where A & P alone has 25.6% of the market and the leading three chains claim approximately 50%; or Chicago, where in 1958, such national chains as National Tea Co. had 224 stores, Jewel Tea 173, A & P 191, and Kroger Co. 89; or Kansas City, where four chains do 57% of the grocery business; or Atlanta, where five national or regional chains control almost 70% of the market.

3. *Independents and smaller chains are competing effectively and doing evry well in Los Angeles, primarily because of their affiliation with strong cooperative buying organizations.* Food Topics' surveys across the country show that even in areas dominated by chains, the key to the success of independents seems to be the relative strength of cooperative buying organizations. Where such "co-ops" are strong, independents are strong. Where co-ops are relatively weak, so are the independents. For example, in Atlanta, where 5 chains control 70% of the market, independents are still competing quite successfully. The obvious reason is the independents' affiliation with Associated Grocers, a good retailer owned cooperative. Additional examples of independent strength through affiliation with cooperatives can be found in Kansas City, Chicago, Miami and other cities. Likewise, statistics show that in the past few years, the greater increase in grocery store volume and net profits (both indications of superior merchandising ability) has occurred in stores operated by independents affiliated with large, aggressive cooperative movements. In Los Angeles, we found Certified Grocers of

California, a retailer owned wholesale grocery company which is the largest and possibly the most successful organization of its kind anywhere in the country. While cooperative buying is almost an innovation in many areas, Certified has been a strong factor in the Los Angeles market for 35 years. Most of the areas largest chains had their beginnings as members of Certified. In 1958, Certified had 967 members who in turn operated 1,468 stores, and Certified's subsidiary, Spartan Grocers, had a membership of 1,271, operating 1,306 stores. In addition, orange Empire Co-op, a large and growing voluntary cooperative doing business in four states and sponsored by A. M. Lewis, Inc., had 1,014 member stores in 1958. I estimate that 65% of all of the stores in Los Angeles and Orange Counties are affiliated with a cooperative buying organization. As a result, independent grocers, concerns with 1, 2 or 3 stores, are successful in Los Angeles. In the words of one of them, "We've never had it so good." In addition to the advantages gained from cooperative buying, and the other services rendered by organizations such as Certified, the independent has other advantages, such as being able to cut out supervisory and other overhead expenses and the ability to move more quickly and easily to meet local competitive conditions than in the case of a chain. Also of considerable importance in an area such as Los Angeles where new communities are springing up and new residents coming in every day, and where by and large, people have no lifelong or immutable buying habits, is the independents' ability to deal with customers on a personal level, to become an active participant in community affairs and to gain thereby the friendship and loyalty of nearby consumers. But for whatever reason, it is obvious that independents have prospered in Los Angeles, and there is no reason to expect that they will not continue to do so.

Since Food Topics visited Los Angeles, Von's and Shopping Bag have merged. I have given considerable thought to the possible effect of that merger in the light of my knowledge of the grocery business in Los Angeles. I have reached the opinion that the Von's-Shopping Bag merger could not possibly affect the competitive situation in Los Angeles adversely. First of all, few Von's stores were located close enough to a Shopping Bag store to draw

customers from the same area. Hence, there was very little competition between the two companies. Second, I cannot see how the merger of those two concerns could adversely affect the competitive opportunity of smaller concerns, particularly in view of the strength of the independents in the Los Angeles area. I know of no reason why an independent could not compete as effectively against Von's now as it did against either Von's or Shopping Bag before the merger. Finally, I am firmly of the view, in light of all the circumstances prevalent in the Los Angeles area, that the merger in question will not lessen the vigor of competition in grocery retailing or lead in any way to dominance of the market by any chain or group of chains.

Roy King.

Subscribed and sworn to before me this 17 day of October, 1962

Olga A. Shackel, Notary Public, State of New York, No. 31-8930550. Qualified in New York County.

Commission Expires March 30, 1964

[fols. 1-2] DEFENDANTS' EXHIBIT BB

IN THE UNITED STATES DISTRICT COURT

No. 336-60 CC

[Title omitted]

Deposition of ROY M. KING, taken on behalf of the Plaintiff, at Room 806, Federal Building, Los Angeles, California, commencing at 2:15 P.M., Friday, May 24, 1963, before Harold M. Leibovitz, C.S.R., Notary Public, pursuant to oral stipulation.

* * * * * * *

[fol. 3] ROY M. KING, having been first duly sworn, deposed and testified as follows:

Direct examination.

By Mr. Hughes:

Q. Mr. King, would you state your full name for the record, please.

A. Roy M. King.

Q. What is your home address?

A. 15 Calla Court, Rockville Center, Long Island, New York.

Q. What is your business address?

A. 100 East 42nd Street, New York City, New York. Roy King Associates.

Q. In what business are you engaged?

A. I am in the food marketing consulting business.

Q. What type of marketing consulting do you do?

A. We consult with food firms, suppliers to the trade, grocery retailers, discount houses, drug operations. Anybody that has a stake in the distribution of a product, packaged food products. Primarily through food stores or drugstores or discount operations where food store operations are involved.

Q. Do your clients come from any particular section of [fol. 4] the country?

A. No. They are reasonably national. I mean national in the broad sense of the word.

Q. What other background have you had in this marketing consulting field?

A. Ten years as editor in chief of Food Topics and Food Field Reporter, which circulationwise are the largest food trade papers in the food industry. And 12 years with my own markets, as a market operator in Long Island, Country Garden Supermarkets.

Q. That was prior to your going with Food Topics?

A. Yes.

Q. Are you still associated with Food Topics?

A. No, I am not.

Q. Is Roy King Associates associated with Food Topics?

A. No, they are not.

Q. What was the date that you left Food Topics?

A. Officially October 1, 1961.

Q. As Roy King Associates have you made any marketing research studies in the Los Angeles area?

A. No, we have not.

Q. Have you made any——

A. Excuse me. You are referring to now Roy King Associates?

Q. That's correct.

A. No.

[fol. 5] Q. Since October '61.

A. No, sir.

Would you please define what you mean by "marketing surveys of the Los Angeles area"? We have occasion for many clients to advise with respect to particular marketing practices in various areas of the country. What do you mean by "marketing research in the City of Los Angeles"?

Q. Have you been——

A. I want to answer this in full honesty. I am not trying to——

Q. Let me state it this way. Have you had any clients which were engaged in the marketing of groceries in the Los Angeles metropolitan area since October 1961?

A. Presently engaged.

Q. Since October '61.

A. Or who were engaged? No. Well, I would have to take

that back. Yes, I do. I have a client who is engaged in marketing, the Coca,Cola Company.

Q. The Coca-Cola Company?

A. Yes. That is in the Los Angeles area.

Q. They are not engaged in the marketing of retail groceries.

A. No.

Q. What experience have you had in looking into the Los Angeles metropolitan area at the time you were with Food Topics magazine?

[fol. 6] A. Well, at that particular time—Again the question is rather broad, "experience." I have made numerous speeches concerning the distribution of food products in grocery stores in the Los Angeles territory. I have counseled with many suppliers directly located in the Los Angeles trade area.

For example, Carnation Milk Company comes to mind. Coca-Cola of Los Angeles, when it was owned by the Barbee Bros. here in the Los Angeles area. And, of course, we also did a rather thorough study on the Los Angeles market area with respect to food operations for the publication under the general title of "Food Topics Visits." Where Los Angeles, you know, was another market among many.

Q. Does your primary experience with the Los Angeles market, that is Los Angeles and Orange Counties, which is what we mean by the Los Angeles marketing area, consist of the data you obtained at the time you made this publication, "Food Topics Visits Major Marketing Areas"?

A. I am having a little bit of difficulty in hearing you, sir.

(Discussion off the record.)

Mr. Alsup: On the record, just to clarify something, Mr. Hughes, the publication you have just referred to is a composite publication of articles which appeared in a series of issues of Food Topics magazine. You are aware of that fact?

Mr. Hughes: I am aware of it now if I wasn't before.

[fol. 7] Mr. Alsup: I think it is indicated in his affidavit, is it not?

Mr. Hughes: Yes, it is.

Mr. Alsup: Page 3 of his affidavit.

Mr. Hughes: Q. Mr. King, my question to you was: Has your primary experience in the Los Angeles marketing area consisted of the tabulation of the data and other information which appears in this Food Topics magazine entitled "Food Topics Visits Major Marketing Areas"?

A. Again I am sorry but I don't understand this question. What do you mean by "major marketing experience"? I just want to be sure that I answer this question correctly. I would like to know the full import and what this question means.

Mr. Hughes: Will you read the question back, please.

(The reporter read the pending question.)

The Witness: I would have to weight that question and say it is one of many experiences I have had in Los Angeles.

Mr. Hughes: Q. Is this one of the more thorough studies which you have made of the area?

A. Oh, yes; oh, yes. It is the most thorough study we have made of the area.

Q. Have you your statement before you, "Affidavit of Roy King"?

A. Yes, sir, I have.

Q. On Page 3 you refer to "Food Topics Visits National [fol. 8] Marketing Areas." That is meant to be "Food Topics Visits Major Marketing Areas"; isn't it? Is this the same publication?

A. It should be "Major." Major marketing areas. I guess that is a misprint.

Mr. Knight: Rather than "National."

Mr. Alsup: While we are at it, Mr. King indicated to me that there was one other correction that he wished to make in this affidavit.

Mr. Hughes: Q. Would you like to make another correction on this affidavit for the record, Mr. King?

A. Yes, we would. I believe it's on Page 5 where it says, "In addition, Orange Empire Co-op, a large and growing voluntary co-operative doing business in four states and sponsored by A. M. Lewis, had 1,014 member

stores in 1958." "Los Angeles and Orange Counties" should be struck out.

Q. I recall that on Page 4 you have already corrected, 11 lines from the bottom of the page, the word "association" to read "associated."

Mr. Alsup: That was corrected in the copy that was given to you.

The Witness: Associated Grocers.

Mr. Hughes: Q. Have you ever lived in the Los Angeles area, Mr. King?

A. No, sir, I have not.

Q. Have you spent much time out here?

[fol. 9] A. Again, you see, Mr. Hughes, "much time" is a relative term. What do you mean by "much time"?

Q. How much time have you spent out here?

A. That would be hard to calculate. For a businessman in the East to come to Los Angeles six times a year, I would say that that is quite a bit of time, you know, where you would spend perhaps a week at a time, to me this would mean a lot or much. It may not mean much to you or somebody else.

Since 1952 I have visited for various business reasons the Los Angeles area, I would guess on an average of at least six times a year and I would say the entire West Coast would probably be more than that, maybe eight or ten times a year.

Q. On Page 34 of Food Topics——

Mr. Hughes: I might as well identify the article on Pages 34 and 35 of Food Topics magazine as King Exhibit No. 1 for Identification. I believe it is dated January 1, 1961.

(The document referred to was marked by the notary public as King Exhibit No. 1 for Identication and returned to counsel for the plaintiff.)

The Witness: May I just complete my statement?

As an afterthought, thinking about your term, "have I been here much, SAY IF I were here on an average of six times a year and I have been doing this since 1952, conservatively I would say that I had visited the Los Angeles [fol. 10] area approximately 60 times in the last ten years.

Mr. Hughes: Q. Did you personally come out to Los Angeles to make any part of the reporting which appeared in this particular article?

A. No, sir, I did not.

Q. When was this actual survey made?

A. Oh, dear, I don't have the exact dates. The actual survey was made, I believe—I want to be very careful about this. Can we go off the record for a second or not?

Q. Go ahead.

(Discussion off the record.)

The Witness: It probably either was November or December—To the best of my knowledge it is somewhere around December or November of '59. I don't have the exact date but we could obtain it for you.

Mr. Hughes: Q. That is the original article, not this publication.

A. No. You see, this particular publication was a compilation of all the articles we had done on various visits to markets around the country and was really—what appears here in this booklet is the exact text that appeared in the original article. And this was for the benefit of the trade, in order to make things easier, to give them a compiled book.

I do not, unfortunately, have the exact date that you are looking for.

Q. I was confused by the back page of this article which [fol. 11] has the date January 1, 1961 on it.

A. Well, that is—Where is that, sir?

Q. On the back cover.

A. Well, that refers to the date of this particular publication.

Mr. Alsup: I should state for the record, Mr. Hughes, that we know it was prior to March 25, 1960 because a copy of this article with reference to Los Angeles was introduced in evidence at the hearing held on March 25, 1960.

Mr. Knight: And this is a compilation of several articles which had been done; is that right?

Mr. Alsup: In various issues of Food Topics, which I have seen, in which there appeared articles relating to different marketing areas.

Mr. Knight: And here he has put them in one place.

Mr. Alsup: And the witness has testified that in January 1961 they culled out these articles from prior publications and put them into one book.

The Witness: For the benefit of the trade, that's all.

Mr. Knight: Thank you.

Mr. Hughes: Q. Mr. King, referring to this article on Page 34, who actually wrote the article for Food Topics?

A. The actual writing of the article?

Q. Who did the writing?

A. It was done by the editorial staff of Food Topics.

Q. Who did the writing? That is who accumulated the [fol. 12] information?

A. We had several reporters in the Los Angeles area reporting on this particular survey.

Q. Are these Food Topics reporters or newspaper reporters?

A. They are Food Topics reporters. They are employed and paid by us.

Q. What part did you play in the publication of this article?

A. I edited it. I performed the normal functions of the editor of a trade paper that any article would receive that would appear in the publication.

Q. I assume that you edited this entire edition of the Food Topics magazine.

A. When you say "edit," again we have a word, unfortunately, Mr. Hughes, that has a number of different connotations. We had an extremely large staff at Food Topics and Food Field Reporter. I had under my direct control and employ about 35 people, many of whom worked, you see, on this particular article in terms of writing, in terms of layout, in terms of artwork, in terms of other functions that would have to go into it in order to make it a readable article.

Q. Mr. King, what has your formal education consisted of?

A. I am a college graduate.

Q. Where did you graduate from?

[fol. 13] A. Penn State.

Q. When was that?

A. 1940.

Q. What degree did you get at that time?

A. Bachelor of Science.

Q. What did you major in?

A. Agriculture. Produce, specifically.

Q. Have you any other degrees?

A. No, sir.

Q. Have you had any further technical training in the marketing consultant field?

A. Technical training? I think I have the best training in the world—experience.

Q. Are you familiar with the strike which occurred in the grocery industry in Los Angeles in January 1959?

A. Yes. We reported partly on that strike.

Q. How long did that strike last?

A. The exact time of that strike? The exact time escapes me. The exact timing escapes but I believe—The exact time escapes me.

Q. If I suggest it was January 1959 and that it lasted for a period of a month, would you recall what effect that had on the retail grocery industry in Los Angeles?

A. Yes. We reported on that in this particular article. I turn to Page 36 and it says here: "But, the biggest surprise to most chain operators was to come in the post-strike [fol. 14] period. Today, almost a year since the end of the strike and the reopening of the stores, some of the larger chains have not recovered their pre-strike sales volume."

Q. Was that a big surprise to you that they had not recovered, based upon your experience in the grocery industry?

A. No.

Q. How long would you say it takes the grocery industry to recover from such a strike?

A. Again, you see, it is very hard to apply yardsticks to something like this. There are so many factors that enter into a picture and can affect a given situation that to categorically state it is going to take three months to recover, six months to recover, or a year to recover would be rather difficult to state. But I would like, if I may, to read on to you about this. May I?

Q. Go right ahead.

A. "Executives of these chains agree that it is difficult to regain lost volume. Some of this volume has gone to the firms which, open during the strike, introduced their new

customers to trading stamps. Some of the volume has been lost to home delivered milk and bakery products, which naturally enjoyed a huge increase in business.

"But even of more interest—and some surprise—to the operators of the huge 'chrome-plated' supermarkets is the amount of business retained by the medium-sized, well-managed stores that remained open during the strike period.

[fol. 15] "Some of the individual operators interviewed by Food Topics claimed that they are still ringing up as much as 7 per cent more business than before the strike, and they are getting it from customers who were pleased with their service and are continuing to shop in their stores.

"A fair estimate of the amount of business lost by the major chains during the strike, several executives agree, is 5 per cent. But, as one of the top chain executives said, 'Each dollar lost off the top hurts, and leaves a gap in net profits.'

"Many of the industry executives attribute the slow recovery of pre-strike volume to competition from new stores. However, hardly anyone complains of overbuilding."

But here is one of the most important things that I think should also be included. Walter Ralphs, one of the most important men in the food business in the United States, and certainly a leader in Los Angeles, said as follows, and may I quote this also?

Q. That goes beyond the strike part of this.

Mr. Alsup: It relates to the same thing.

The Witness: It is part of the contention, you know, and I think it is important. It is all under the same subject and it is very important. It casts a light on this whole thing.

Mr. Hughes: Q. Who are these people you are including?

Mr. Alsup: Let him finish his answer, please, Mr. Hughes.

[fol. 16] Mr. Hughes: He is reading someone else's quote, I believe.

Mr. Alsup: He has referred to Mr. Ralphs, he said.

The Witness: Yes.

Mr. Hughes: I object to your reading the testimony of someone else into the record.

Mr. Alsup: Now go ahead, Mr. King.

The Witness: "Walter Ralphs, Jr., one of the third generation Ralphs now guiding the area's oldest chain, told Food Topics:

> "'More fine stores are available to customers than ever before, both in absolute numbers and in ratio to customers. So the business is split up among more stores. But business, except for an individual store here and there, is very good.'"

Mr. Hughes: Q. You are quoting someone else?

A. I am quoting Walter Ralphs, Jr., who is one of the most respected men in this industry.

Q. In this article, then, Mr. King, Food Topic reports that over a year after the strike the chains were still feeling the aftereffects of the strike; is that correct?

Mr. Alsup: I object to the question on the ground that it states facts not in evidence, when you say "over a year." Let us quote it correctly.

Mr. Hughes: This apparently is a 1959 article originally. [fol. 17] Can you obtain the date of the original article for us, Mr. Alsup?

Mr. Alsup: I will be more than happy to.

Mr. Vaughan: It says, "nearly a year" in the article.

Mr. Alsup: It says "almost a year."

The Witness: Oh, boy, it is a good thing I am not a lawyer.

Mr. Hughes: Q. In your experience, Mr. King, is there anything about the Los Angeles metropolitan area which makes it different from other metropolitan areas throughout the country? For instance, is it more mobile?

A. Well, of course it is. Sure, there are differences.

Now, again, Mr. Hughes, I don't wish to net pick here but I would like to know: What do you mean by "more mobile"? More mobile than what or who or which?

Q. To your knowledge has the Los Angeles more people driving around in cars than most other parts of the country, from your own investigation?

A. To my knowledge—I have never made a study about

how many people ride around in cars in Los Angeles. I am no expert on this. I can give you an impression.

It would seem to me that looking at your freeways you've got a helluva lot of people moving around in automobiles. But I don't know if this is more or less than in other areas of the country. I can't quote you any statistics or figures on this. I can say that it looks like this might be the case [fol. 18] but I couldn't be sure.

Please don't misunderstand my attempt to answer your question to be snide or in any way disrespectful. I don't mean it that way at all. But I am accustomed to precise terminology, and unless I can get it I cannot answer a question intelligently unless I know that we are both talking about the same thing.

Q. Would you call this a fragmented grocery industry, Mr. King, as opposed to being concentrated?

A. Mr. Hughes, will you describe to me what you mean by the word "fragmented"?

Q. I am not answering the questions. I will rephrase it.

Mr. Alsup: If you are going to use the term, Mr. Hughes, you better know what you mean.

The Witness: How can I answer a question, sir, if I don't know we are both referring to the same terminology? "Fragment" to me means pieces.

Mr. Hughes: Q. Is this a grocery industry which is in many pieces as opposed to one being concentrated?

Mr. Alsup: By "this" you are referring to the Los Angeles metropolitan area?

Mr. Knight: Yes, sir.

Mr. Alsup: You are referring to all tiny pieces, Mr. Hughes, or tiny pieces plus bigger pieces?

Mr. Knight: Pieces the way he uses it.

[fol. 19] The Witness: I didn't use it in any other way.

Mr. Alsup: We will find out what Mr. Hughes means.

Mr. Knight: He said "fragments" menas "pieces" to him.

The Witness: Are you talking about large pieces, small pieces, medium pieces or in-between pieces?

Mr. Hughes: Let us go off the record a second.

(Discussion off the record.)

Mr. Hughes: Q. In your observation of the Los Angeles area have you observed that there is a trend towards concentration in the grocery industry, and by that I mean has the top ten grocery chains achieved the much larger share of the market than they had for several years back?

Mr. Alsup: I object to the form of the question on the ground that it is confusing and ambiguous. The time period is indefinite, the top ten is not identified and it assumes a trend in concentration.

Mr. Hughes: I will strike that question.

Q. Are you familiar with any mergers or acquisitions which have occurred in this market in the past ten years?

A. Yes.

Q. Can you name them for us?

A. Well, yes, I can name some of them. I am not sure I can name all of them. Von's-Shopping Bag merger was one. Let me see. I believe Alpha Beta-Raisin's was another within ten years. There were acquisitions of stores by Fox Markets, there were acquisition of store by—

[fol. 20] Q. Do you know what markets Fox acquired?

A. Which ones?

Q. Yes, sir.

A. Not offhand, no. There were some.

Q. What is the status of Fox Markets today?

A. Oh, they are bankrupt.

Q. Do you know any other acquisitions in the area in the past ten years?

A. Yes. It seemed to me that Greater American acquired stores in the last ten years.

Q. Who did they acquire?

A. Again I couldn't be specific as to which stores they were. They were individual stores. I know that they were acquired. Yor-Way, I believe, also acquired some stores. Again I couldn't be specific as to which ones without checking the record. That is about the size of it, I guess.

Q. Do you know if Food Giant has acquired any stores?

A. Acquired stores?

Q. Acquired or merged with.

A. It seems to me there have been some acquisitions there. Again I don't know specifically without checking our records which stores were acquired.

Q. You stated that Alpha Beta acquired Raising Markets a few years back. Do you know the status of Alpha Beta today?

A. Today? Yes. I believe Alpha Beta is controlled by [fol. 21] Acme.

Q. Do you know if Mayfair has made any acquisitions in the past ten years?

A. Offhand I don't know for sure.

Q. Do you know if McDaniels has made any acquisitions?

A. McDaniels has, I believe, acquired some stores.

Q. Do you know when Lucky Markets came into the area?

A. Yes. But that wasn't a merger. That was—I forget what the government terms this. It is an extension or something similar to this, or extension of market. That wouldn't be considered a merger. No more than, I would presume, that Food Fair acquiring some of the Fox markets would be considered a merger but rather an extension, you know, of an Eastern chain coming into the Western market.

Q. You mentioned that Fox Markets was bankrupt. Do you know the status of McDaniels Markets today?

A. They are also out.

Q. What happened to their stores, do you know?

A. As far as I know they—Well, I am not sure, you see. I am not certain as to what happened to them but all of this would seem to me to point up that there is a constant shifting and flow in this market. And what was big when we made this study, things change, times change.

Q. Mr. King, in your affidavit you state that 65 per cent of all stores in Los Angeles and Orange County are affiliated with a co-operative buying organization. To your [fol. 22] knowledge are the other 35 per cent of the independents affiliated with any similar type organization?

Mr. Alsup: I object to the form of the question on the ground that it is confusing and ambiguous. I don't know what you mean by "the other 35 per cent of the independents."

Mr. Hughes: Of the stores. Excuse me.

Would you read the question back, please.

(The reporter read the pending question.)

Mr. Hughes: Q. I would like to rephrase that question and ask you: To your knowledge to the remaining 35 per cent of the stores in Los Angeles and Orange Counties belong to any similar type of buying group?

A. To my absolute knowledge on the balance of the 35 I would have no way of knowing. This could not be determined unless we surveyed all 35 per cent.

Q. You stated in your affidavit, Page 5, or you infer that there are some advantages to be obtained from belonging to a co-operative buying group. Do you know what lines of grocery products can be purchased through Certified?

A. Oh, yes. I am well acquainted with Certified.

Q. What lines do they sell?

A. Primarily grocery and non-foods.

Q. Do they carry dairy products?

A. Some dairy products but not—Again, you see, you have to define these terms, Mr. Hughes.

Q. Do they carry liquid milk products?

[fol. 23] A. No, they do not.

Q. Do they carry ice cream?

A. No, they do not. However, you see a statement like this begs an answer. The important thing is that the Certified Grocery Company, probably today the world's largest co-op——

Q. Mr. King, I believe you answered the question.

Mr. Alsup: I don't believe he has. The witness is entitled to complete his answer.

Mr. Hughes: All I asked is: Do they sell liquid milk?

The Witness: Yes. You see, sir, in order to clarify this picture it is important——

Mr. Hughes: Q. They either sell it or they don't.

A. Yes, I understand that they either sell them or they don't. But it isn't necessary for them to sell it.

Mr. Alsup: Complete your answer, please, Mr. King.

Mr. Knight: Does Certified sell ice cream?

Mr. Alsup: Mr. Knight, there was a question pending and the witness started to answer it and he is not being permitted to answer it and I am not going to stand for harassment of the witness.

You may complete your answer, Mr. King.

The Witness: No, Certified does not sell ice cream per se

as Certified. But this is no problem to the independent who belongs to a co-op like Certified or Spartan or Lewis Grocery Company, or something like that, because in many in-
[fol. 24] stances where perishables are concerned, whether it be ice cream or whether it be produce or whether it be meats or whether it be certain dairy products not carried by the Certified warehouse, which has to be obtained through outside sources, these independents can outcompete the chain six ways from Sunday.

Now, if you would like to know why they can do this I can answer that too.

I take it nobody wants to know why. Yes or no? No?

My mother told me never to volunteer.

Mr. Hughes: Q. Mr. King, I would like to show you an exhibit which I believe has previously been identified as Dick Exhibit No. 3.

Mr. Alsup: I have an objection to this before any question is asked about it.

Mr. Hughes: Make your objection.

Mr. Alsup: I object to asking questions of the witness concerning an exhibit which bears no identification, the source and foundation for the figures not having been laid and containing a misleading label entitled "Changes In Concentration," and so on.

I have made my objection and now if you wish to ask questions concerning it in view of that objection, you may.

Mr. Huges: Q. Mr. King, would you look at this exhibit, which is Dick No. 3, and look at the share of the top 20 chains in the Los Angeles market for 1948 and 1958. What
[fol. 25] do you observe about their market share?

A. From——

Mr. Alsup: Just a minute.

I would like to ask a question on voir dire.

Mr. King, do you have any knowledge whether or not this exhibit is accurate?

The Witness: I wouldn't. You see, this is just the point that I was going to make here. It is amazing what you can do with charts, graphs, figures, et cetera. I would have to know—There are a few more pieces of information that I would have to know about this. Would you mind explaining what all this means?

Mr. Hughes: Q. Mr. King, I only asked you to look at the top 20.

A. Yes. Which are the top 20?

Q. The very top of the chart.

Mr. Alsup: Mr. Hughes, would you explain to Mr. King who the top 20 were in 1948 and who the top 20 were in 1958?

Mr. Hughes: I am not answering the questions here.

Q. I would like to explain to you that these figures supplied by the Bureau of the Census——

Mr. Alsup: Are you testifying to that, Mr. Hughes?

Mr. Hughes: These figures are not yet in evidence.

Q. The government believes that the top 20 chains in this Los Angeles area had 43.8 per cent of the market share of the grocery business in this area in 1948 and they had 56.9 [fol. 26] per cent in 1958.

A. The top 20?

Q. The top 20.

A. The same 20?

Mr. Alsup: Are you so stating, Mr. Hughes, that they are the same 20?

Mr. Hughes: Q. These are just the top 20.

A. You see, this——

Q. I haven't asked a question yet.

A. I mean what is implied here is erroneous research, sir. We have got to get something more specific than that. Are we talking about bananas and bananas or are we talking about apples and bananas?

Q. Mr. King, I am going to ask you one question. In your observation of the Los Angeles market between 1948 and 1958 have you made any studies or have you observed on your own or through your marketing service or your Food Topics work the fact that the top 20 chains have gone from 43.8 per cent to 56.9 per cent?

A. We didn't say that. But we have made studies and they don't agree with those figures completely.

Q. What have your figures found?

A. It seems to me that we said here that 39 chains, at the time this study was made, and on the chains on which we

reported, those 39 chains did 56.3 per cent of the business. That is what we show. Or we have estimated this.

[fol. 27] Q. What was your estimate based on?

A. These estimates are based on very, very competent sources. The sources used by every trade journal in the United States, business papers, and sources used by the Federal Trade Commission, for example, powerful local media. And in this particular instance these figures were supplied by the Los Angeles Herald Express.

Q. Have you any idea where the Herald Express got these figures?

A. Do I have an idea?

Q. Do you know where they got the figures?

A. Yes, we know where they get their information from. This is common knowledge. They get it by direct question and answer. And where they cannot get it by direct question it is estimated. There are various gauges that they use for this estimate.

Q. Do you know how many of these chains listed on Page 35 estimated their answers?

A. Sir?

Q. Do you know how many of these major chains or smaller firms listed on Page 35 estimated their answers?

A. Let me rephrase this, please, so I am sure I know what you are saying. Do I know how many of these chains listed on Page 35 estimated their answers to the Herald Express?

Q. Please.

A. No, I would have no way of knowing this. But this [fol. 28] would not be for me to question. This is an accepted source as is media in other cities around the country. We constantly use their figures and so do our competitors. So does the Federal Trade Commission, I might answer.

Q. On Page 5 of your affidavit, Mr. King, in the sentence where you previously made a correction referring to Orange Empire, you state that Orange Empire had 1,014 member stores in 1958.

A. Correct.

Q. To your knowledge how many of these stores were located in Los Angeles or Orange Counties?

A. No, we do not have an exact number of stores located in Los Angeles or Orange County. No, sir, we do not. But it

is a goodly share, depending upon what you mean by the term "goodly."

Q. That is your term, Mr. King.

Mr. Hughes: I have no further questions.

Cross examination.

By Mr. Alsup:

Q. Mr King, you testified that Fox made a number of acquisitions in the past ten years and then went into bankruptcy. You showed Fox Markets in 1958 as having the ninth largest share of the market; is that correct?

A. That's correct.

[fol. 29] Q. Do you know what happened to Fox Markets subsequent to that time?

A. Yes. They went into bankruptcy, as I said, and the stores were sold off.

Q. You saw McDaniels as No. 11 in terms of share of the market and you testified that McDaniels had made some acquisitions in the past ten years. What happened to McDaniels, if you know?

Mr. Hughes: That is No. 12.

Mr. Alsup: I stand corrected.

The Witness: Unfortunately they too overexpanded and as a result went bankrupt, stores disbanded and dispersed and bought up.

Mr. Alsup: Q. And you show Yor-Way as having the thirteenth largest share of the market in 1958 and you testified that it had made some acquisitions. Do you know what happened to Yor-Way?

A. Well, Yor-Way Markets unfortunately has the same similar history as both Fox Markets and McDaniels. To repeat, overexpansion, tried to get too much at one time and as a result went bankrupt and markets dispersed and bought up.

Q. You show Greater All-American having the twentieth largest share of the market in 1958 and you testified that Greater All-American had made some acquisitions in the past ten years. Do you know what happened to Greater All-American Markets?

[fol. 30] A. Yes. In the case of Greater All-American Markets I believe we showed in 1958 there were ten stores. Greater All-American, I believe, acquired some additional stores since that time and then retrenched. The exact numbers escape me.

Q. In response to a question by Mr. Hughes you testified that Acme Stores acquired the Alpha Beta chain. Do you know whether that was subsequent to the merger of Von's and Shopping Bag?

A. Yes, sir, I believe it was subsequent.

Q. Acme Stores is the nation's fourth largest chain?

A. Fourth largest chain.

Mr. Hughes: I object to your leading the witness.

The Witness: It is the fourth largest chain.

Mr. Alsup: Q. Do you have any knowledge as to whether the Department of Justice made any attack upon that acquisition of Alpha Beta by Acme Stores?

A. Made an attack?

Q. Yes. Challenged it in any way.

A. I believe it was questioned.

Mr. Alsup: Can we stipulate, Mr. Knight, that you were one of the persons who investigated that acquisition of Alpha Beta by Acme Stores and the decision was made by the Department of Justice not to attack that acquisition?

Mr. Knight: No, Mr. Alsup, we may not so stipulate.

Mr. Alsup: Q. You testified in response to questions by Mr. Hughes that Mayfair in you opinion had made some [fol. 31] acquisitions of stores in the past ten years. Do you recall that?

A. Yes.

Q. Do you have any knowledge as to whether or not Mayfair has sold stores in the same period?

A. They very definitely have. And their method of doing it has been to sell to employees, former managers, et cetera, putting them in business.

Q. Mr. King, Mr. Hughes asked you about any differences as between the Los Angeles metropolitan area and other metropolitan areas which you have stuidied and I ask you to refer to Page 4 of your affidavit and to the statement there: "Independents and smaller chains are competing

effectively and doing very well in Los Angeles, primarily because of their affiliation with strong co-operative buying organizations." I ask you whether you found strong co-operative buying organizations in other metropolitan areas which you have studied.

A. Yes. As a matter of fact the strong co-op and the strong voluntary, in my opinion and in the opinion of others who are authorieies within the food field, and I think you will find that this is without opposition by anyone in the food industry, that the co-op and the voluntary not only have been the salvation of the independent but the guiding light of the independent. Strong co-ops and voluntaries exist throughout the nation in varying degrees. From West to [fol. 32] East it unfortunately becomes progressively weaker.

We have a saying in the food industry, Mr. Alsup, that the Midwest—this is in reference to the independent—that the Midwest is 20 years behind the West Coast. Hoboken is 20 years behind the Midwest and New York City across the river from Hoboken is 20 years behind Hoboken. So the greatest growth and the greatest strength of the independent, any way you want to view this independent grocery picture, it is strongest here in the West.

Mr. Hughes: I move to strike the answer and object to the question because it is irrelevant to this case and deals with matters outside of the Los Angeles metropolitan area.

Mr. Alsup: You have made your motion and your objection.

I might add that the question which I asked was directly responsive to a question which you put to the witness, Mr. Hughes.

Q. Mr. King, you testified that among your many clients listed in your affidavit in the grocery business are various food firms.

A. That's correct.

Q. Are your consultant to any gas companies?

A. Yes, I am.

Q. What gas companies?

A. Shell Oil Company.

Q. What service do you render to that company?

A. Well, the Shell Oil Company is undertaking as a [fol. 33] matter of policy——

Mr. Hughes: I object to this question, which is outside the scope of the case.

Mr. Alsup: Q. Complete your answer, Mr. King.

A. The Shell Oil Company feels that one of the ways to enhance the sale of gasoline and oil products is through the integration of gasoline and oil with certain kinds of food stores, basically the bantam type markets. And the Shell Oil Company will be in this type of an operation on a test basis very shortly and if the test is successful will expand this to other areas in the country.

Q. What role, if any, will you have in those markets?

A. We have been contracted to establish these stores, run them, staff them, manage them and affiliate them with the proper co-ops and voluntaries around the country because of our strong belief in their growth.

Q. What grocery items are planned to be sold in these bantam grocery stores?

A. Convenience items. Anything that would come under the term "convenience" we plan for our initial stores, some 3,000 to 3500 items and sizes of merchandise which will include such convenience items as milk and dairy products, as well as other grocery products. But we will also include a certain amount of prepackaged produce, frozen meat, ice cream. We expect to do a helluva job in ice cream.

Q. Dry groceries?

[fol. 34] A. Oh, yes.

Q. Bread?

A. Oh, yes.

Q. Packaged meat?

A. Unquestionably. Frozen.

Q. Have you read of other oil companies which have announced similar plans?

A. Yes. There are several.

Mr. Hughes: I object to the whole line of questioning.

Mr. Alsup: Q. I show you, Mr. King, an article from the Supermarket News dated October 22, 1962, and ask you if you have previously seen this article.

Mr. Alsup: I ask that it be marked as King Exhibit No. 2 for Identification.

Mr. Hughes: I object to the introduction of the article on the ground that it refers to other sections of the country and is not relevant to this case.

(The document referred to was marked by the notary public as King Exhibit No. 2 for Identification, and is attached hereto.)

The Witness: Your question was am I familiar with this?

Mr. Alsup: Q. Yes.

A. May I see also Page 1, please?

Q. Page 1 is there.

A. Yes, that's right. I have seen this article.

Q. Do you know whether this is a subject matter of [fol. 35] general interest to the food industry or not?

A. The food industry, I can categorically state, is waiting with bated breath for these occurrences to happen and they are really going to make a big impact in the industry.

Mr. Alsup: I offer the exhibit.

The Witness: As a matter of fact Louis Fox that is mentioned in this particular article there, I am well acquainted with him personally, as well as businesswise, who is head of Associated Grocers of Kansas City.

Mr. Alsup: Q. I show you an article, Mr. King, from the Supermarket News for October 15, 1962 bearing the heading "Hear 3 Major Oil Firms Readying Plans to Invade Field of Food Retailing." The first sentence of which states, "Supermarket operators may soon get added competition from a new and powerful source." I ask if you can identify this article.

Mr. Hughes: I object to the article as being irrelevant to the case.

The Witness: Yes. As a matter of fact I was interviewed by Supermarket News concerning this particular article.

Mr. Alsup: Q. This articles says, Mr. King, in one portion, "A Shell spokesman declined to comment on any specific moves." Can you tell us who the Shell spokesman was, if you know?

A. Yes, sir, I do. That happened to be me.

Mr. Alsup: I ask that this article be marked King No. 3

[fol. 36] (The document referred to was marked by the notary public as King Exhibit No. 3 for Identification, and is attached hereto.)

Mr. Alsup: Q. I show your another article, Mr. King, from Supermarket News for Monday, May 6, 1963, and ask if you can identify that article.

A. By the way, I would just like to add this for the record on that last exhibit, referring to "Hear 3 Major Oil Firms—"

Q. That is Exhibit 3.

A. That is the one I am talking about. Where the Shell spokesman refused comment. I did this, of course, after conferring with my client. I refused comment. I would just like to add that.

Mr. Hughes: I object to the introduction of this exhibit on the ground that it is irrelevant to the case and outside the metropolitan area.

The Witness: Do you want me to answer this?

Mr. Alsup: Q. Yes. Can you identify it?

A. Oh, yes, I can identify it. I saw it.

Q. Are these matters common knowledge or not in the food industry?

A. Supermarket News is the best read publication in the food industry. Therefore the movements by these various gas companies into the food field of course is common knowledge.

[fol. 37] Q. Based on your years of experience in the food industry, Mr. King, do you have any opinion as to whether or not successful innovations in the grocery business in one way are adopted in other areas of the country?

A. Well, you could almost state categorically, Mr. Alsup, that innovations, if they are successful anywhere in the country, or for that matter on the North American Continent, and that would include the North Pole, and show efficiency and show volume and show sales and show profits, that they are of interest to market operators anywhere else in the country or anywhere else on the continent, because the whole business of our food industry is efficient operation.

Mr. Alsup: I ask this be marked King No. 4.

(The document referred to was marked by the notary public as King Exhibit No. 4 for Identification, and is attached hereto.)

Mr. Alsup: Q. Mr. King, have you noticed any other changes and innovations occurring in the food industry, speaking of the retail end, in recent years?

Mr. Hughes: I object to the question as being vague.

Mr. Alsup: Q. Specifically do you have any knowledge about discount house operations?
A. Oh, yes.

Mr. Hughes: I object to the question as being leading.
The Witness: Do I have any knowledge of discounting?

Mr. Alsup: Q. Yes. Whether or not discount houses are [fol. 38] or are not moving into the supermarket end.
A. By leaps, bounds and giant steps.
Q. Have your noticed any chains——
A. May I just add something else?
Q. Yes, please.
A. Not only they are going in by leaps and bounds into the food industry, the discount house that is one side, that is the giant discount, and on the other coming in like the hordes out of China, the Tartars, is the invasion of the bantam store and the convenience market. This is a trend that is also sweeping the country. And no section of the country is going to be immune from this.
Q. Have you noticed any change in the type of items being sold in liquor stores generally?

Mr. Hughes: Where are we speaking of now?
Mr. Alsup: Based on his experience any place.
The Witness: Mr. Alsup, with due respect I would have to confine that answer that in the case of liquor stores you have controls that are not normally there in the case of other types of retail outlets. Liquor stores are generally controlled in their operation and in their merchandise as well as their merchandising methods by the various State liquor control boards and Alcoholic Beverage Control Boards that exist around the country. It would be very difficult for me to make a statement concerning liquor stores not being aware of all the rules and regulations that [fol. 39] concern that kind of a product from the standpoint of government regulations.
Q. Mr. King, in response to questions by Mr. Hughes you testified that any independent can outcompete any

chain on items such as produce and meat which are not carried by Certified Grocers or Orange Empire. Would you state the basis for that conclusion?

A. Well, as any good operator in the country can tell you, the prime profit in both produce and meat is operational. In other words— You see, meat discounts generally speaking in the industry are so slight as to be negligible anyway, you know, in terms of the volume that a single store would buy or even a group of stores or a chain or anything else. This isn't where the profit is made, on the buying. It isn't even made so much on the selling. It is made on the cutting in the case of meat. This is an operational problem. This is a problem of inefficiency. That is No. 1.

The chain store cutter of meat cannot be classed in the same category as the independent who watches his meat operation. The indepndent is as much concerned with the quality and the operational efficiency of his meat department and produce department as he is in the realm of customer handling.

The independent has a chance here to outmerchandise the chain because by and large this is one of the big things, quality meats. Quality meats at really good competitive prices, because he knows how to cut, this is the bane of [fol. 40] existence of the chains in general and that is the reason for so damn meat clinics all over the country run by various organizations, such as Supermarket Institute and National Association of Food Chains and others, who do nothing but try to hold classes for regional operators to make them more efficient.

The same thing holds true in produce, the control of waste and the control of quality. This is where the profits are made operationally. And the independent who sits on top of his operation is in far better position to control these costs than the mammoth chain operator. And he can outmerchandise him producewise and meatwise.

This is the story across the country.

Mr. Alsup: No further questions.

Redirect examination.

By Mr. Hughes:

Q. Mr. King, do you know when this merger occurred between Von's and Shopping Bag?

A. The exact date?

Q. Yes, sir.

A. No, I don't

Q. Do you know approximately?

A. Yes. I believe it was in 1960, I think.

Mr. Alsup: I will stipulate with you as to the date, if [fol. 41] you want it, Mr. Hughes.

Mr. Hughes: Q. Do you know what the sales of Von's Grocery Company were in 1958, the year of your survey?

A. Yes. It is so stated on Page 35 of this article.

Q. Mr. King, have you received a fee for testifying for the defendants in this case?

A. Have I received a fee?

Q. Are you working on a fee basis?

A. Yes, I am.

Q. Will you tell us what your fee is?

A. Gee, you know, I will tell you but this is going to strike you awfully funny. I have no idea but it's true. I haven't decided.

Q. Do you know how many stores Von's-Shopping Bag has today?

A. In total? The exact number, no.

Q. Approximately?

A. I wouldn't want to venture a guess. You know, I will tell you about these store buildings, they change from week to week.

Q. Do you know how many stores Safeway has in the Los Angeles area today?

A. Today? No. All of these figures, by the way, are readily available.

Q. Do you know how many stores Ralphs has in this area today?

[fol. 42] A. I wouldn't give an answer to the exact number of stores or an approximate number of stores at this minute if my life depended on it without recourse to the proper sources.

Q. You wouldn't know in the Thriftimart?

A. It isn't I don't know. I know where to get the information but I haven't got it available at this moment. I would be very happy to supply this information at any time. I haven't got it available right now. This is no secret.

Mr. Hughes: I have no further questions.

Recross-examination.

By Mr. Alsup:

Q. Mr. King, you testified that you will be paid a fee for your services in this case.

A. That's right.

Q. Prior to the time that you left Food Topics had you expected to be a witness in this case?

A. Prior to the time? Yes, I did.

Q. Did you at that time state that you would testify without any fee and without any charge for your services?

A. That is correct. At the time, while I was employed by Food Topics, it was agreed by me and so stated, I believe in a letter to Mr. Von der Ahe, or to yourself, I don't recall which, that I would be most happy to testiby at no charge for my services since I was employed by the magazine.

[fol. 43] Q. Thereafter, since you went into business for yourself, you felt that if your time was to be taken up you necessarily had to be compensated; isn't that correct?

A. That is absolutely correct, Mr. Alsup. This is what we sell, is time.

Mr. Alsup: No further questions. Mr. Hughes: That is all.

(Discussion off the record.)

Mr. Alsup: Mr. King, if it is agreeable to counsel for the government and counsel for the defendant that this deposition be filed without your signature, but be deemed to have been signed by you, would you be willing to waive signature?

The Witness: I certainly would.

Mr. Hughes: So stipulated.

Mr. Alsup: So stipulated.

—— —— Signature of the Witness.

Subscribed and sworn to before me this — day of ——, 1963

—— —— Notary Public, in and for the County of Los Angeles, State of California.

[fol. 44] STATE OF CALIFORNIA,
County of Los Angeles, ss:

I, HAROLD M. LEIBOVITZ, C. S. R., a Notary Public within and for the County of Los Angeles and State of California, do hereby certify;

That prior to being examined, ROY M. KING, the witness named in the foregoing deposition, was by me duly sworn to testify the truth, the whole truth and nothing but the truth;

That said deposition was taken before me pursuant to oral stipulation, at the time and place therein set forth, and was taken down by me in shorthand and thereafter transcribed into typewriting under my direction and supervision; that the said deposition is a true record of the testimony given by the witness;

That it was stipulated by counsel that said deposition may be read, corrected and signed by the witness before any notary public in and for the County of Los Angeles, State of California.

I further certify that I am neither counsel for nor related to any party to said action, nor in anywise interested in the outcome thereof.

In Witness Whereof, I have hereunto subscribed my name and affixed my seal, this 4th day of June 1963

Harold M. Leibovitz, Notary Public in and for the County of Los Angles, State of California.

[fol. 45] STATE OF CALIFORNIA,
County of Los Angeles, ss:

I, HAROLD M. LEIBOVITZ, a Notary Public within and for the County of Los Angeles and State of California, do hereby certify:

That prior to being examined the witness named in the foregoing deposition, ROY M. KING, was by me duly sworn to testify the truth, the whole truth, and nothing but the truth; that the said deposition was taken down by me in

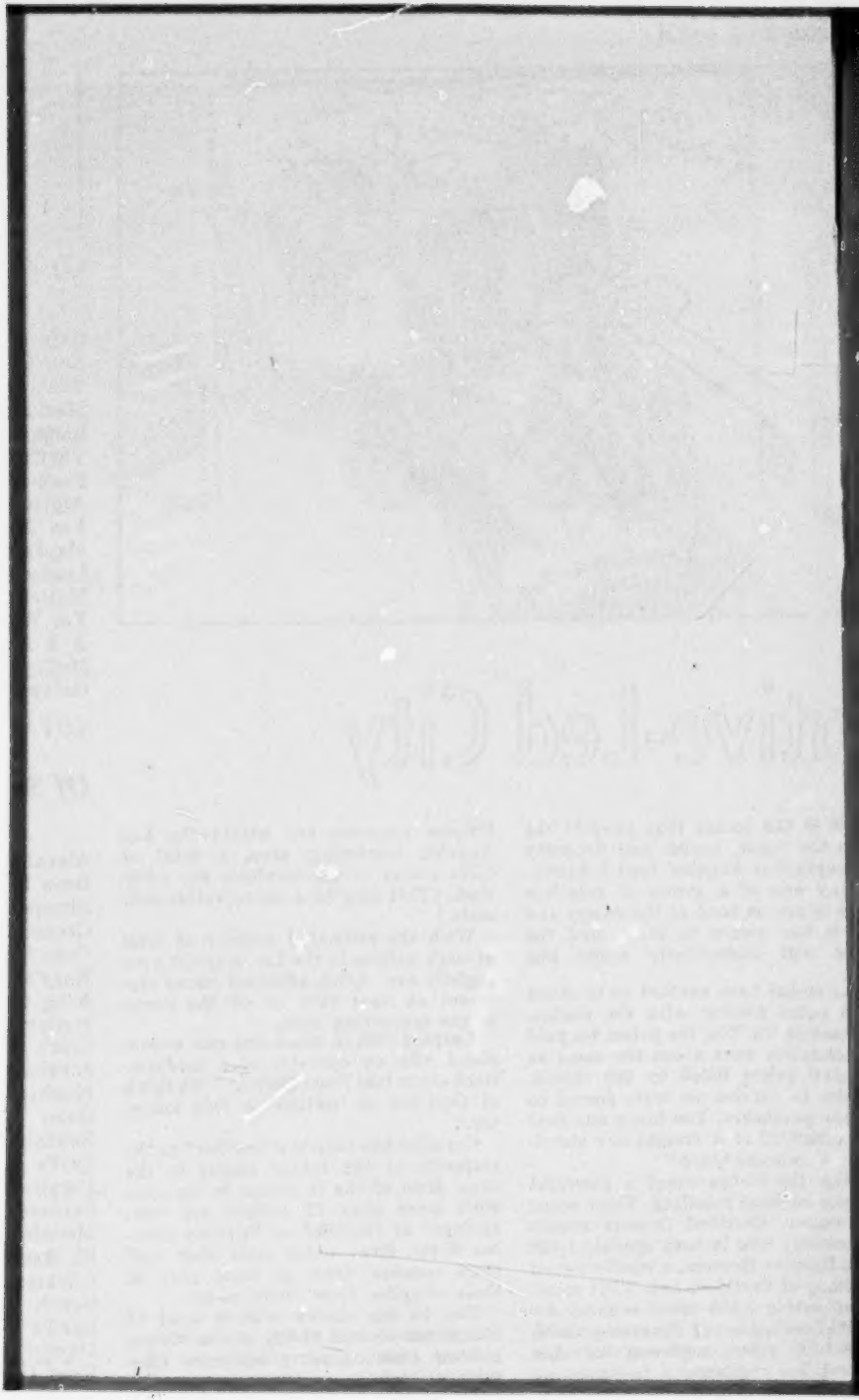
shorthand at the time and place therein named, and thereafter reduced to typewriting under my direction.

I further certify that it was stipulated by and between counsel, with the consent of the witness, that the signature of the witness to the said deposition be waived, and that it shall possess the same force and effect as though read and signed by the said witness.

I further certify that I am not interested in the event of the action.

Witness my hand and seal this 4th day of June, 1963.

Harold M. Leibovitz, Notary Public in and for the County of Los Angles, State of California.



Population Rise, Industry Boom Spark L.A. Area

(*Continued from preceding page*)

their promotional program. The biggest of these are Fox Markets, McDaniel's Markets, and Yor-Way.

Now, in an unprecedented move, eight chains have announced that they will introduce Blue Chip Stamps on Jan. 4, 1960. According to Albert Watson, Market Basket executive and president of Blue Chip Stamps, the following chains will add stamps: Safeway, Ralphs, Von's, Market Basket, Thriftimart, Shopping Bag, Alexander's, and Lucky.

Reaction of individual operators to this blanketing of the area with stamps was mixed. One merchandiser said, "We'll all have stamps and no one will have the edge."

An operator of an eight-unit chain lamented the spread of stamps.

"Cost of the stamp program will be at least 1.6%," he said. "This will push up the cost of groceries from 1.5% to 2%."

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KING EXHIBIT No. 2

Supermarket News, October 22, 1962

Midwest Oil Firm Tests Food Sales

KANSAS CITY, Mo.—Amid further reports of oil company interest in the retail food field, it was learned last week that a Midwest oil firm has been conducting food sales tests in several gas stations for the past three years.

Associated Grocers, Kansas

See Midwest, Page 22

Midwest Oil Firm Tests Food Sales
Continued from Page One

City, Mo., which is supplying two of the stores, has, in addition, been approached by another large oil company, but has no plans to test any other food-service station combinations, according to Louis Fox, AG general manager. He declined to name the firm.

At the same time, there were strong reports last week that another major firm, Standard Oil Co. of Indiana, was seriously considering entering the food field. The firm could not be reached for comment. Other producers said to be preparing to sell food are Standard Oil Co. of New Jersey, Socony Mobil Oil Co. and Shell Oil Co.

The Kansas City experiment was termed "not very successful" by George Dewell, director of retail operations for Associated Grocers. Of the three food operations supplied by the retailer-owned cooperative in the test, only two remain in existence. However, another test store, in Home, Kan., was termed "satisfactory" by an oil company official. It is serviced by Consolidated Foods, out of Manhattan, Kan., he said.

AG set up food operations in three service stations: One located in Raytown, a suburb here, operated by Imperial Central State Oil Co., St. Joseph, Mo.; one in Fulton, about 150 miles from here, and a third in Moberly, about 140 miles from here, both operated by North Missouri Oil Co., Clayton, Mo., a St. Louis suburb.

Both Imperial Central States and North Missouri Oil

are subsidiaries of Imperial Refineries Corp., which also has its headquarters in Clayton, and operates in about 13 Midwest and Southern States.

The Raytown unit closed about a year ago, when Imperial sold the station. Mr. Dewell attributed the failure of the food operation to the same reasons that have kept bantam and superettes from flourishing in this area: The great number of larger, conventional supermarkets and their long hours, taking the edge off convenience type markets.

The two units still in operation in Fulton and Moberly have been doing a weekly food volume in the range of about $3,000-$5,000 retail, Mr. Dewell said, but recently their volumes have been slipping, with additional supermarket competition coming into their areas.

The food sections adjoin the offices of the service stations within the same structure, a checkstand acting as a partition, Mr. Dewell noted. About 1,000-1,200 square feet are devoted to food at each location. Shelving and frozen food cases are arranged for self-service.

Contacted in St. Joseph, Lloyd Dowden, district manager Imperial States, noted that the firm's food and gasoline combination in Home, Kan., has a separate building for the food store, while the gasoline station office is set on the pump island. The food store has about 1,200 square feet, and carries a "complete line of foods, except for fresh meats," he said.

Non-foods include health and beauty aids, and various impulse items, such as ammunition and some soft goods. The store has one check stand, and the layout is as in a conventional supermarket, but on a smaller scale, he noted.

The store tries to post supermarket prices whenever possible, he said, but sometimes a higher markup must be used. The store maintains the same hours as the gas station, from 6 a.m. to 10 p.m., seven days a week.

Mr. Dowden said the operation has attracted more gasoline volume and food volume has been running in the range of $3,000-$5,000 a week.

Imperial Refineries has about 10 food and gas combinations throughout its entire operations.

KING EXHIBIT No. 3

Supermarket News, October 15, 1962

Hear 3 Major Oil Firms Readying Plans to Invade Field of Food Retailing

By Steve Weinstein

NEW YORK.—Supermarket operators may soon get added competition from a new and powerful source. At least three major oil companies are in the process of moving into the retail food business, Supermarket News learned at the weekend.

Socony Mobil Oil Co. and Shell Oil Co. Standard and Socony could not be reached for comment. A Shell spokesman declined to comment on any specific moves.

He did say, in general terms, that the firm presently has many service stations adjacent to bantam food stores and supermarkets and has been studying the relationship of the two fields for some time.

The gasoline field, he pointed out is very competitive, and every company is seeking ways to improve its position.

It was not clear exactly what form the new food markets would take, and it is probable that each firm will end up with different operations, assumedly either franchised to current operators of gas stations or to food operators.

At least one of the firms plans

See Say Oil, Page 14

Say Oil Firms Plan to Move Into Food Field

Continued from Page One

to erect bantam markets, adjacent to its stations, it was learned. However, it is understood that another Socony, already has experimented with bantam stores and rejected the idea.

Instead it is planning to rearrange its stations, moving the pumps behind them, and selling about 100 food items in case lots.

Basically, it was understood that the oil company plans have progressed beyond the stage of merely studying

possibilities. The firms have talked with food consultants and grocery manufacturers, and are now considering selection of merchandise and fixtures.

Trade observers called an invasion of the food field a natural move for the oil companies. It would provide plus volume from customers already in the service stations at little added cost. Tray packs probably would be used heavily.

Many service stations, of course, already sell food in limited ways, mostly through vending machines. And in the early days of the automobile, the same establishments frequently sold both food and gasoline.

The reverse also is true. Supermarkets today are in the service station business to a limited extent. A number of firms now operate stations. The most prominent chain in the field is Food Fair, which in addition to service stations also operates tire and auto accessory centers.

KING EXHIBIT No. 4

Supermarket News, May 6, 1963

Food-Gas and Vice-Versa Movement Seen Spreading

By Steve Weinstein

NEW YORK.—Supermarket firms and oil companies continue to show a strong interest in each other's operations. All signs point to an increase in the next few months in the number of supermarkets selling gas and gas stations offering food.

The most recent move by supermarkets along these lines was made by Supermarkets Operating Co., 19-unit chain member of the New Jersey Shop-Rite cooperative.

SOC is testing a gas station across from one of its Shop-Rite supermarkets in Cranford, N. J. The station offers private label oil and gas, and plans include introduction of Shop-Rite tires and other auto accessories.

If the test is successful, SOC will open additional stations, with three to five more contemplated in the near future.

Meanwhile in Spokane, Wash., Buy-Well Foods is operating a service station leased from Richfield Oil Co. The station is 30 feet from a Buy-Well Food Store and, tie-in promotions are run linking the station to the unit as well as to the firm's three other supermarkets.

A number of other supermarket firms also are in the gas station business. Probably the most prominent is Food Fair, which also operates tire and accessory centers.

Mank service stations, of course, have been in the food business for years, but this generally has consisted of selling a limited line of groceries, often in or near small towns. The practice was even more pronounced in the early days of the automobile.

The modern trend to service station expansion into new fields has moved in three directions: 1. Vending machines, probably the most prevalent at present; 2. gift shops and restaurants, and 3. superettes.

The latest move was made late last month by Humble Oil & Refining Co., New York, chief domestic affiliate of Standard Oil Co. (New Jersey).

Humble, in its Eastern region, signed a contract with Frank G. Shattuck Co., New York, operator of Schrafft's foods and restaurants.

The contract calls for a food service center to serve vended frozen foods which can be heated in seconds in electronic ovens.

The center will be built by Esso and operated by Schrafft's. It will be in a separate building at an Esso travel center south of Baltimore on Maryland Route 3.

The building is designed to seat 60 persons, with additional seating capacity during the summer on a terrace fitted with outdoor furniture.

The accent will be on vending, but a staff also will be on hand to make sandwiches and salads. The restaurant will be open 24 hours a day, seven days a week.

In a somewhat similar move in March, American Oil Co., subsidiary of Standard Oil Co. of Indiana, opened its first American Way gift shop and restaurant near Albion, Mich. The facility, on the site of a Standard station, is operated in conjunction with Food Facilities, Inc., Harvey, Ill.

The shop is to be the first of a chain. In addition to a 24-hour snack shop and dining room, it will sell cookware, wall accessories and other gift items. The firm also is testing food vending and is said to be considering entering the food field on a more direct basis.

Meanwhile Stouffer Foods Corp., Cleveland, is increasing its frozen food volume through self service heat-and-eat operations at service stations in Michigan, New York, Kentucky and Ohio. The food is in plasticized casseroles or throw-away plates with transparent covers.

Future moves by oil companies may involve supermarkets even more directly. There are strong but unconfirmed reports that a number of firms are readying tests of take-home food sales. Mentioned as possibilities are such companies as Shell Oil nad Socony Mobil Oil Co.

Other firms already are in the filed.

Imperial Refineries Corp., Clayton, Mo., operates about 10 food and gas station combinations in its 13-State Midwest and Southern operating area.

Two of the gas station stores are supplied by Associated Grocers of Kansas City. One is in Fulton and one in

Moberly, Mo.; both stations are operated by Imperial subsidiaries. A third combined operation is in Home, Kan.

In Dallas, Humble Oil leases space adjacent to a station to an independent superette operator.

It is thought that the future sale of food by oil companies could take several paths. One is the bantam market approach. The other, said to be under consideration by one large firm, involves selling about 100 basic food items in case lots.

[fol. 2294] IN UNITED STATES DISTRICT COURT

Transcript of Proceedings—June 14, 1963

The Court: They have it over here, I guess.

Mr. Alsup: I might say, your Honor, if I may, in all of these depositions, as a natural course there is a lot of hearsay testimony, as is bound to be in any deposition. That is one of the reasons I didn't object to hearsay in court the other day. It seems to me that both of us have elicited in depositions and the over-all picture has not changed, and we felt it would consume the time of the court to make specific objections.

The Court: Well, counsel, there are two types of cases that thrive on hearsay, a patent case and an antitrust case. They thrive on hearsay.

Mr. Alsup: I don't know about patent cases, and very little about the antitrust. But I know that that is very true there.

The Court: I think on one occasion Mr. Thurmond Arnold was arguing a case in the Supreme Court, and after he had traveled all over the land outside of the record for about forty minutes, the chief justice asked him a question and he said, "If I had to answer that I would have to go outside the record, your Honor."

Go ahead, counsel.

Mr. Coyle: Your Honor please, may we call Dr. William Brown as our next witness.

[fol. 2295] WILLIAM F. BROWN, called as a witness on behalf of the plaintiff, having been first duly sworn, testified as follows:

The Clerk: What is your name, please?

The Witness: William F. Brown.

Direct Examination.

By Mr. Coyle:

Q. Dr. Brown, would you state your residence address for the record?

A. 14018 Otsego, Sherman Oaks.

Q. Dr. Brown, what is your occupation?

A. I am a professor at the University of California.

Q. And would you state for the record your academic background?

A. I received my Bachelor's and Master's degrees in economics at UCLA in 1933 and 1934. And then went to Northwestern University and received my doctorate several years later.

I then returned to teaching at the University, UCLA, and have been in teaching and research since that time.

Q. Have you done any market research, other than work as a professor in teaching?

A. Well, beginning with my doctoral dissertation, which was concerned with market research and retailing, I have, [fol. 2296] I suppose for the last 23 years been primarily engaged in—or very frequently engaged in one or another type of market research projects.

The first study I worked on, this doctoral dissertation had to do with the measurement, from the consumer point of view, of shopping patterns—in the Los Angeles area, I might add.

Q. Were you engaged by the Government to undertake a study in connection with this case?

A. I was.

Q. What was the nature of that study?

A. Well, there were two aspects. One was to indicate the factors delimiting the market area for the retail grocery market in this general area—that is, in Southern California.

And the second aspect was to deal with the nature, the geographical nature, one might say, of competition within the markets so delimited.

Q. And did you——

A. I might say that these studies were based primarily, to be based primarily upon the material available in census reports and in the material available from the managers' answers to the interrogatories.

Q. Can you describe how you undertook the first part of the study?

[fol. 2297] A. Yes. I simply used the data available from the 1960, preliminary data available from the 1960 census of population, and with certain topographic maps, I had that were plotted by a cartographer in the geography department on maps.

I think that problem has been stipulated.

Q. Do you have a copy of Government's Exhibit 83 for identification?

The Clerk: You have the original. Do you want me to give it to him?

The Court: He can have this if he wants.

The Clerk: This is the original one.

Mr. Vaughn: May I inquire if you have another copy? We don't have a copy of that.

The Court: Here, use mine, counsel.

Mr. Vaughn: Thank you.

(The exhibit was placed before the witness.)

By Mr. Coyle:

Q. Dr. Brown, can you describe what this exhibit shows?

A. It shows simply that in the relevant area, that is Southern California, there is a high concentration of population in what might be termed the coastal plane, primarily the southern part of Los Angeles County and the northwestern part of Orange County, what is usually termed the [fol. 2298] metropolitan district.

Q. Does this exhibit relate the population density to the topography?

A. Yes, it shows the fact that the mountains in the region tend to act as barriers to the expansion of population.

Q. Now, referring to the second part——

The Court: You say that—if I understand you, that those mountains in 83, are those the mountains, the Sierra Madre mountains, or what mountains are they?

The Witness: Sierra Madre, the San Gabriel in general on the northern part, the Hollywood Hills along the coast and on the west, and then the range in Orange County to the south.

The Court: Well, they are scraping those off awfully fast, Doctor.

The Witness: Well, I think that still there is not much concentration of population in the mountains——

The Court: You mean at the present time. I understood you to say it was a bar to the explosion of the population in that direction. Of course, you can't stop explosion, that we can see, until we change some of our fundamental beliefs—but the thing I am talking about is the movement of the population, you are saying in effect that those mountains [fol. 2299] are a bar to the movement of the population.

The Witness: I should correct myself and say that they have been so far a considerable bar to that movement. It is certainly changing.

By Mr. Coyle:

Q. Now, Doctor, referring to the second part of your study and referring to Government's 84 for identification, what does this exhibit show?

A. This exhibit simply indicates the location—first you want the underpart?

Q. Refer to the underpart first.

A. Yes. It simply shows the locatioo of Von's or Shopping Bag stores, and the related location of all those competitors which were listed by the managers of Von's or Shopping Bag stores in the answer to the interrogatory.

Q. And what does the overlay show, Doctor?

A. The overlay shows simply the stores of other chains which were located within a two-mile radius of the competitors named by the Von's and Shopping Bag managers.

The Court: Are all these distances approximately two miles between these numbers?

The Witness: Two or less.

The Court: Two or less.

Mr. Coyle: And what is the purport of the entire exhibit, [fol. 2300] Dr. Brown?

The Witness: Simply that there is a sort of interlock in the competitive retail grocery market. One unit competes with another, which competes with another, and that this has a sort of a transmittal effect often in competition.

The Court: What do you mean by "transmittal effect"?

The Witness: That if one competitor adopts a practice or a policy which has certain advantages to him, and significant—I don't like the word—important disadvantages to a nearby competitor, that competitor, the second one, may feel forced to meet the first competitor by adopting the same policy.

The Court: In other words, like a communicable disease, it just spreads, is that what you are saying?

The Witness: Exactly.

By Mr. Coyle:

Q. Does the fact that the chains in the area generally follow identical prices, that is one chain will have identical prices throughout all its stores, does that play a part in this interlocking competition?

Mr. Vaughn: Object, your Honor, no proper foundation for what all the chains do.

Mr. Coyle: I think it has been developed in the rec- [fol. 2301] ord.

The Court: What is that?

Mr. Coyle: I think it has been developed in the record, that the chains utilize the same prices in all their stores.

Mr. Alsup: Yes, it has been stipulated, your Honor, in that regard that because of the California Unfair Practices Act a chain doesn't normally sell at a lesser price at one store than it does at other stores.

The Court: You mean that is illegal, for a chain to sell at a different price in different stores?

Mr. Alsup: No, your Honor. Under the California Unfair Practices Act, however, if a chain should reduce its price in one particular store and maintain it in another, and the complaining party could show that that was done for the purpose of injuring him as a competitor——

The Court: Well, you are talking now about civil liability, aren't you, really?

Mr. Alsup: Oh, yes, that's right, your Honor.

The Court: It would have to be shown that it was done for the purpose of depriving him of his competitive status in that area, is that right?

Mr. Alsup: That is right, and of course, your Honor, I think as Mr. Von der Ahe testified generally the chains, a chain like Von's will have the same prices in all of its [fol. 2302] stores, for the most part. It doesn't——

The Court: Doctor, in your research what have you found? Have you found generally that the prices are the same, or they are not the same, or have you found it out at all?

The Witness: In the separate units of the same chain?

The Court: Yes.

The Witness: I have not researched that topic scientifically.

The Court: You just assumed, I take it?

The Witness: Well, from one fact, that is, I have drawn the conclusion that since these chains advertise prices in their store-wide—city-wide advertising, that one would expect that in general their units would observe these prices as advertised.

The Court: I think that is probably a reasonable assumption. Upon that basis I will allow the testimony, his opinion.

By Mr. Coyle:

Q. Doctor, does that play a part in this exhibit?

A. No, I don't think that has been a significant factor in deciding upon setting this opinion up.

This opinion simply shows that as a matter of fact if the chains departed from this sort of policy, to any very great [fol. 2303] extent, in an important way, that inevitably this would be transmitted through the metropolitan area.

Q. Dr. Brown, on the basis of your study and your general experience, can you draw any conclusion as to the geographical nature of competition in the Los Angeles metropolitan area?

A. Yes, I think I can.

Q. What are those conclusions, Dr. Brown?

A. In the first place, competition is extremely complex and it takes place at many different levels.

In the first place, the so-called firing line level, which we talked about. The chain, the store unit, the store unit competition.

There is also the other extreme, the over-all chain competition. That is chain units against chain units. I think Mr. Von der Ahe's statement the other day—or yesterday indicated this sort of competition when he stated that his firm reduced the general shelf prices and discontinued the practice of extreme loss leaders. This policy, which I think was probably a very good one, was adopted by other chains in the area.

This in itself indicates, I think, that when a major policy is adopted by one chain, it must be recognized and adopted —not necessarily adopted, but recognized and considered by others, and often adopted.

[fol. 2304] There are other kinds of competition within the area, not only the unit-to-unit competition or competition at the top, but also the transmitted competition, which may or may not be very significant in particular instances.

For example, there are a few Shopping Bag stores which are so located that they do not, according to the store managers, compete directly with a Von's chain. They compete with the same—with a same store in sort of an interlock arrangement. I don't think this is very significant.

On the other hand, it indicates again the complexity of the kinds of competition which can occur in the market. And the action by one unit in this group of three stores might inevitably result in reactions by the others. I should not use the word "inevitable." It might result.

[fol. 2305] Q. Dr. Brown, are you familiar with the methods used by Dorothy Corey, Dr. Dorothy Corey, in making her various studies that have been introduced into evidence here?

Mr. Vaughn: I don't think she is a doctor.

Mr. Coyle: I am sorry.

The Court: I don't mean to belittle your title, but "Doctor" doesn't necessarily mean anything, but only the person who speaks it means anything. Do you agree?

The Witness: Yes.

The Court: The man is as big as the title.

By Mr. Coyle:

Q. Are you familiar with Mrs. Corey's studies?

A. Yes.

Q. What is your opinion as to them?

A. In general I would agree with the over-all statements about—not the over-all statements, pardon me—I would agree with the facts that she has emphasized in terms of the results that she has found in individual cases. I would quibble a little about her statistical sampling technique, but I don't think this would do any more than cause a little disagreement about percentages, which I think is unimportant here——

The Court: Isn't any sampling technique open to criticism in some phases?

The Witness: Yes; but some are worse than others by [fol. 2306] a great deal.

The Court: It is a matter of degree is what you mean to say; is that right?

The Witness: Exactly.

In her case, in that particular case she used what is sometimes called a modified haphazhard sampling technique, and I think I could quarrel a little with this, but I think my conclusions as to error would be very small, in terms of what she found with respect to the shopping patterns of the people involved. It is what she didn't state about them that I have some quarrel about.

By Mr. Coyle:

Q. What is this, Doctor?

A. Primarily two things. One, she used, in her questioning, the words "most" and then "next most." In my experience I have found that a significant number, a large number, as a matter of fact, of consumers, tend to shop not just one store, or two, but often three or four. They may do most of their shopping at one store, but they compare the offerings of a good many other stores, and given enough of an advantage at the other store they will go there.

I think your Honor understood this very clearly and stated it very clearly in talking about the Beverly Hills housewife who would go clear to the valley for cheese, for example.

[fol. 2307] The Court: Well, Doctor, I take it what you mean to say is, simply, that a customer may from day to day trade with a store, an independent or a chain store, but when she gets ready to go down, maybe, and buy a substantial amount of merchandise all at one time, she may go to an entirely different store; is that right?

The Witness: This is one very important aspect of the problem. It is not the only one, I think. There are some customers who will regularly check the specials, for example, of a number of stores, and then go from one to another picking up the specials, regardless of the cost in time and effort. I think Mr. Von der Ahe can check me on this, but I think the trade calls those people "cherry pickers," if I am not mistaken.

There are others who will shop at one store at one time and then move to another at a different time.

In this connection I might also say that while I agree with Mr. Von der Ahe's statement that perhaps the most important factor about store trade is convenience, there are two aspects to convenience. One, it may and is often interpreted to mean only nearness of the home to the store; and I think very often convenience can mean a lot of other things, too, such as the normal pattern of travel of a consumer. For example, there are a number of gasoline stations near my home, but since I normally go into Westwood [fol. 2308] to work I buy my gasoline generally in Westwood, because it is more convenient, although it is ten miles away from my home. And this is not too unusual in grocery shopping patterns. I say "too unusual"; I mean 10, 15 or 20 per cent of the customers of a particular store may fall into this bracket.

It helps to explain the peculiar situation, I think, in some of the defendant's exhibits in which—or Mrs. Corey's situation—in which a consumer who lives right next to one Von's store actually shops, says she does most of her shopping at a different Von's store.

Mr. Coyle: I have no more questions, your Honor.

Cross-examination.

By Mr. Vaughn:

Q. Professor Brown, when did you receive your doctoral degree?

A. 1941.

Q. Did you say that your doctoral dissertation, if I am using the correct word, sir, was concerning shopping habits in the Los Angeles metropolitan area?

A. No. I said that as part of the dissertation I did some research on shopping patterns in the Los Angeles area.

Q. Shopping patterns in any particular type of store?

A. Well, I used two different situations. I used the Sears-Roebuck stores, and I used certain grocery stores [fol. 2309] only, a limited sample, Ralph's Grocery Store in Santa Monica, and in Westwood, and the Safeway Stores. There I found that there was what I called at that time a good deal, again 10 to 20 per cent, of cross-traffic or cross-travel, a man who lived near the Glendale Sears would actually be found shopping in the Olympic Sears or the Pico Sears; and the same thing occurred in connection with the Ralph's stores.

Q. You say you live in Sherman Oaks, is that correct?

A. Yes.

Q. Can you tell me what intersection you live closest to, main intersection?

A. Riverside Drive and Woodman.

Q. Are you married, sir?

A. Yes.

Mr. Coyle: If your Honor please, I think this is outside of the scope of direct.

The Court: I don't think whether he is married or unmarried would influence me.

Mr. Vaughn: I agree with that. I was merely going to ask him about his shopping habits.

The Court: I see. All right.

I thought we were going over on another tour of some kind.

By Mr. Vaughn:

Q. I just wanted to know whether you or your wife do [fol. 2310] most of the grocery shopping in your family.

A. I think my wife does most of it.

Q. You do some of it?

A. I do some of it.

The Court: Let me ask him a question, counsel.

Do you pay any attention to prices when you shop?

The Witness: Yes, I do.

The Court: Just to what degree? When you walk into a grocery store to purchase, if you want to buy some canned deviled ham, do you really pay any attention to it?

The Witness: Yes, I do. I think I may be a little extreme, because of my interest——

The Court: How do you know what the price should be?

The Witness: Canned deviled ham, it is a question really of whether the price is too high for the product, regardless of the competition. In other words, if it is a dollar and a half, for example, and I think it is too much, I can't afford it.

The Court: It will run about 22, 23, 24, 25 cents, I imagine, for a small can, that would be my guess. If you walked into a store and it would be two cents above that price, would you pay any attention to the price?

The Witness: No.

The Court: You would pick up the number of cans you [fol. 2311] wanted and that would be it?

The Witness: I think so. In that one case.

The Court: All right. But, Doctor, if you are going to shop and you like a particular store, unless there is something that calls your attention to an extravagant overcharge, are you really going to pay much attention to the price? Isn't it the condition of the store, the way the personnel treats you, the talking conditions, and all the things, that really invites you to that store?

The Witness: No; I think I would be influenced by price. In fact, I know I am, because I do consider on major items the price aspect. I would not go to a store which I felt did not have, in general, shelf prices that were competitive. For example, rightly or wrongly——

The Court: Let me interrupt you. As a matter of fact, don't you know that today in Los Angeles practically all stores are competitive on shelf prices?

The Witness: This may be true across the board, as an average——

The Court: That's what I mean, across the board.

The Witness: But that doesn't mean that in individual cases they are. Nor does not mean that there may not be some stores, some chains—my impression, for example, is that Fox before its change of ownership, bankruptcy, my

impression of Fox Stores was that it seemed to be some-
[fol. 2312] what higher-priced across the board than other chains in the area. Mr. Von der Ahe perhaps can correct me on that point. I don't know.

The Court: Go ahead.

The Witness: This is an impression that I have, and from my interviewing of consumers I know that consumers very often do get these impressions. Again, rightly or wrongly.

The Court: But, Doctor, I am not talking about a Jergenson store. Are you acquainted with Jergenson?

The Witness: Yes.

The Court: They are higher in price, I take it, because they claim to be a premium store.

The Witness: And they give credit.

The Court: And credit and delivery and things of that kind. A great many people go there for those reasons and their prices, I assume, are higher. But, generally speaking, take an area like Beverly Hills, wouldn't you expect to find the shelf prices pretty much the same at Safeway, Ralph's, or whatever store you go to?

The Witness: I wouldn't expect to find them the same. I would expect to find the average about the same.

Perhaps I could answer this by saying I have done some research on the problem in the Westwood area——

The Court: That's good enough. Let's use that.

[fol. 2313] The Witness: (Continuing) —and I found that if one took the leading chains, excepting the Villa Mart and Jergenson's, and we could use as an average of all prices on a typical market basket——

The Court: Excluding loss-leaders.

The Witness: (Continuing) —excluding loss-leaders, this was a market basket, and we used an average of 100 per cent, or an index of 100 to indicate the average on each item, that the average for the chains would be in the 85 to 90 index, and Villa Mart would be 110, and Jergenson's 125, perhaps, but that on individual items in the market basket that there might be as much as a 20 per cent variation between stores.

The reason for this, I think——

The Court: Is that in hard groceries or produce?

The Witness: The canned goods, primarily; eggs of a

given grade, for instance; and there was one item of produce, I think, in there, apples, which is a fairly standard item, not completely so. But this is a market basket.

The Court: Did you attribute this to a competitive situation, or the human equation, that one store manager doesn't know what is going on in the other area?

The Witness: I think the human equation. I think the stores try to stay as close to competitors as they can, but they have thousands of items to price, and this is an ex-
[fol. 2314] tremely difficult thing to keep perfectly aligned.

The Court: Would you say on advertised items the shelf prices run about the same?

The Witness: A great many of the advertised items are specials.

The Court: Let's leave out the loss-leaders. I am talking about the general advertising listing prices. I guess most of those are leaders, though, aren't they?

The Witness: Most of them are. They are the advertising allowance items, which sometimes are quite numerous.

The Court: You and I talk as if we have been in the grocery business, and I was wondering. You have had no experience in the grocery business, have you?

The Witness: No. I have had some experience in retailing.

The Court: Were you a clerk in the store?

The Witness: Yes.

The Court: What kind of store?

The Witness: Department store.

The Court: What kind of merchandise?

The Witness: Well, at that time it was in men's wear.

The Court: You hever got into women's wear?

The Witness: Never got into women's wear.

The Court: Go ahead.

[fol. 2315] By Mr. Vaughn:

Q. Professor Brown, let me ask you something about the survey to which you were just referring in the Westwood area. Did you check Market Basket's price on the same day that you checked the competition?

Mr. Coyle: If your Honor please, I think maybe the record should be clarified. I think the doctor was referring

to a market basket being a basket of an assortment of items.

Mr. Vaughn: I misunderstood you.

The Court: I think that is correct, counsel.

By Mr. Vaughn:

Q. Let me ask you this: Would you name some of the chains in the Westwood area whose stores you checked in the course of this survey?

A. I think I can name them all. Ralph's, Safeway—this was Ralph's before it left the Westwood area, because this has been several years—Ralph's, Safeway, Westward Ho, which is a small chain now, Villa Mart.

Q. Did you check the Food Giant on Westwood Boulevard, south?

A. South, no. This was outside the Westwood Village area, which I was primarily concerned in checking.

Q. Did you check all the stores on the same day?

A. They were checked in the same two-day period, early in the week.

[fol. 2316] Q. In other words, did you check Ralph's on one day and the Westward Ho on another day?

A. Yes.

Q. Suppose they had both had the same prices on a given item, let's say Tide 49 cents on the first day, and they had both reduced their price one cent on the second day, your survey would show that they were selling at different prices, when in fact they were selling at identical prices; isn't that correct?

A. If this occurs, it would be correct. But the days were chosen so these price changes would be minimized.

[fol. 2317] By Mr. Vaughn:

Q. By the way, tell me about that Ralphs store in Westwood Village, would you please? What happened to that store?

A. Ralphs abandoned the store, as I understand. This is hearsay, I presume.

The Court: This would not be the first hearsay in this case.

The Witness: I understood, because of the problem or difficulty in parking. It had no direct parking lot.

Mr. Vaughn: Yes.

The Witness: And parking is a very serious problem in Westwood.

By Mr. Vaughn:

Q. Now, let's get back to the Riverside Drive and Woodman location, if we can.

A. Surely.

Q. Now, trying to divorce your academic pursuits from your normal chores around the house, buying groceries for yourself and your family now. What store do you shop at, where do you do most of your shopping?

A. Speaking for myself alone or myself and my wife?

Q. Speaking for yourself first.

A. In terms of the quantities that I have purchased I would say probably the Ralphs store at Ventura Boulevard.

[fol. 2318] Q. About how far from your house is that store?

Mr. Coyle: If your Honor please, I don't think that is relevant. I object to this line of questioning.

Mr. Vaughn: I think I can develop the relevancy to it, your Honor, because this witness has testified to the competitive picture and——

the Court: Well, first, counsel, without arguing it, what is the purpose of your question?

Mr. Vaughn: The purpose of the question is to determine what stores he shops.

The Court: Well, does it go to the credibility of his opinion?

Mr. Vaughn: I think it will, your Honor.

The Court: Well, if it does I will allow it.

By Mr. Vaughn:

Q. Now, the Ralphs at Ventura Boulevard and what?

A. Hazeltine.

Q. Havenhurst?

A. Hazeltine.

Q. I beg your pardon. About how far is that from your house?

A. Approximately a mile, I think, a mile and a half.

Q. Now, what other stores do you——

The Court: Counsel, you are going to be some extra [fol. 2319] time, I assume?

Mr. Vaughn: I think it is going to be about 15 minutes, your Honor.

The Court: I think we had better take a recess.

By the way, Doctor, credibility doesn't mean that we think you are not telling the truth. It just means in these cases the weight of your opirion.

The Witness: I understand, your Honor.

The Court: We will recess until 2:00 o'clock.

(Whereupon at 12:00 o'clock noon, an adjournment was taken until 2:00 o'clock p.m. of the same date.)

[fol. 2320] Los Angeles, California, Friday, June 14, 1963, 2:00 P.M.

The Court: Proceed.

William F. Brown, the witness on the stand at the time of the recess, having been heretofore duly sworn, was examined and testified further as follows:

Cross-examination. (Resumed)

By Mr. Vaughn:

Q. Professor Brown, you have told us that when you do most of your family shopping, or when you do your family shopping, you usually go to the Ralph's a mile and a half from your home; is that correct?

A. I frequently go there. I would say I go there more times than I go elsewhere.

Q. Fine. Do you ever go to any stores in Long Beach to do your shopping?

A. Not that I can recall.

Q. Do you ever go to any store in Anaheim to do your shopping?

A. I think once I did a little shopping there, coming home from Disneyland one time with a relative.

Q. Just that one occasion?

A. That's right.

[fol. 2321] Q. How about West Covina?

A. I don't think so. There may have been one occasion of the same sort, but it would be once in 10 years.

The Court: I will get you out of that travel area. How about La Crescenta?

The Witness: Never in La Crescenta.

By Mr. Vaughn:

Q. I take it that it is fair to say then, sir, that the stores, grocery stores in the communities or cities which his Honor and I have named, are really not in competition for your patronage; isn't that correct?

A. That's correct.

Q. Regardless of the fact—and this is true—regardless of the fact that the stores in those particular cities may have identical prices and merchandise policies to the Ralph's store a mile and a half from your home; isn't that correct?

A. That's correct.

Q. I would like to show you—do you have a copy there——

The Court: I don't think counsel asked you the next question. I don't mean to run his case for him, but the next question is, the reason you stopped in those stores was because you were on the way traveling somewhere; is that right?

[fol. 2322] The Witness: That's right.

Mr. Vaughn: I thought that was clear from the record.

But that is correct?

The Witness: Yes.

The Court: The Supreme Court might not see it as clearly as we do.

By Mr. Vaughn:

Q. Because you happened to be in the vicinity in an isolated instance; is that right?

A. That's right.

The Court: They don't know these areas, counsel, the way we know them.

[fol. 2323] By Mr. Vaughn:

Q. Do you have Exhibit 84 before you?

A. Yes.

Q. Now, in that exhibit, as I understand it, you have located the various grocery stores. How did you establish the location of those stores, sir? Did you work from a street map, or did you have just this sort of map?

A. No, I had the street map prepared by the Times-Mirror Company, which spots all the stores of the leading chains in the area.

Q. How did you transpose that on to this map that doesn't have any streets?

A. Actually I transposed it on an overlay map, which was not this overlay. It was in terms of circles, and then this was prepared from that overlay.

Q. Copied from it?

A. I did not do the copying, so I cannot say.

Q. You don't know how this—how you located these particular stores on the map from the street map which was used as your source, is that correct?

A. On the overlay that I prepared, the overlay was placed over the street map and the stores were spotted, along with the outlines of the coast, were spotted on the overlay.

[fol. 2324] Q. Do you know if you were using maps made by the same company or the same map maker?

A. I used only the map of the Times-Mirror Company.

Q. All right, sir. During the course of your direct examination I thought I heard you say in making the overlay for Exhibit 84, that you plotted the stores of all competitors. It is a fact, is it not, that you plotted only the stores of what you regarded as the top eighteen chains, isn't that right?

A. That is right.

Q. And that would not be all the competitors, is that right?

A. That is right. That was an error in my statement.

Q. When did you complete preparation of this map, sir?

A. I believe it would be in the spring of 1961, I think.

Q. Was that after you got back from South America?
A. No, that was before.
Q. You had completed it before you left for South America?
A. Before I left for South America.
Q. When did you leave for South America?
A. In August of 1961.
Q. You completed it shortly before August, say, July?
[fol. 2325] A. I think it was a little before that, as a matter of fact.
Q. In June?
A. It may have been June.
Q. In June.

Mr. Vaughn: No further questions.
Mr. Coyle: If your Honor please, I offer into evidence Government's Exhibits 83 and 84.
The Court: Admitted.
The Clerk: Plaintiff's Exhibits 83 and 84 in evidence.

(The exhibits heretofore marked Plaintiff's Exhibit 83 and 84 were received in evidence.)

Mr. Vaughn: I have no objection, your Honor. The witness has indicated, however, that this map was prepared after the pretrial order.
The Court: Counsel, I was waiting for an objection and heard none. They are already in.
Mr. Vaughn: I beg your pardon, your Honor.
The Court: Now I would like to ask one question. On Exhibit 84, I notice on the—what is it on top?
The Witness: Overlay.
The Court: On the overlay, I notice that the chains run between, it says, "interlocking competition between chain [fol. 2326] grocery stores in the Los Angeles area." I think counsel brought out the fact that you did not put in the other competition, independent competition?
The Witness: I think so. As a matter of fact, that would strengthen the general theory, had I done so, I think.
The Court: The theory of what?
The Witness: Showing that there is a substantial interlock between retail grocery units.
The Courts: Well, it may or it may not. I don't know. But what I was getting at is, have you any way of telling me

now, from your surveys, generally what the independent situation is in these areas? For example, on 84, you have the—let's go down to the southeast portion. Have you any idea as to what the independent situation is there?

The Witness: No.

[fol. 2327] The Court: Let's go up to the northwest portion on Exhibit 84, the extreme top; do you know what the independent situation is there?

The Witness: Only on the basis of limited personal observation, which I don't think is complete enough to be reliable.

The Court: Can you tell me for example in the San Fernando Valley what the independent situation is there? You live out in that area?

The Witness: Yes, that's right. In the immediate area near which I live I can say that if I were to put links in there, I would add, of course, such stores as Gelson's, at least one or two other supermarkets in the immediate area.

The Court: Have you in your survey considered or determined whether any grocery stores, either chain or independents, have gone out of existence since 1960?

The Witness: Only, again, from the point of view of my knowledge of the immediate neighborhood.

The Court: Well, what would that be?

The Witness: I know that one or two independents have gone out of business, small stores.

The Court: How close is that to a Safeway, for example? Let's take one. Name one first, let's work on one.

[fol. 2328] The Witness: A little store not far from us called Ferrilli's, which has gone out in the last six months.

The Court: How big a store was it?

The Witness: It would be smaller than what is sometimes called a superette, I think. It is a rather small store, no parking, probably 20 by 50 in size.

The Court: Rather limited in inventory?

The Witness: Quite definitely limited in inventory. It had a small meat department.

The Court: Has any new store gone in in that vicinity in the last couple of years?

The Witness: Yes. When Bullock's completed their Fashion Park Shopping Center, the Westwood Ho opened a market in that center.

The Court: How about any of the chains?

The Witness: The Westwood Ho is a small chain.

The Court: Excuse me. What I should have said was, any of the well-known chains, Ralph's, Safeway, Von's, or Shopping Bag.

The Witness: Von's opened a store, I think, abov. 1954 or '55 at Riverside Drive——

The Court: I am talking now since 1960.

The Witness: The Hughes store I think opened a little before that on Van Nuys Boulevard.

[fol. 2329] The Court: Have there been any of these stores such as Safeway, Ralph's, Alpha Beta, Food Giant, Market Basket, Mayfair—any of those opened a store anywhere in that vicinity since 1960?

The Witness: Not that I know of.

The Court: Now, the other store, what was the other one you said they put out of business?

The Witness: Ferrilli's, the little one.

The Court: Is that the one we have just been talking about?

The Witness: Yes.

The Court: What was the other store that went out of business?

The Witness: There was an Italian—a little grocery specializing in Italian food specialties, I think just off Van Nuys Boulevard on a side street.

The Court: I take it that is not to be classified in the sense of a grocery store, then, as we are talking about it here?

The Witness: Not in terms of a major grocery store.

The Court: That's all. Anything further, counsel?

Mr. Coyle: I have one question.

Q. Dr. Brown, how did you arrive at the two-mile area [fol. 2330] that you used in plotting these stores?

A. Well, I believe in the answers to the interrogatories that there was a statement to the effect that a one and a half or two-mile limit was a maximum, and I used this as a more or less conservative estimate then, in my view a conservative estimate of the limit of a trading area.

I do not believe that a trading area can be defined mechanically in terms of miles or driving time. It is an aver-

age, and I think, as Mr. Von der Ahe said, in one area it is much smaller, in another area it may be much larger.

Furthermore, when we talk about trading area or draw about 60 or 70 per cent of the customers, it may be one area, the term really ought to be defined. If we are talking thing; if we are talking about 95 per cent of the customers, it may be another, a much larger area; and, if we are talking about all of them, obviously it is still larger.

Mr. Coyle: Those are all the questions.

The Court: I would like to ask a few questions.

I want it understood that I am merely trying to ascertain facts that perhaps may have some bearing insofar as I see the case.

Doctor, hasn't the over-all picture of the food market changed in the metropolitan area since 1940, haven't there been substantial changes in conditions?

[fol. 2331] The Witness: Yes, sir. There has been a rather decided decrease in the number of units per thousand population. This is, I think, a basic relationship between grocery stores and the area.

The Court: Have you taken into account in your consideration of these matters factors such as in the Los Angeles area people move more than they do in the eastern areas? This is a town on wheels, you know that, don't you?

The Witness: Yes. And, as a matter of fact, I am in the middle of a study now, I haven't quite completed it, in the change of this relationship between stores and population for all kinds of stores, from 1929 to 1958. My figures, completed from 1929 to 1948, show rather conclusively that this change is greater in the Los Angeles area compared to other areas, metropolitan cities, primarily I think because of the mobility of the population.

The Court: Well, the population—isn't it a fact, from your findings, that the population in this area—as a matter of fact, let's put it this way: It was a rare thing until recent years to have a lease on apartments?

The Witness: Yes.

The Court: Everybody was in one month and out the next, more or less, so to speak?

The Witness: That's right.

The Court: So that you have a population moving hither [fol. 2332] and yon all over this area?

The Witness: Yes.

The Court: Now, since World War II there has been considerable change in financing of homes, as you know, and a person now can move into a house that costs $25,000 or $30,000 for just practically nothing down, as you know?

The Witness: That's right.

The Court: And move in and pay less than rent?

The Witness: Yes.

The Court: So these new neighborhoods blossom overnight, don't they?

The Witness: At a tremendous rate.

The Court: And I am wondering if in your study, whether you have determined that the large percentage of the people that were moving into those areas were leaving vacancies in the other parts of the city.

The Witness: In one study, as I say, completed only to '48, I took one section of Los Angeles, the area approximately bounded by Santa Barbara on the south, I think it was Pico on the north, Figueroa on the west—pardon me, on the east—and I believe the west boundary of that area was Western. It has been some time since I have looked at this particular aspect of the study——

The Court: What happened to that area?

[fol. 2333] The Witness: The area has declined, I think, slightly in population between 1929 and 1948, the figures are not up to date. During that period the number of stores per thousand population also declined, which meant stores actually went out of business at a rather rapid rate in that area, because even with the decline in population, the decline in number of stores related to population was even greater.

In other areas, I compared that with an area in the Valley, San Fernando Valley, which has been a rapidly growing area, and there the number of stores has increased, obviously, and up to 1954 the relationship between stores and population, however, had decreased.

[fol. 2334] The Court: What I am trying to ascertain, if it is ascertainable, is that much of the change in the location of stores has been brought about by the shifting population, hasn't it, a good part of it?

The Witness: Well, obviously stores follow population out.

The Court: Yes, that we concede.

The Witness: And of course——

The Court: But I am talking about shifting, not just growing, but shifting population.

The Witness: Most of the places from which people move are filled up, that is, the housing still stays there and new people move in from the East, typically. So that there are relatively few areas in a city where the population declines, and therefore—while there is a shift in the number of people living in a particular area—they still buy groceries and there is still a demand for food service.

The Court: But if you will recall, Los Angeles doubled in population every ten years up until when, 1930, was it?

The Witness: No, I guess 1940 was not quite double.

The Court: No, I don't think so. Up until 1930.

The Witness: 1930.

The Court: So the increase in stores was, I take it, going along with population increase.

[fol. 2335] The Witness: Up to 1930.

The Court: Then there became this more or less spread, as we call it, or to some extent a redistribution of population.

What I am trying to ascertain, if I can—I don't know whether it is ascertainable—is just what is the nub, what is the basic competition, the basic situation or basic competition in the metropolitan area?

You have got some chains showing that maybe, if one man gets an idea here it may chain react all the way through a certain group. But what is the basic day-to-day competition between—I can't say between, but I mean in this Los Angeles metropolitan area? What are we talking about when we say basic competition?

The Witness: Well, your Honor——

The Court: Or is that a bad word, maybe it is a bad word.

The Witness: I think there are so many forms of competition that it is hard to say that there is one basic competition.

Firms compete on many different levels, I think. They also compete in many different ways.

I think I mentioned that Von's moved in in Riverside, for example. They opened a newer store with automatic en-

trance doors and so on. Within a year or two at least [fol. 2336] Ralphs modernized its front and put in these kind of doors.

The Court: That is competition, isn't it?

The Witness: That is competition.

The Court: So the competition is increasing by this movement, isn't it?

The Witness: That move certainly indicates that there is competition between the two.

How often this occurs—well, let me put it this way: When you say increasing, your Honor, I think you are calling for a judgment on relative intensity. I don't feel qualified to really give an answer on relative intensity because I don't think—in the first place, I haven't made a study of relative intensity, and in the second place I don't think that there are any measures that anybody has ever developed that will give fine changes in relative intensity.

The Court: Well, what is happening then—or do you classify yourself as an economist?

The Witness: Oh, market specialist.

The Court: Well, that is an economist, isn't it?

The Witness: Partly. We try to say we are practical economists.

The Court: Well, practical, though, you mean——

[fol. 2337] The Witness: We try to explain things a little more——

The Court: A little more on facts?

The Witness: A little more on facts.

The Court: All right. We will accept that for the moment.

Now, let me ask you this, when you talk about competition in the metropolitan area, what do you mean?

The Witness: I mean the reaction of individual firms to a move by any other firm, and their attempt to attain business, to get business in the area and, if necessary, away from the other firms, or to get it back if they lose it.

The Court: Well, as you know, most of these concerns, Safeway, Ralphs—particularly those two, they are older here—they have been closing stores and opening new stores, is that right?

The Witness: Safeway certainly has, I think has been doing that.

The Court: Well, I think Ralphs has, too, hasn't it?

The Witness: Ralphs, too, yes.

The Court: So what is the economic impulse, as far as you know, as an expert, that causes this situation where a concern such as Safeway or Ralphs closes this store down and moves somewhere else, opens up another store?

[fol. 2338] The Witness: In the case of Safeway, I would hazard the guess in the sense that Safeway had a great many small stores which, by and large, are becoming less popular with customers, and that they preferred to concentrate their drawing power in modern, larger stores.

The Court: Why, if you know, are they becoming less popular? This is what I don't understand.

The Witness: Well, I don't know that. Except that if they were still as popular as they were before, I assume Safeway wouldn't close them. If they were making money, as much money as Safeway could make out of that capital, I think Safeway would keep them in business.

The Court: Well, now, another factor, I wonder if you have considered in Los Angeles in 1929, which was a glowing year up until October, there were many persons afoot in this town, did you know that?

The Witness: I was one of them.

The Court: Do you know what the per capita automobile population was in 1929?

The Witness: It was a lot less than it is today, I am sure of that. But I don't know what it was.

The Court: Well, wouldn't you think that that factor, wouldn't in your opinion that factor, the fact that many, many people now are riding automobiles instead of streetcars and buses, that would have changed the reason [fol. 2339] for making larger markets?

The Witness: I think that is the most important factor in explaining the shift in store size, for example.

The Court: Were you here in 1929?

The Witness: Yes, sir.

The Court: You remember we had a streetcar line on almost every street here, is that right?

The Witness: Yes, sir.

The Court: And we had bus lines to Hollywood and we had also the red lines which was the Pacific Electric?

The Witness: Yes, sir.

The Court: And thousands of people rode those cars on those lines.

The Witness: Yes, of course.

The Court: And we had—incidentally, we had automobiles on the street that I think were some of the first invented, you remember those? Some of them went back as early as 1903, as I remember it—the way they looked, anyway.

The Witness: I think I rode one to Lynwood when I was a boy, an H.M.S. Studebaker.

The Court: Well, you recall then that the traffic situation was more concentrated in the streetcars and buses at that time.

The Witness: Yes.

[fol. 2340] The Court: Whereas today the shift has been over to the automobile.

The Witness: Yes.

The Court: Now, in your opinion has that been one of the factors that has changed the grocery makeup, the distribution of groceries in this area?

The Witness: Unquestionably.

The Court: All right, counsel.

Mr. Coyle: I have no questions.

The Court: I don't want you to think I am on either side. I am just trying to find the facts.

Mr. Coyle: Yes, your Honor.

The Court: You know, if a judge asks quite a few questions the lawyer, whoever loses says, well, he tried the case for the other side. But I am only trying to ascertain the facts, because it is a difficult problem in this case, and that is: What is the competition that has been lessened. I am trying to find it.

I may ask you to pinpoint it for me at a later date.

Mr. Coyle: Yes, your Honor.

Mr. Vaughn: No questions.

The Court: One other thing before you go.

Can you pinpoint to me any change in the competitive situation since 1960 in this area, metropolitan Los Angeles [fol. 2341] area?

The Witness: I think there are several changes, your Honor. How important they are is another question.

The Court: But I would like to know what in your opinion they are.

The Witness: Well, one is the introduction of the dis-

count house into the grocery business. Another is the tendency, I think this change in the pattern with respect to deep cut specials.

Another is the ——

The Court: Before you go on, may I interrupt you there? The deep cut specials, you remember that—you mean to some extent that has been eliminated or increased?

The Witness: I think the use of leaders is still very evident. I think that, as Mr. Von der Ahe testified, the extreme loss leader has disappeared, that is, as I believe he said the 19-cent a pound coffee. Now it is what, 49 cents a pound. Instead of that the regular prices are 69 and 79 and special is 49, rather than 19. That is a change.

The Court: May I just ask one further question? Have you at any time in your surveys made an effort to ascertain the effect of that type of advertising on the customer, or on the purchaser?

The Witness: I think the use of leader is very impor-[fol. 2342] tant in a section of the market.

The Court: What do you base that on?

The Witness: On interviews with consumers. I attempted, as I said, over a number of years to try to get the consumer's attitude with respect to shopping habits and so on.

I would say also that another factor that would lead me to that conclusion is the fact that all the major chains must spend millions of dollars in advertising, and this advertising is on specials, this is practically all the advertising is about. And I presume that the executives of the company don't throw their money away unless it brings people in.

The Court: Well, your presumption is wrong in some cases. Some of them have gone broke. For example, just as a way of inviting your attention, did you know that Safeway disbanded all of its stores in a certain part of New York?

The Witness: It was sort of an isolated operation, as I understand.

The Court: It cost them a fortune.

The Witness: Cost them a fortune.

The Court: That was run by high executives, some of the best in the country.

The Witness: I don't think anyone is infallible, your [fol. 2343] Honor. There are a lot of examples.

The Court: Well, you were giving me a list now and I interrupted. You remember, you had given two——

The Witness: Another factor of the tendency would be more elaborate facilities. I am sure that that is a change—I don't think I could base that as having started in 1960, because it has been apparent I think for quite a long time.

The Court: That has been in progress for a considerable number of years, hasn't it?

The Witness: Yes.

The Court: As a matter of fact, haven't stores like Ralphs Stores almost changed in the last, let's say, well, the building program opened up again about 1947, after the war, 1948, is that right?

The Witness: Yes.

The Court: So haven't they, for example, changed most of their stores by putting in more beautiful fronts and more spacious shelving arrangements and all of those things?

The Witness: Yes. As a matter of fact, before the war, your Honor, I think many of the stores in supermarkets were open front stores, that is, with the produce department in front, displays and so on. So that this tendency is perhaps a long run tendency toward more elaborate fa-
[fol. 2344] cilities.

The Court: Go ahead. You were giving me a list. Do you have any others?

The Witness: No, I don't think I can add any at the moment.

The Court: Well, from your surveys and checking of the industry, do I understand you to say in effect that the financing ability, the ability to finance is an important factor in the competition in this area?

The Witness: I don't believe I said that, your Honor.

The Court: How about it?

Te Witness: Because I simply don't know.

The Court: Well, Ralphs would be able to borrow money, at least quicker than the average independent, wouldn't they? Or Safeway, or Von's or Shopping Bag, or Food Giant?

The Witness: I can't answer that question accurately because I simply don't know, your Honor. I have not been in—this is a management problem and I have been prima-

rily concerned with the consumer aspects and the price effects, so to speak.

[fol. 2345] The Court: Well, in other words, then—I don't mean to depreciate your testimony, but you haven't really considered the effect on the competitive market of financing?

The Witness: That's right.

The Court: On purchase of the store building, the property, parking space, and things of that kind?

The Witness: Certainly the financing, I have not.

The Court: Go ahead.

Mr. Coyle: I have no more questions.

The Court: I thought I might stir you lawyers up to further questions.

Very well, you may step down, sir.

The Witness: Thank you.

COLLOQUY BETWEEN COURT AND COUNSEL

The Court: I notice neither one of you asked the question, gentlemen, maybe you were both afraid to, and normally I am not afraid to do it, but I didn't want to take over, just ask him the cold, blank question, if there had been any substantial lessening of competition. That's the question I have to decide, but I assume that he is qualified to testify to that.

Mr. Vaughn: The reason I didn't make any reference to that subject is that I thought his testimony on direct was so limited as to this particular exhibit that they didn't get into that.

Mr. Coyle: I think his testimony was limited.

[fol. 2346] The Court: It was limited, but the trouble with limited testimony is that inferentially it goes to predicate some kind of finding on competition, doesn't it?

Mr. Coyle: Yes, but we make a practice of not calling economists in these cases to testify to ultimate facts.

The Court: I am not going to assume that he would have been against you or for you, counsel, but I just noticed that you didn't ask him that question. It is all right. It is your case.

Mr. Coyle: Your Honor, I would like to read into the record a portion of the deposition of Mr. William Delbert Hayden, which was taken——

The Court: Incidentally, counsel, both of you could have objected, if you thought I was going outside the scope of the direct examination. The court is subject to the same objections as you lawyers are.

Mr. Coyle: I had no objection.

The Court: All right.

Mr. Vaughn: I thought the questions were quite helpful.

The Court: Any time I ask a question, if you think it is irrelevant or improper or immaterial, incompetent, or otherwise, I welcome that you object.

Mr. Vaughn: Your Honor, I take it Mr. Coyle is about [fol. 2347] to read into the record a portion of the deposition that is already in the record.

Mr. Coyle: That's correct.

Mr. Vaughn: It seems to me that is argumentative and ought to be reserved.

The Court: Why don't you reserve that to the time of argument?

Mr. Coyle: All right, your Honor.

The Court: We are about at that time now, aren't we?

Mr. Coyle: I would think so.

The Court: Are you finished?

Mr. Coyle: No. I have one more witness.

The Court: Call him.

Mr. Coyle: Dr. Ward Jenssen.

The Court: The reporter tells me that he is in confusion as to the copying of Mr. Hayden's either depositions or affidavits. He said he understood there were two. I thought they were affidavits rather than depositions.

Mr. Coyle: There are two Mr. Haydens, to begin with, and I think they each have a deposition.

The Court: That is where the confusion lies.

Mr. Coyle: I am wrong. There are two Mr. Haydens, but there is only a deposition for one Mr. Hayden. But there are two affidavits.

[fols. 2348-2362] The Court: That is what I remember, two affidavits. You asked that one, the prior affidavit, go in, be read into the record.

Mr. Coyle: That is correct.

The Court: So as to connect up with the deposition.

Mr. Coyle: That's right.

The Court: So the record is correct, there are two affida-

vits and one deposition of Mr. Hayden. Then Mr. Coyle came back and said, now since the deposition has gone in and since they put in a new affidavit, that the deposition would be meaningless without the first affidavit. Is that correct?

Mr. Coyle: That's correct.

[fol. 2363] WARD J. JENSSEN, called as a witness by and on behalf of the government in rebuttal, having been first duly sworn, was examined and testified as follows:

The Clerk: What is your name, please?
The Witness: Ward J. Jenssen, J-e-n-s-s-e-n.

[fol. 2364] Direct examination.

By Mr. Coyle:

Q. Dr. Jenssen, what is your residence, for the record?
A. Los Angeles, California, 6042 Second Avenue.

Mr. Alsup: Your Honor, I am having difficulty hearing the witness.
The Court: Speak out.

By Mr. Coyle:

Q. What is your occupation, Dr. Jenssen?
A. I am a marketing consultant.
Q. What is your academic background?
A. Bachelor's Degree from Northwestern University, Master's from Northwestern University; my doctorate is from the University of Southern California. I formerly served on the graduate school faculties of both Northwestern University and the University of Southern California, entered the marketing consulting field in Chicago in 1946, have been continually active as a marketing consultant to this time.
Q. Have you done any marketing work in the retail grocery field?
A. Yes, sir, our firm and myself tend to specialize in the retail food industry, market research and marketing work

for the retail food field. We have served such chains locally, for example, as Food Giant, Ralph's, Market Basket, [fol. 2365] Lucky Stores, Boys, Mayfair Markets, numerous others.

Q. Were you requested by the government to prepare certain exhibits?

A. Yes, sir, I was.

Q. What type of exhibits were you requested to prepare?

A. May I refer to this, your Honor?

The Court: Yes.

Mr. Coyle: Let the record show that the witness is referring to Government's Exhibit 85 for identification.

The Witness: The exhibit to which you just referred is one that was prepared by our office, and what it indicates is this: There are six configurations outlined here on a map. The star stores represent a Von's market, the circles represent either an existing or a proposed Shopping Bag. Any person living within any portion of any of these circles would find both a Von's and a Shopping Bag store readily accessible to them in terms of current shopping patterns in Southern California.

Would you like me to elaborate on this "current shopping patterns"?

Q. Yes.

A. There are very few shoppers who ever patronize a single market. Consequently, homemakers tend to patron- [fol. 2366] ize, particularly in the Southern California area, where they are especially mobile, ease of transportation, large number of cars per family, ready access—there tends to be a number of factors that shoppers consider in determining which store or which stores at which they will shop. There has been, on the basis of our experience in consumer interviews, there seems to be only one delimiting factor, and this is how far is a market from a respondent's home in terms of driving time? Particularly as Southern California homemakers have become increasingly mobile they have tended to measure or assess the distance to a market in terms of how long will it take me to get there, rather than in terms of blocks or miles or other geographic measures. What we did, therefore, was to mark off a 10-minute, which seems to be a conservative average for

Southern California shoppers in their shopping patterns, travel at least 10 minutes, any store within a 10-minute range of their home they will by and large consider to be a possible store at which they might trade. What we did, therefore, was to, through actual driving tests, measure a 10-minute drive from a number of Von's—as a matter of fact, 16 Von's stores, 21 proposed or existing Shopping Bag stores; then around each of these stores we plotted a circle—not necessarily a circle, but a configuration describing a 10-minute striking distance, let's call it. These cir-
[fol. 2367] cles in Exhibit 85 represent the overlap areas coming from these original driving time circles. Thus, both a Von's and Shopping Bag store could expect to draw customers from any person living within any of these six major configurations outlined in the exhibit.

[fol. 2368] By Mr. Coyle:

Q. Did your study include ascertaining the population residing in these areas that were accessible to both Von's and Shopping Bag stores?

A. Yes, sir, it did. After we had established through empirical testimony—driving times—after we established the striking circles, call them, and from these developed the overlap area, which are the circles shown on this chart, we then ascertained, from 1960 census data, the approximate population living within each of these six configurations. That is shown on the lower left-hand portion of the chart by each of the specific areas and by totals. As of the 1960 census date we would estimate that approximately 1,058,000 persons lived within the six overlap areas shown.

Q. Did you also estimate their expenditures for groceries?

A. Yes, we did. In an effort to be conservative we used what is probably somewhat less than the annual Southern California expenditure for food. I at any rate arrived at the figure for these persons of approximately four hundred eighty-one and a half million dollars per year.

Q. Did you make any verification of this on this basic premise of ten minutes driving time?

[fol. 2369] A. Yes, we did. Our original estimate of approximately ten to twelve minutes driving time as being the normal range which a homemaker will travel to a food store was based on our previous studies which go back, at

east in Southern California, to about 1949 or thereabouts, 949 or 1950.

In the course of that time we have conducted interviews ith, I would estimate at least a quarter of a million home- akers in the Southern California area regarding their ood-buying patterns. It was from these data that we orig- ally estimated the approximately ten to twelve-minute iving range.

However, after we had plotted these tentative circles, the uestion arose as to whether the individuals living in these articular specific areas might indeed, in some way, be non- pical, perhaps they habitually drove shorter distances, orter driving times than the typical Southern California erage of ten to twelve minutes. Consequently, we drew mples of homemakers residing within each of these rcles.

Our total sample was 1167 respondents. And essentially asked them to think of the food stores at which they gularly shop, and then having these food stores in mind, ked us to—or we asked them to describe the distance of at food store from their home, from which we got ol. 2370] their driving times.

Our results—I can give these to you area by area, or I n give you, I can give them to you for the total six areas mbined—there is relatively little variation from one area another, it is slight.

But by way of a total, 70 per cent of the persons whom interviewed in these six areas indicated that they either gularly, frequently or at least occasionally visited a food re which was at least ten minutes driving time from ir home, in many instances it was over ten minutes. But used ten minutes as an average of the original driving e used to plot the configuration.

f it is of interest area by area, that these are shown— a 1 and 2 we combined in our interviews. 70 per cent of persons in areas 1 and 2 frequently visited a food store ier regularly, frequently or occasionally at least ten utes from their home.

The Court: May I ask you, when you put the question to n, did you put it in that form?

The Witness: The form of the question, your Honor, was ally there were several questions. We first indicated to

the respondent, "We are conducting a study on retail buying patterns and would like to ask you a few questions."

The Court: Was this done orally?

[fol. 2371] The Witness: Yes, sir, it was.

The Court: By——

The Witness: By personal interview.

The Court: In other words, you hired people to go out and do it?

The Witness: Yes, sir.

The Court: What check did you have to be sure that they went out and talked to people? How did you check on it?

The Witness: Several ways, your Honor. First, the people who were hired for this job are interviewers who we have regularly used over a period of a number of years. We selected our best interviewers for this.

Additionally, the way the sample was chosen was in accord with the same sampling pattern that the United States Census used, which was we sent respondents through a randomly selected address rather than leaving the choice of who the interviewer was to interview, leaving this up to the field worker herself, we supplied interviews with a predetermined, with a random sample of addresses within the area.

Consequently——

The Court: What I am interested in, did they write down something on each one?

The Witness: The interviewer had a ballot from which [fol. 2372] she questioned the respondent. She questioned the respondent, "Think of the sotres at which you regularly, frequently, occasionally shop for food. Now, where are these stores?"

The Court: The trouble, I am asking you, you see you have compounded the question. The answer means nothing to that question. You say occasionally, frequently and often. And the man says yes. Now, what does that mean? If he says no, what does it mean? That is my problem.

It is like a lawyer when he compounds a question here, we sustain an objection to it because we don't know what the answer would mean.

The Witness: Let me develop it a little more clearly then, if I may.

We ask the respondent first, "Where do you shop for food?"

And the respondent would name the stores—excuse me, I am sorry—we ask first, "At what stores do you regularly shop for food, and by regularly we mean more than six times a month you are in the store shopping for food."

And the respondent would give us an answer.

And then we would say, "Now, how far in terms of driving time is that store from your home?"

And the respondent would give us some estimated driv-
[fol. 2373] ing time, based on her own experience.

We would then ask, "Are there any other stores at which you shop more than six times a month?"

If no, we then go to asking about frequent shopping, which is defined as four to six times a month, and occasional shopping as less than four times a month.

So we gave each respondent an opportunity to play themselves out in terms of stores at which they shop regularly—and in many instances these were two or three stores—then stores at which they shop frequently and then stores at which they shop occasionally.

And in each case, after the respondent had named the store, we asked, "How far is that from, how long does it take you to get there from home?"

Does this clarify it?

The Court: Well, it does, except you say most of them said ten or twelve minutes.

The Witness: The average time tended to be more like 12 to 15 minutes. Many of them, of course, said two or three minutes.

And at the other extreme are persons in the sample who would patronize stores 15 or 20 minutes from their home.

The Court: Let me ask you this, how long will it take you to drive from the Federal Building to your home this afternoon?

[fol. 2374] The Witness: To my home?

The Court: Yes, approximately.

The Witness: From the Federal Building to my home?

The Court: Yes.

The Witness: Can I come the other way?

The Court: Yes.

The Witness: I did that this morning.

The Court: Yes.

The Witness: Fifteen minutes.

The Court: Well, how far is it, do you know in miles? It is about 70 blocks, isn't it?

The Witness: That would be a good estimate, yes. About ten miles—no, that would be too fast, wouldn't it.

The Court: You see what I am getting at is the frailty of the questions of this type. The average person, it is like smog, you say, "Where do you live?" and the fellow says, "I live out in such-and-such an area, we don't have any smog in my district."

The Witness: Could I point out a different——

The Court: What I am getting at, I am trying to find the trustworthiness of your questions and answers.

The Witness: Yes, sir.

The Court: The average human being has a tendency to flippantly say, oh, ten or fifteen minutes, they live in North [fol. 2375] Hollywood; how long does it take you to drive there; oh, fifteen or twenty minutes. Well, they must be taking a helicopter. Do you follow me?

The Witness: Yes, sir.

The Court: Now, how do you get at it to find out how these answers are trustworthy? That is what I would like to know, because this could be important.

The Witness: All right. Let me, if I may, back track a little bit.

First, however, let me point out that we are talking about Southern California homemakers who tend to be considerably different, I think, in their over-all living patterns than I, for example.

We found years ago, a number of years ago when we used to do market research studies out here for the food industry, we used to ask respondents where they shop and how far this was from their home, in an effort to establish trading radii.

We used to ask how far was this from their home. Female respondents found it very difficult to express answers to us in terms of miles. Therefore, with no intent on our part we found we were getting answers such as, "Well, I don't know how far it is but it is about ten minutes this way, it is about fifteen minutes that, and it is about twenty [fol. 2376] minutes this way."

The Court: Now, those are female minutes we are talking about, female driving minutes?

The Witness: Yes, sir, perceived female driving minutes.

The Court: Did you find there was a difference between male and female in their answers on minutes?

The Witness: We have done very little questioning, your Honor, of men. An occasional study for the food industry where we may have reason to question men.

The Court: You understand what I am talking about, don't you?

The Witness: Yes, sir, I do.

The Court: The lady says she only has to run the comb through her hair and she will be right with you. Now that means about half an hour, doesn't it?

The Witness: Yes.

The Court: That is what I am talking about.

The Witness: Yes.

The Court: These are all factors, aren't they?

[fol. 2377] The Court: These are perceived minutes. Although another element in here, because we were finding so many women—this now goes back a number of years, this goes back to the early 1950's or so—because we were finding so many women who were telling us where they shopped in terms of minutes, rather than miles, we thought this might be a handy device to use in some of our interviews, rather than asking them how far in miles, we just asked them how far in minutes.

Before we switched to that pattern of interviewing we did a great deal of internal work to insure that they reasonably well knew what they were talking about. They were not saying, they were not naming a market on the other side of town and saying about a 10-minute drive, nor were they naming a market just down the street and saying, oh, about a 10-minute drive.

Before we used this form of questioning—and this was considerably before the specific study here, we wanted to insure ourselves that they did reasonably know what they were talking about.

The Court: May I ask one other question, then, counsel, and you go ahead after this.

How far, generally speaking, on an average, is 10 minutes in miles?

The Witness: I think this can vary considerably, your [fol. 2378] Honor, from one community to another. In some communities it is—oh, take for example, in the heart of Long Beach, the heart of Long Beach a 10-minute drive would not be very far.

Take some of the open Valley areas——

The Court: How far would it be, how far could I get in Long Beach on a normal day—excluding Friday and Monday—let's just take Tuesday, Wednesday and Thursday, and not bother about Saturday, Monday or Friday, which are all bad driving days.

The Witness: Yes.

The Court: How far in Long Beach would you estimate a car would get in 10 minutes? I mean just an approximation.

The Witness: I would guess under five miles.

The Court: In 10 minutes, how far?

The Witness: I don't know. I will tell you what my rough computation is.

The Court: Yes.

The Witness: I am presuming something under, an average of something under 30 miles an hour, considering stop lights, traffic conditions, stop streets, and et cetera. At 30 miles an hour, 10 minutes would be about five miles.

Consequently in 10 minutes in the general Long Beach [fol. 2379] area I presume one could get not much further than four, perhaps four and a fraction miles.

The Court: Well, as I understand you, it would be—a good average would be four miles.

The Witness: A good average.

The Court: Taking in all conditions.

The Witness: Freeway traffic in Southern California.

The Court: Yes.

The Witness: Excluding freeway travel—I don't know, certainly, but——

The Court: As an approximation.

The Witness: I would guess it is a good average.

The Court: Well, as a matter of fact, counsel, hasn't all the testimony indicated heretofore that the draw area was about four miles on these stores?

Mr. Coyle: A good part of it has, your Honor.

Mr. Alsup: No, your Honor. Mr Von der Ahe testified it varied with stores, some had a mile, some had a mile and a half, some two miles——

The Court: That was more or less as a tendency, though, wasn't it, counsel? I think Mr. Von der Ahe conceded that there would be some draw within the four-mile area, but [fol. 2380] that the heavy draw would be, say, the first mile.

Mr. Alsup: That is correct.

The Court: Am I correct about that?

Mr. Alsup: Yes, the great bulk from the closer area and some draw from farther areas.

The Court: But the draw area more or less has been designated pretty much, without saying how much and from what part of the area, as being about the four-mile area.

Mr. Alsup: Yes.

The Court: Generally speaking.

Mr. Alsup: Yes.

The Court: All right. Go ahead, counsel.

By Mr. Coyle:

Q. Dr. Jenssen, in the course of your interviews that you made, did you ascertain the address of the store in which the women said they shopped?

A. Yes, sir, we did. Actually there were several verifications involved here. First I mentioned the particular way in which we drew the sample, the interviewer had to interview a particular respondent at a particular address.

At the time the ballot was turned in, we verified 15 per cent of these by telephone calls with the respondents, merely asking, "Were you interviewed recently?"

[fol. 2381] The second verification that automatically was clamped into it is, in asking the respondent the approximate location or address of the store, respondent said, well, shop at least several times a week at Store A, and the interviewer would ask where was this store located. At the approximate intersection of—the respondent would in some way describe the location.

We then, in tabulating the times would attempt to verify that the respondent was not completely wrong in naming the approximate length of time it took her to reach a particular location, store location.

This, of course, was not a precise check, but within reason.

[fol. 2382] Q. With respect to your driving time study

that you yourself did, or your organization did, in these various areas, did you have any control on those tests?

A. Here is how we handled those. We used a number of different drivers. For each of the locations involved here three different drivers ran each location.

The Court: Were they men or women?

The Witness: They were all women, sir.

The instructions to the driver were to start at the parking lot of the store, drive for ten minutes, moving with the normal flow of traffic, don't try to speed up your time, don't try to beat stoplights, don't try to pass other cars unless they, in turn, are not moving with the normal flow of traffic, obey all traffic rules, don't try to push, just a normal flow of traffic moving, start your stopwatch at the time you leave the parking lot, at ten minutes stop and record the intersection at which you are now. Then turn around and drive backwards. What we were looking for—return via the same route. What we were looking for here was the possibility of driving time in one direction taking the test driver farther than driving time in the other direction. As it turned out we found no significant differences in this regard. The driving tests were run at various days of the week, varying times of the day, and I believe I mentioned each driving run was performed by three separate drivers, [fol. 2383] unaware of the results of the other one.

We took the shortest distance of any of the three drivers. For the most part they arrived at about the same point, plus or minus a block or two.

Directions in which they drove. They drove for practical purposes eight points of the compass. Generally north, generally northeast, generally east, generally southeast, and so on. The way the streets are laid out, of course, they could not go directly northeast, say, but they were to head in a generally northeasterly direction, so on, for eight points of the compass.

Q. Dr. Jenssen, have you read or studied the affidavit or the exhibits prepared by Dorothy Corey and submitted as defendants' exhibits?

A. Yes, sir, I have.

Q. What is your evaluation of these studies?

The Court: Isn't that, in effect, asking the valuation of somebody else's testimony?

Mr. Coyle: Yes, your Honor, expert testimony.

The Court: If they let you do it, all right.

Mr. Aslup: I object, your Honor. I would like to cross-examine on the point, but I will object to it. It would unduly prolong the trial.

The Court: Is that permissible, counsel?

This is a modern touch, as far as I am concerned. It [fol. 2384] sounds like the old days when they called character witnesses. They called A, and he would testify the defendant's character is good. They would call B, and he would say A's reputation was bad. And they called C, and he would testify they both had a bad reputation for truth and veracity, and so on and so on, until the court put a stop to it.

That was reputation testimony. What you are doing now is to have one expert testify that the other's testimony is not valid testimony, isn't that what you are doing?

Mr. Coyle: Yes, you Honor.

The Court: Is that proper?

Mr. Coyle: I will withdraw the question.

The Court: Tell me if it is proper. I want to learn something. I am trying to learn as I go along. Is it?

Mr. Coyle: I have seen it done in other cases.

The Court: Counsel, you have seen anything happen in a courtroom somewheres, but I don't try to emulate those courts.

Mr. Coyle: All right.

The Court: I try to conform to some standards and rules, as near as I can, as near as I know, so I am not going to permit you, unless you show me some law.

Mr. Coyle: I withdraw the question.

I offer into evidence Government's Exhibit 85, your Honor.

[fol. 2385] Mr. Alsup: May ruling be withheld until we have had an opportunity to examine the document?

The Court: I thought you had seen it. I am sorry, counsel.

I would like to ask one question or two before you do. I may be interfering with your cross examination. I will be glad to wait.

Mr. Alsup: No, sir.

The Court: Look at Exhibit 85, and let's look at Area 2. How far would you say it is from the star at 22 to, I guess you would call it the round black dot.

The Witness: From the star to the black dot—

The Court: In miles.

The Witness: In miles?

The Court: Yes.

The Witness: I can't tell, your Honor. I don't have a geographic scale.

The Court: You don't live in the valley?

The Witness: No.

The Court: Let's go over to where you live. You live out at 64 something Second, 6400?

The Witness: I don't think we have that area on here.

The Court: Are you fairly well familiar with the conditions—let's see. Where are you most familiar with traffic [fol. 2386] conditions outside of your own home area? It would be what part, would you say? How about the Downey area, are you familiar with that?

The Witness: Not too well. Let's go back to the valley, if we may.

The Court: The valley?

The Witness: Yes.

The Court: All right. Let's go over here to Area 1, is that what your mean?

The Witness: I am on Area 2 coming off the Ventura Freeway at—how about Laurel Canyon? That should be on here, should it not?

The Court: Laurel Canyon is miles away from where we are talking about.

The Witness: Here is Laurel Canyon, down at Studio City, the lower portion down here.

The Court: Laurel Canyon is about how far from, would you say, from, well, Panorama City?

The Witness: I don't know. Milewise?

The Court: Yes. Do you know?

The Witness: No, sir. I could guess.

The Court: What would be your guess?

The Witness: As the crow flies I would estimate perhaps six to eight miles. Via streets—

The Court: You notice you have to go, if you go by [fol. 2387] Laurel Canyon, to get there——

The Witness: You have to go up to Roscoe, let's say.

The Court: All right. Now, are you familiar with the Chatsworth area?

The Witness: No, sir, I am not, especially.

The Court: Granada Hills?

The Witness: Slightly, Granada Hills.

The Court: I am sure you must be familiar with Vanowen, Sherman, Saticoy, and Roscoe, and Reseda, and that area, aren't you, Topanga?

The Witness: Reasonably.

The Court: Would you have any idea how far it would be in miles from Topanga Canyon to the star at point 22, let's say you went Sherman Way?

The Witness: I haven't found my starting point. Where am I, Topanga and Sherman?

The Court: Topanga and Sherman Way.

The Witness: I am sorry, I don't have a scale here, so I am only roughly estimating this, but I would guess—

The Court: Do we have a ruler here, Mr. Clerk?

The Witness: A ruler won't do any good, because we don't have a convergent scale, anyhow. But I would estimate, starting from Topanga Canyon to the star at 22 would be about four miles, perhaps, between four and five, I would estimate.

The Court: How far would you say it would be from [fol. 2388] Tarzana to this Von's Market at Sherman Way and Reseda?

The Witness: From Topanga to the Von's Market at Sherman Way and Reseda, that is the star at 22, the Von's Market?

The Court: Yes.

The Witness: You said from Topanga and Sherman Way?

The Court: No. From Tarzana now.

The Witness: I am sorry. I don't see Tarzana here.

[fol. 2389] The Court: Tarzana is down at the very bottom.

The Witness: Oh, yes. Again, recognize, please, this is an estimate—

The Court: I understand it is an estimate. I am coming to something. I want to ask you a question.

The Witness: It would look to be two to three miles.

The Court: Now, do you know how many grocery stores

are in the area of Reseda, Vanowen, Sherman Way, in that area—do you have any idea how many grocery stores are there?

The Witness: If you want me to guess a number, I have the impression that that area is pretty well loaded with supermarkets.

The Court: There are not only supermarkets, but you have a great many independents in there, don't you?

The Witness: Yes, that is a pretty heavily saturated area, as I recall.

The Court: Do you think you could go five blocks without running into a grocery store?

The Witness: Not on a main—well, possibly, but I doubt it. I do know there is a little stretch here on Ventura where you just hit one after the other.

The Court: So that particular area surrounding point 22, as you put it, is pretty much loaded with all types of [fol. 2390] grocery stores, both chains and independents?

The Witness: Yes, sir.

The Court: How about up in—you say you haven't been in the Chatsworth area?

The Witness: Only once or twice.

The Court: Have you been up in Alhambra, up in area No. 3, which is Alhambra, up in that area?

The Witness: Yes.

The Court: I will put this in sort of—this may sound a little tricky to you, but you clarify it. Have you been any place in all your life and seen as many grocery stores as you see in that area?

The Witness: It is, as I recall, pretty heavily loaded, also. I think there are other areas that are more saturated in Southern California, but it's heavy.

The Court: All right. Where would be the area that you recall that would be more saturated?

The Witness: I could be wrong on this by actual count, but I would say that the general Crenshaw—Crenshaw Shopping Center and within a five- or six-mile radius of that location is pretty heavily saturated with markets.

The Court: As a matter of fact, Dr. Jenssen, that Crenshaw area has mushroomed not only in population, but in new stores, hasn't it?

[fol. 2391] The Witness: In how long?

The Court: Crenshaw, say, to LaBrea, through there, the freeway, all that new development in there, in the last 10 years.

The Witness: Yes. I think the bulk of the markets might have been there 10 years ago. The area has grown vastly in terms of population.

The Court: From your knowledge, do you know whether or not—this may be going outside of the direct, counsel, so if you want to stop me, object.

Have you noticed the development of independent grocery stores in that area, or are there any there?

The Witness: There are always independent grocers everywhere.

The Court: All right.

The Witness: I don't think that the Crenshaw area has any more than its normal share.

The Court: Go ahead, counsel.

By Mr. Coyle:

Q. Dr. Jenssen, have you made any studies as to whether a shopper will pass grocery stores to get to one that she prefers to shop at?

A. Yes, we have, Mr. Coyle. I mentioned before that there are a number of factors that influence where a shopper will do her shopping. I don't know if you want me to begin developing a list of these, but we have identified [fol. 2392] in our studies at least eight or ten significant elements that determine where she would shop.

The Court: Can you just list them?

The Witness: Not in rank order, but just some of the considerations: Pricing, general appearance of the store, size of the store, variety of brands, parking space, whether or not the store is in a shopping center or is a free standing store, general familiarity with the store's name; trading stamps used to be a factor, except now by and large they are pretty well equalized; quality of meat, quality of produce, variety of produce, check stand service, cleanliness of the store. These are a few that come to my mind. I might be overlooking some. I am sure I am overlooking some. These would be some of the more significant.

In her quest to—to what? Put together the optimum com-

bination of factors to best satisfy her home shopping needs, it is not all all uncommon for a shopper to pass one, two, three, four or five or more stores on her way to the particular store in which she is going to stop at that particular time.

There is, also, a great shifting in shopping behavior. A person who shops at a Alpha Beta, say this Friday, may next Thursday shop at a Ralph's, may split her shopping between a Ralph's and Food Giant. Multi-store shopping is very common.

[fol. 2393] The Court: What kind?

The Witness: Multi-store. If I may put actually the reverse of that. Very few homemakers in the Southern California area are loyal to a single store. Actually we arbitrarily for years have used the term 85 per cent of her shopping as being the break-off point. Anything beyond 85 per cent of her shopping—we call that shopper loyal to a single store. In terms of pure, pure loyalty, where she shops only in one store, even does 95 per cent of her shopping at a single store, these cases practically never exist. I would estimate—I would recall that at least 15 per cent of the shoppers in Southern California regularly, without fail, patronize as many as five, six, seven or more stores in a typical month.

The Court: Do they go to the other stores just because of the name of the store, or for some other reason?

The Witness: The name is one of the factors. They also, of course, read the advertising, they also have exposed themselves to the store, they have developed impressions of it. Name is an important factor.

By Mr. Coyle:

Q. By "name" do you mean reputation or image?
A. If I may, I would like to use the term "image."
Q. Pardon?
A. Image of the store.

[fol. 2394] Mr. Coyle: I have no further questions, your Honor.

The Court: I think we had better take a recess.

How much cross do you think you will have, counsel?

Mr. Alsup: I would think 20 minutes, your Honor.

The Court: I am afraid that you gentlemen are going to ave little or no time left for any extemporaneous speaking nat you may have in mind.

Is this the last witness?

Mr. Coyle: Yes, your Honor.

The Court: I take it this will conclude the case?

Mr. Alsup: Your Honor, I would like to cross examine ne witness, and I would like to recall Mr. Von der Ahe ery briefly with respect to this witness' proposed exhibit.

The Court: What is this, surrebuttal, counsel?

Mr. Alsup: Yes, Your Honor.

I might say, your Honor, we weren't furnished with an fidavit of this witness.

The Court: You weren't?

Mr. Alsup: No, your Honor?

The Court: Why not, counsel?

Mr. Coyle: Because this is a rebuttal that we worked up, e decided to put on because of the ruling on paragraph 46.

'ol. 2395] The Court: I think probably technically you are ithin your rights. On rebuttal it may well be that that ould not be within the spirit of the court's ruling. So if ou desire to put on some surrebuttal, how much will it be, ounsel?

Mr. Alsup: It will be very limited, your Honor.

The Court: All right. We will take a recess of 10 minutes.

(Recess taken.)

'ol. 2396] Cross-examination.

By Mr. Alsup:

Q. Dr. Jenssen, can you tell us when Exhibit 85 for iden- ification was prepared?

A. It would have been roughly March, April, May of 60.

Q. Of 19-what?

A. 1960.

Q. When did you begin work on this case for the Govern- ent?

A. As I recall——

Mr. Coyle: If your Honor please, I think the witness ould be refreshed. I think it is '61.

The Court: Counsel, you are not testifying. He is the witness.

The Witness: I might——

The Court: Did you make this yourself, this 85?

The Witness: Not personally by myself, sir, no. Perhaps I now misunderstood the question.

We began working——

The Court: He asked you when you, as I understood the question, when this chart was made, Exhibit 85. Is that right, counsel?

Mr. Alsup: That is correct, your honor.

The Court, You said 1960.

The Witness: May I place the date this way: We began [fol. 2397] working with the Justice Department in this study beginning the driving times early in 1960. Our first contact was in March of 1960. We began work early in 1960.

The interviews that were done with people who resided in these areas were done very early in 1961.

By Mr. Alsup:

Q. And if this map were furnished to us, this proposed exhibit, some time in December of 1961, would that refresh your recollection as to when it was prepared?

A. No, sir, this would not help. If it—if it is important to do so I can contact some of the people in my office who worked on the preparation of this exhibit and get their recollection of it.

The Court: Well, counsel, you were preparing for rebuttal awfully early, weren't you?

Mr. Coyle: Your Honor, we were preparing prior to the entry of the pretrial conference order.

Mr. Alsup: And after, I believe, your Honor.

Mr. Coyle: No, your Honor, this witness finished his work prior to the pretrial conference order.

The Court: You know, I allowed this to go in on the theory it was rebuttal. And at the time I had a little question in my mind about it being rebuttal.

What does it rebut? Who?

Mr. Coyle: It rebuts this evidence that the defendant [fol. 2398] put in that only 13 of the stores were competing. It shows that substantially more than 13 were competing.

The Court: You mean this exhibit shows that?

Mr. Coyle: Yes, your Honor.

The Court: Have you ever arrived at your understanding on this paragraph 46?

Mr. Alsup: I think we are very close to it, your Honor.

The Court: Well, time is moving on, you know, gentlemen.

Mr. Coyle: I think we have arrived at it, your Honor.

The Court: Because I will tell you this, this chart—while it is admissible in evidence,—it certainly creates some real problems when it comes to evaluating its weight.

You know the visual can create an impression that doesn't exist. It is like a mirage, you think you see something and you don't.

Now, these distances here by minutes, I don't know, I assume it has some value as evidence. But it is like trying to figure out what you would do if you were a woman going to a grocery store. That is pretty difficult for me to figure out.

Go ahead, counsel. I am going to let it stand in evidence, [fol. 2399] maybe it is rebuttal. It seems to me it was primary evidence.

Mr. Coyle: Your Honor, I don't believe so, not with the pretrial conference order standing as it was originally written.

The Court: Now, let's just back up, counsel. You are contending that as the pretrial order existed there was no issue then as to competition between the Von's and Shopping Bag, is that right?

Mr. Coyle: That is correct, your Honor.

The Court: Then why would you need this as rebuttal in 1961?

Mr. Coyle: It was original evidence then.

Mr. Alsup: It was furnished to us, your Honor, after the pretrial conference order was entered. That is the point I was going to make.

The Court: Then it was furnished to you, you have seen it then.

Mr. Alsup: I have seen a different copy of this, but not their working papers or any affidavits. It was furnished to us after the pretrial order was agreed and signed.

Mr. Coyle: It was furnished with our exhibits, your Honor.

The Court: You say you have arrived at a stipulation [fol. 2400] on this paragraph 46 of the pretrial order?

Mr. Coyle: Yes, your Honor.

The Court: If you have, let's have it now before you go any further.

Mr. Coyle: Your Honor, the new version of paragraph 46 would read as follows:

> "Prior to the merger the 20 leading chains of supermarkets in the Los Angeles metropolitan area were all a part of the retail grocery competition in the Los Angeles metropolitan area, and as such each of these chains competed with each other and with other corporations and firms engaged in the purchase, distribution and retail sales of groceries and related products in the Los Angeles metropolitan area. As a part of the competition the major chains, as well as other grocers, frequently responded to competitive practices originated by one or the other major chains. But defendants contend that competition between individual Von's and Shopping Bag stores was limited to those instances where a store of each company was so located that both could compete for some of the same customers. And defendants admit that in such instances the competition was intensive."

[fol. 2401] The Court: Is that your stipulation?

Mr. Alsup: That is our stipulation, your Honor, with one additional matter in paragraph 8, subparagraph——section 8, subparagraph 6 of the pretrial order, your Honor, we made certain reservations as to interstate commerce, and particularly as to the relevant section of the country. And we would want that reservation as to the relevant section of the country to apply to this new paragraph 46.

The Court: Is that where Judge Mathes wrote in—is that the same place?

Mr. Coyle: I think it is, your Honor.

The Court: What page is it on?

Mr. Coyle: It was the amended one——

The Court: It is on page 11, paragraph 6?

Mr. Alsup: Paragraph 6 on page 11.

The Court: Well, Judge Mathes wrote in there, "and

with respect to paragraph 17 and the past three above," is that the place you are talking about?

Mr. Alsup: Yes, your Honor. And I would like to——

The Court: I think you had better prepare a written stipulation so that it will be a part of the record without any problem, and put that proviso in your stipulation for an order of the court.

[fol. 2402] Mr. Coyle: I would suggest, your Honor, that we retype this pretrial conference order with these various amendments.

The Court: No, I am going to—well, you can do that if you wish, that is all right.

Mr. Coyle: Because it has been amended a couple of other times, too.

The Court: I think it might be a good idea at that. Suppose you do that. Suppose you retype it completely and then it will be in the final condition that we now have arrived at, is that right?

Mr. Alsup: Very good, your Honor.

The Court: Now, what this means I am not sure. I know I have heard it, but——

Mr. Coyle: I have a copy of it here, your Honor.

The Court: Give me a copy of it, because after several days' study I may understand it.

Mr. Coyle: One word is stricken there, your Honor.

Mr. Alsup: May I see a copy?

The Court: Well, what it goes all out to say is just about what I tried to say originally, there is general competition in the area.

Mr. Alsup: That is correct, your Honor.

The Court: That is about what it says, doesn't it?

[fol. 2403] Mr. Coyle: I would say that, your Honor.

The Court: Well, that is what I said at the very beginning. So we have now, after great, profound thinking, come back to the original proposition that there generally is competition throughout the metropolitan area.

Proceed, counsel.

By Mr. Alsup:

Q. Dr. Jenssen, you have been referring to some notes while you were testifying?

A. Yes, sir.

Q. What are those notes?
A. My definition of "regular, frequent——"

The Court: Whose notes are they, I guess is what he means.
The Witness: Oh. They are my own, on index cards.

By Mr. Alsup:

Q. Your definition of "regular"?
A. "Frequent, occasional shopping," as we defined it in our interviews with—which we conducted. Also a breakdown by areas of the data that we received.
I have a few other notes here, the fact that 16 Von's and 21 Shopping Bags were involved——
Q. May I see those notes, please?
A. Surely.

[fol. 2404] The Court: Step right up, counsel.

(Witness hands documents to counsel.)

By Mr. Alsup:

Q. I will ask you to refer to those notes, Dr. Jenssen, and tell me how many persons were interviewed in area 1 shown on Exhibit 85.
A. May I refer to——

The Court: You can refer to anything.
The Witness: Thank you.
The Court: That will refresh your recollection.
The Witness: Areas 1 and 2 we interviewed together. Area 1 and 2, the total number of interviewees were 202, which probably——
The Court: Now let me ask you a question.
The Witness: Yes, sir.
The Court: Is this refreshing your recollection or are you reading from something?
The Witness: No, I am reading from my notes.
The Court: Well, first, do you have any independent recollection at this time, without looking at your notes?
The Witness: Yes. As a general rule the interviews were dealing with six sub-areas here. The interviews per subarea in no case were less than 100 and in a few cases were as much as 200.

[fol. 2405] The Court: But my point is this, simply, just to find out if you are actually refreshing your recollection and it is now refreshed from reviewing your notes, or whether or not you have no recollection and you are just reading your notes. There is a big distinction. Do you follow me?

The Witness: Yes, sir, I guess I do. Remember, we did these two years ago.

The Court: In other words, it is coming back to you now that you have looked at your notes?

The Witness: Yes, sir.

The Court: Go ahead.

By Mr. Alsup:

Q. That is, you interviewed approximately 200 out of the estimated total population in those areas of 200,000?

A. Yes, sir.

Q. And how many persons did you interview in Area 3?

A. In Area 3, 232.

Q. 232 out of a total population of 380,000?

A. Yes, sir.

Q. How many persons did you interview in Area 4?

A. 373.

Q. 373 out of a population of 262,764?

A. Yes, sir.

Q. Was there any reason, Doctor, why you should interview more persons in Area 4 than you did in Area 3, when Area 3 has a greater population than Area 4?

[fol. 2406] A. Yes, sir, there is.

Q. Will you explain it, please?

A. Yes. Recall that the purpose of these interviews was to positively verify for us that the homemakers living in these particular areas, which we had outlined, were not an exception to the general rule we had found to exist over-all throughout the Southern California area——

Q. In other areas, Doctor, though, when you are making studies for grocery concerns, what are those for? To determine whether or not a store can improve its image, or whether it should build a new store, something like that?

A. Yes. In many areas, by way of a general answer, we are concerned with conveying to the retail food operator

the shopping needs, desires, habit patterns of homemakers in his area.

Q. In those instances when you are employed by someone like Ralph's, for example, would you start out at the parking lot of some store in the area and drive for ten miles in each direction and come back and tell Ralph's they could either have a good store or not a good store—would you make a recommendation to them on that basis?

A. On that basis alone?

Q. On that basis alone.

A. No, sir.

[fol. 2407] Q. What other factors would you take into consideration?

A. To answer that thoroughly, I would have to describe for you the method we generally use in appraising a store site.

The Court: You can give the method later on, but what factors would you take into consideration?

The Witness: Consumer shopping behavior in the area.

The Court: Which includes what?

The Witness: It includes the stores at which persons in that area currently are shopping, and the degree of satisfaction or dissatisfaction that they are receiving from their shopping at these particular stores.

By Mr. Alsup:

Q. Isn't it true, Dr. Jenssen, that you have performed certain studies for Shoppers Markets?

A. Yes, as I recall, a number of years ago we did.

Q. In that case in determining the competitive effectiveness of the Shoppers Market—let's take the one in Norwalk—did you interview a percentage of homemakers within a one-mile radius of that Shoppers Market?

A. This could be. I don't recall.

Q. Hasn't that been your general practice in making these studies for your grocery store clients?

A. No, sir, it has not.

[fol. 2408] Q. How far out do you go——

A. This is what I started to answer.

Q. ——in making these interviews?

A. When we go into an area we are never too sure ex-

actly how far—what the trading area of that particular location is going to be. Consequently, as a very early step we will go out a distance of 10, 15 minutes driving time, which normally might represent as far as three, four, and in some cases even farther miles from the site. Then we will begin interviewing persons around the periphery of this rough circle. As we move in toward the circle, normally at this point people in performing their shopping tend to be moving in other directions. At some point as we move into the circle we will find that people are in general trending in the direction, the general direction of the proposed site. This, then, becomes our outer boundary. In many instances a this has been as little as one mile; in other instances a mile and a half; in other instances it may have gone out as far as three or four miles.

Q. I show you a document, Dr. Jenssen——

Which I asked be marked Defendants' Exhibit next in order for identification.

The Court: What is it, Mr. Clerk?

The Clerk: Defendants' Exhibit BJ, your Honor.

[fol. 2409] (The exhibit referred to was marked as Defendants' Exhibit BJ for identification.)

By Mr. Alsup:

Q. Can you identify Defendants' Exhibit BJ for identification, Dr. Jenssen?

A. Yes, sir.

Q. Will you state for the record what it is?

A. It looks to be what I would term an image study——

The Court: What kind of a study?

The Witness: An image study of the Shoppers Market in Norwalk.

By Mr Alsup:

Q. When was that made, Dr. Jenssen?

A. I don't see a date on here. I could roughly estimate from the cover. Let me think for just a moment, if I may, please.

I would guess about six or seven years ago.

Q. That was made by you or your organization?

A. Yes, sir.

Q. I ask you to turn to page 5 of that exhibit, Dr. Jenssen. Does that indicate that within a one-mile radius of that Shoppers Market in Norwalk there were then an All American, a Raisin's, an Arvo's, a Market Basket, a Ralph's, a Wong's, a mom-and-pop's?

A. Yes, sir.

[fol. 2410] Q. Do you know of your own knowledge whether or not there are now additional stores in that Norwalk area?

A. I couldn't name them specifically, but I am confident there are.

Q. Does page 5 of that Exhibit BJ, for identification, indicate that Shoppers at that time in competition with these other grocery concerns had 42.3 per cent of the business in that area within the mile radius?

A. Yes, it does.

Q. Turn to page 7, please, Dr. Jenssen. Does that indicate that 67 per cent of the Shoppers Market customers of that store came from a one-mile radius, and a total of 93 per cent came from a radius of two miles?

A. This is where?

The Court: Page 7, he said.

The Witness: I have no page 7. Is it headed Statistical Data?

Mr. Alsup: Yes, it is. It is the page that follows 6. It is unnumbered.

The Witness: Right.

Would you repeat your question, please?

Mr. Alsup: Yes. Does that page indicate that 67 per cent of Shoppers Market's customers came from a radius of one mile?

The Witness: Yes, sir.

[fol. 2411] By Mr. Alsup:

Q. And does it indicate that 93 per cent of the Shoppers Market customers came from a radius of two miles? That takes a little adding.

A. I have six per cent of that store's volume at that time as coming from beyond two miles. 94 per cent of that Shoppers Market's volume at that time was coming from within two miles.

Q. I will accept that, Dr. Jenssen. And you assume that since that time other concerns have moved into the area. In your experience, Dr. Jenssen, as a marketing consultant and student of the industry, when new stores move into the area does that enlarge or decrease the draw area of a grocery store?

A. This would depend, frankly, upon the stores that moved into the area. It could happen either way. If a number of pretty good, well-operated stores, moved into an area, it tends to—going back before to our comment about a shopper passing three, four, five, six stores in order to arrive at the store at which she is going to shop—obviously the more of these she has to pass, the more freedom of choice she has, the more likely she might, indeed, be to peel off before reaching a store farther away. In a case like that it would, of course, tend to restrict the trading area.

In other instances, a store might be established in an area and be such a strong store, such a good store, well-[fol. 2412] known store, that it might, indeed, begin to draw persons from outside what was the normal trading area before.

Q. Are you thinking of a store like Gelson's?

A. Gelson's I know has had this effect, yes.

Q. Are you acquainted with W. H. Crawford at Five Points in El Monte?

A. Yes, at one time I think the Crawford store had that effect. I think this is no longer true.

Q. Are you thinking of the New Continental store of Piggly-Wiggly?

A. I would presume this store has had this type of effect.

Q. This is the type of store you are talking about?

A. This is an example of the type of store.

Let me answer the question this way: Yes, this type of store, the elegant, exotic, interesting kind of store most always would have this effect. It is not the only kind of a store that could have this effect.

The Court: By "this effect" you mean——

The Witness: Drawing persons from a farther distance than had been drawn previously.

By Mr. Alsup:

Q. In the business it is generally recognized that there is a great distinction between the effective draw area of a store and draw area as such, isn't that true, Dr. Jenssen?

[fol. 2413] A. I don't know if I follow your terms precisely. If you want to tell me——

Q. Let's take this Shoppers Market example, you would say in that case where 94 per cent of the customers come from within a two-mile radius——

A. His effective draw area at that time for that store would be about two miles, yes.

[fol. 2414] By Mr. Alsup:

Q. Now, you said you furnished these persons who went out to interview housewives in connection with this proposed Government's Exhibit 85 with a questionnaire?

A. Yes, sir, they had a printed questionnaire which they used.

Q. Do you have a copy of it with you?

A. No, sir, I don't.

Q. Was there any reason why you did not bring it?

A. Yes, there is. We don't have—we don't have any of them, any more. Recognize we do vast amounts of interviewing——

Q. You will have to speak up, Dr. Jenssen, I am having trouble hearing you.

A. We do vast amounts of interviewing, running in the neighborhood of an average perhaps of two thousand interviews a month. This creates a storage problem for us. It is our general practice to keep our interviews for one year after they have been completed, at which time we check with the client to see if he has any further use for these, and if not we discard them.

The Court: All of them?

The Witness: Yes, sir.

The Court: You don't even keep one single one?

The Witness: No, sir, in that——

[fol. 2415] The Court: I mean just from the standpoint of good business, don't you go back over your past history sometimes to study your methods to see if you can improve them and review what you have done in the past?

The Witness: Certainly, I question the extent to which our old interview ballots become of value to us——

The Court: Well, as a matter of research, if you want to go back historically you would have the record—not all of them, but just one interview would show you the type of interview you made for the last 20 or 25 years, isn't that right?

The Witness: I think I know pretty well the type of interviews——

The Court: Well, is your concern just you, are you the whole concern?

The Witness: No, sir, I am not.

The Court: Well, how about posterity, the other people that are going to follow you? What advantage are they going to have?

Mr. Alsup: Don't you think it would have been helpful, since you were going to be a witness in this case, Dr. Jenssen, to have a copy, so that we might have an opportunity to determine whether or not, in our opinion, the questions were fair and called for fair answers?

The Court: Well, that is argumentative, counsel. You [fol. 2416] can ask him this, if he didn't think he should have preserved it, since the trial was imminent? The rest of it I think is argumentative.

The Witness: At any rate, after a year I did check with Mr. Coyle, asking did he have any particular need for us to preserve these. And Mr. Coyle indicated no, he did not.

By Mr. Alsup:

Q. When was that, Dr. Jenssen?

A. It would have been a year after the interviews were done. And the interviews were undertaken, as I recall, before, some time early in 1961. So this would have been probably January of 1962 that we checked with Mr. Coyle.

Q. Now, to the best of your recollection then, Dr. Jenssen, what were the questions on this interview form?

A. The questions began with, first of all, an introductory statement from the interviewer to the respondent, to indicate—this is by and large our standard——

The Court: May I ask you a question?

The Witness: Sure.

The Court: Did you ever conduct one of these interviews yourself?

The Witness: Yes, sir.

The Court: All right. Go ahead.

[fol. 2417] By Mr. Alsup:

Q. Is that one of these referred to in the 1167 of the——

A. In almost all of our studies, before we go into a field of study I like to, if I can possibly manage to do it, conduct at least half a dozen interviews by myself to insure that we are going to get the kind of information that we were seeking.

The Court: That does not answer the question. The question was: Did you make any of these interviews yourself personally?

The Witness: Yes, I did.

The Court: You see how difficult it is now to get an answer to a question. In other words, that is the problem I had in mind awhile ago when I was asking you about the form of the question, because in this courtroom I have heard a man ask a person the way to Brooklyn and they tell them they own a yacht in Nova Scotia. The answers have no relation to the question. So that has been my problem to discern what the questions specifically were, if they were compounded, then you get one type of answer and if they were simple, direct questions seriatim 1, 2, 3, 4, then you get a different situation.

So I am sort of at a loss now to know what the questions were, how they were put and what the answers were.

[fol. 2418] The Witness: I could pretty well reconstruct the interview form, and the form of questioning as far as the data are concerned, I have a complete record of these.

The Court: Go ahead, counsel.

By Mr. Alsup:

Q. Isn't it strange, Dr. Jenssen, that you would save the data but not the question form?

A. On the contrary. Why would this be strange?

The Court: He is asking you. If it isn't strange, you can say so.

Mr. Coyle: I object, your Honor, that is an argumentative question.

The Court: Well, I am afraid it is. But—is this the usual

procedure—you anticipated being a witness in this case, didn't you?

The Witness: Yes, sir. But one point I think might explain this.

Recognizing doing a market research study for any client for any purpose, what we are after as an end result is the data.

In the case of shoppers, this report.

In the case of the Justice Department, the data that I have here regarding our findings.

The actual interview is a tool that we use to get the information. When the tool—when the information has been [fol. 2419] obtained and for our purposes there is no reason whatsoever to preserve the tools that are now out of date, once the data has been derived from them—particularly, as I say, in the case of interviewing—where we could easily accumulate 25 to 30,000 ballots usually which run 2, 3, 4 pages each, we have a difficult enough time preserving these for a year.

The Court: We are talking about one ballot, not preserving all of them, just one sample. That is what we are talking about.

What was the end result you were seeking?

The Witness: The end result we were seeking was the verification of what we knew to be true for Southern California as a whole.

The Court: And what is that?

The Witness: And this was that the bulk of shoppers regard any supermarket within an approximately ten to twelve-minute drive of their home as a logical place for them to consider shopping.

The Court: In other words, you were thinking to prove your point, is that right?

The Witness: No, sir, we had no point——

The Court: Well, your conclusion, as I understand it you say your conclusion was before you started this investigation was what you have just stated, is that right?

[fol. 2420] The Witness: We knew that persons in Southern California do this, namely——

The Court: That was your conclusion?

The Witness: That was our finding. The result of our finding.

The Court: And you were out to sustain that conclusion?

The Witness: We were out to assure ourselves that the findings which we had extended to specific areas, based on general Southern California data, that these findings did indeed prevail in specific isolated areas.

The Court: Do you think, in making an examination into any matter, or an investigation, that if you go into it to prove a certain thing that you have maybe a tendency to lead in that direction, sort of a predilection in a certain direction?

The Witness: I don't think, your Honor, that one in the business in which I am can afford to ever enter an assignment with a predetermined conclusion.

The Court: I don't mean that you are doing it deliberately necessarily, but don't you think that any expert, to some extent, might be influenced in the method of his investigation, if he has reached a predetermined conclusion? That is the point.

The Witness: You keep using the term "predetermined [fol. 2421] conclusion." Might I mention this, that had we —assume that our Southern California data applied—had we developed our configuration based on our general Southern California data, and let it go at that, probably everybody would have been happy.

To insure that what we were doing, that we were correct in what we were doing we sought merely to verify this by these additional interviews. The additional interviews really weren't even necessary.

The Court: Yes, but you overlook the fact, don't you, that I am the one who has to decide from your investigation how good your expert opinion is. And all this underlying data might be of great help to the court in making that determination.

You are coming into court on the theory that you are going to reach a conclusion, period. And the court accepts it. That is the trouble, isn't it? You might be mistaken in your conclusion. That is my job to determine, isn't that right?

The Witness: Yes, sir.

The Court: I am not saying you are mistaken, but every bit of evidence that one relies upon in arriving at an expert opinion may not necessarily help the judger of the facts, but it may help. That is the point. That is the problem.

[fol. 2422] Go ahead, counsel. I have interrupted several times, I am—I hope I am not throwing you off of your track.

Mr. Alsup: Not at all, your Honor.

The Court: But it presents a problem for the court.

Mr. Alsup: You were going to reconstruct the questionnaire. Can you briefly just state what the questions were?

The Witness: Yes. It started with a buffer introduction, "We are doing a study on retail foods—on shopping behavior."

Question No. 1: "At what stores do you shop regularly? At what stores do you shop regularly for food?" And by "regularly," we mean more than six times a month.

Respondent names the stores, they are written down.

"Where are these located?"

These are located—the respondent indicates either by an address or an intersection or other description, the location of these stores.

"At what store, do you shop at any additional stores for food frequently?" By this we mean anywhere from four to six times per month.

Respondent in those cases supplied additional stores.

[fol. 2423] Finally, "Were there stores, other stores at which you shop occasionally, in addition to these?" By "occasionally," we mean less than four times a month.

The respondent replies, supplies names and addresses of additional occasional stores.

Then the interviewer goes back and says, "Now, to help me locate these, could you tell me about how far these are, about how long it takes you to get to each of these stores at which you shop?"

The respondent supplies approximate times. The interviewer got the respondent's name, telephone number and I believe concluded the interview at that point.

The Court: May I ask, was there a report written up of all this?

The Witness: Yes, sir.

The Court: At some time?

The Witness: Yes, sir.

The Court: Where is the report?

The Witness: I have a copy here.

Mr. Alsup: May I examine it?

The Court: Yes.

(Witness hands document to counsel.)

By Mr. Alsup:

Q. May I ask, Dr. Jenssen, if this is the full summary of all the interviewed areas?

[fol. 2424] A. I believe so. May I check it over first, however, before——

Q. Yes, please do.

(Counsel hands document to witness.)

Mr. Alsup: I ask it be marked as defendant's next in order for identification, please.

The Court: May I see it after you mark it, please.

The Clerk: Defendant's Exhibit BK for identification.

(The exhibit referred to was marked Defendant's Exhibit BK for identification.)

Mr. Alsup: If your Honor please, we can arrange to get a photostat and return it.

The Court: May I see it a moment first?

(The exhibit was handed to the court.)

The Court: Very well.

The Witness: I believe this is complete.

Mr. Alsup: Your Honor, I am not sure I offered the prior one, which I marked for identification, I am not sure I offered it in evidence. I do offer that, and I offer this in evidence.

The Court: What prior one are you talking about?

Mr. Alsup: BJ, your Honor.

The Court: What is BJ?

Mr. Alsup: BJ was the study made by the witness con-

[fol. 2425] cerning—with respect to the Shopper's Market which he testified to.

The Court: May I see it, please?

(The exhibit was handed to the court.)

The Court: Yes, that will be admitted. I take it there is no objection?

Mr. Coyle: No, your Honor.

The Clerk: BJ in evidence.

(The exhibit heretofore marked Defendant's Exhibit BJ was received in evidence.)

The Court: It is admitted.
The Clerk: You say you also offer BK?
Mr. Alsup: Yes, we offer this.
The Court: Any objection?
Mr. Coyle: I haven't seen it but there is no objection.
The Court: It is admitted.
The Clerk: Defendant's BK.

(The exhibit heretofore marked Defendant's Exhibit BK was received in evidence.)

By Mr. Alsup:

Q. Dr. Jenssen, you were asked by the Government attorney to determine the extent of overlap between the respective Von's and Shopping Bag stores that you checked, is that correct?

[fol. 2426] A. Yes. As I recall, the objective of the study we were asked to undertake was essentially this: To determine from how little or how small a geographic area both Von's and Shopping Bag stores could be expected—could reasonably be expected to draw customers.

The Court: Was this put in writing or just by conversation?

The Witness: I don't recall if we sent anything to the Justice Department in writing on that.

[fol. 2427] The Court: No. I mean did the request of what they wanted come in writing so you had a very specific matter before you as to what you were searching for, or did you just get it by conversation?

The Witness: The standard procedure on this is, and this is what happened in this case, I and several members of my staff met with Mr. Coyle and several other gentlemen from the Justice Department, discussed their objectives, and as I recall I think we then might have submitted a letter to the Justice Department saying, "This is how we propose going about what it is we discussed." So it would have come in writing, normally in writing from us to them.

I don't recall, frankly, if in this instance we put it in writing or not. I suspect we did.

By Mr. Alsup:

Q. I ask you, Dr. Jenssen, wouldn't the $64 question, if you are going out to interview people to determine whether or not there was competition between stores—wouldn't the $64 question have been, "Before the merger of Von's and Shopping Bag, what stores did you shop at?"

A. No, sir, it would not.

A primary basic, fundamental rule in market research is not to ask questions such as, "What did you used to do?" and not to ask questions, "What is it you propose to do in the future?" but ask questions regarding, "What are you [fol. 2428] doing right now?"

The Court: "What are you doing right now" involves yesterday and the day before and the week before that, which is in the past, doesn't it? What he is doing right now is sitting talking to your interviewer, isn't that right?

The Witness: Yes, sir.

The Court: So the question is how far back in period of time are you asking him to relate this question, the answer to this question? It is a matter of habit over a course of time, isn't it?

The Witness: (Shakes head.)

The Court: Your answer is "Yes"?

The Witness: Tell me again.

The Court: Read it to him.

(The record was read by the reporter.)

The Court: Meaning the customer, of course.

The Witness: Yes. And what I am saying is that market research people have relatively little confidence in a question in which we ask, "Where did you used to shop?" We have little confidence in a question such as, "Where do you think you will shop in the future?" The kind of question that is of interest to market research people is a question such as, "Where are you currently doing your shopping?"

[fol. 2429] The Court: All right. "Currently doing" means over a period of time, in other words?

The witness: Yes.

The Court: Go ahead, counsel.

By Mr. Alsup:

Q. Changing the subject, Dr. Jenssen, do you recall writing back in November 1959: "While I've never been

particularly impressed with Shopping Bag, its union with heavyweight Von's nonetheless adds a little more strength to one of the Coast's outstanding operations"?

A. Food Mart News, I believe?

Q. Yes.

A. A column I wrote for Food Mart News at that time. Yes, sir, I do.

Q. Do you recall writing on September 16, 1960——

Mr. Coyle: If your Honor please, I object. This is outside the scope of the direct.

The Court: I thought this was proposed impeachment. Is that what you are doing, counsel?

Mr. Alsup: Yes, your Honor.

The Court: You can impeach a witness, can't you?

Mr. Coyle: Yes. But I don't see how this is going to impeach this witness, your Honor.

The Court: Maybe you don't and maybe I don't, but until I get the answers I will have to wait and see. But if it is [fol. 2430] on a collateral matter, he is bound by the answer. If it is not a collateral matter, then it is something different.

Mr. Coyle: I understand.

By Mr. Alsup:

Q. Do you recall, Dr. Jenssen, writing for Food Mart News on September 16, 1960, an article in which you stated: "The most evident influence is the never before equal degree of supermarket saturation that now prevails in the Southern California community. There is scarcely a household in the entire area which does not have at least three class A supermarkets within ready striking distance, plus anywhere from five to eight additional markets of smaller and/or older vintage"—do you recall writing that, Mr. Jenssen?

A. Yes.

[fol. 2431] Q. This was an article dealing with why customers sometimes shop at different stores, do you recall that?

A. The one to which you just referred?

Q. Yes.

A. You said it was in Food Mart News?

Q. The whys and wherefors of multi-store shopping.

A. I don't recall it, specifically. I remember the thought.

Q. Do you recall that in this same article you stated that there had been a failure "in many communities of any single retail food outlet to crystallize the unchallenged leader. Although each of the major Southern California stores has developed a very distinct image all of its own, none has emerged with a so completely positive over-all image that it overshadows all competition. Perhaps the single chain that currently comes anywhere close to possessing the best all-around image in the minds of the area's homemakers is Ralph's. A year or so ago Von's was in the top spot in this regard, but the Shopping Bag merger seems, strangely, to have weakened this chain's image, rather than to have enhanced it"—do you recall writing that, Dr. Jenssen?

A. What would the date on that be?

Q. September 16, 1960.

A. This, I presume, would have been after my comment about the possible new——

[fol. 2432] The Court: The question is, did you make that statement?

The Witness: If he has copies of this it would be helpful if I just took a look.

The Court: Let him look at it.

Mr. Coyle: If your Honor please, I object, again. I don't see how this relates to his studies——

The Court: I certainly think it does. It goes to the weight of his testimony. Here is a man saying, in effect, that competition exists between stores of Von's and stores of Shopping Bag, and now counsel is bringing in a statement, if he made it, that seems to contradict this.

Do you remember it?

The Witness: Yes, it is my column. I wrote the column.

The Court: That is your statement?

The Witness: Yes, sir.

The Court: Next question.

By Mr. Alsup:

Q. Do you recall, Dr. Jenssen, writing an article for the Food Mart News on July 17, 1959, in which you stated:

"Some of the historic antitrust actions in various industries have made a fair degree of sense. I'm quite hard put, though, to justify on a logical basis that bigness in the retail food industry is criminal. I doubt [fol. 2433] whether there is any other field of business in which the small entrepreneur holds a better competitive opportunity against the giant corporation. Against the burlesque statistics which the FTC and the House Small Business subcommittee have fished up, it should also be recognized that many small independents are doing a lot better, on a per store basis, than the biggies. In spite of advertising and buying deal advantages inherent to the mammoth chains, many small operators in their respective communities are whaling the daylights out of the A & P's, Safeways, National Teas, and Krogers. More than any other business, competition among supermarkets is strictly a community-level affair. Which explains the fact that every chain in the country—even the very best and biggest—has its share of individual stores that are 'dogs.' "

Do you recall writing that?
A. The date is what?
Q. July 17, 1959.
A. Yes.
Q. Do you recall in this same article writing:

"I doubt if it is possible today to scribe a one-mile radius circle into any populated area out of Southern California without finding it including at least good-[fol. 2434] sized, existing markets."

Do you recall writing that?
A. I think there was also more. I think "plus several smaller markets."
Q. That was in the prior article.
A. Right.

The Court: Do you want to offer these articles, or are you just using it for impeachment purposes?
Mr. Alsup: Just using it for impeachment purposes.

Q. Bringing to your attention Exhibit 85 for identification, in looking at Area No. 1, Dr. Jenssen, that lists a

Shopping Bag Store 42 immediately adjacent to a Von's Store 37. Do you know whether that Shopping Bag store was ever built?

A. To my knowledge it was not.

Q. Do you know who occupies that site?

A. No, sir, I do not.

Mr. Alsup: Can it be stipulated that is Food Giant, counsel?

Mr. Coyle: Yes.

Mr. Alsup: No further questions.

The Court: Is that all, counsel?

Mr. Coyle: Yes, your Honor. I offer this exhibit in evidence, your Honor.

The Court: It will be admitted.

[fol. 2435] The Clerk: Plaintiff's Exhibit 85 in evidence.

(The document referred to was received in evidence and marked Plaintiff's Exhibit 85.)

The Court: Step down.

Do you still wish to call rebuttal testimony? I don't want to preclude you, counsel, but we are going to finish today.

Mr. Alsup: If I could have five minutes, your Honor, just with reference to this.

The Court: You can have more time than that. I am not trying to cut your time out, but I do have a full calendar Monday morning, a trial Monday afternoon, a judges' meeting Monday afternoon, and cases set for trial on Tuesday.

Mr. Alsup: Your Honor has been very patient and I appreciate it. I am sorry I took so long.

The Court: That's all right, counsel. Everybody is entitled to cross-examine.

Mr. Coyle: If your Honor pleases, there is one thing. On the first day of the trial we indicated—the court ruled that certain affidavits would be read into the record. I think they probably should also be marked as exhibits. They were never marked as exhibits. So I ask that the affidavit of Gerald Harrison be marked as the next exhibit.

The Court: Whose affidavit?

[fol. 2436] Mr. Coyle: Gerald Harrison, an FBI agent.

The Court: That was to be read into the record—not read, but copied?

Mr. Coyle: It is already arranged that it is to be copied into the record. But we didn't mark them as exhibits. Since then we have marked everything as exhibits.

The Court: All right. It will be marked.

The Clerk: Plaintiff's Exhibit 86.

The Court: That is, in evidence, you mean?

Mr. Coyle: Yes.

The Court: In evidence.

The Clerk: In evidence.

(The exhibit referred to was received in evidence and marked Plaintiff's Exhibit 86.)

Mr. Coyle: The affidavit of Mr. Houghton as the next exhibit.

The Clerk: Plaintiff's Exhibit 87.

(The exhibit referred to was received in evidence and marked Plaintiff's Exhibit 87.)

The Courrt: You are listening, are you, Mr. Alsup? These are going in evidence. I hope you are hearing it.

Mr. Alsup: Yes, your Honor. I understood counsel was going to do this.

I made my objection the other day with respect to a portion of Dr. Mueller's.

[fol. 2437] The Court: What was your objection?

Mr. Alsup: The conclusions in the last two sentences. And your Honor overruled my objection.

The Court: I told you—I don't know that I exactly overruled it; I told you if it was purely a conclusion, unless it was expert opinion based on some ground, I would disregard it. That's what I said.

Mr. Alsup: That's right.

The Court: I thought you sort of acquisced in that situation.

Mr. Alsup: I did, your Honor.

The Court: Very well. They will be admitted.

The Clerk: Plaintiff's Exhibit 86, an affidavit of Gerald Harrison; and the second exhibit admitted is Plaintiff's Exhibit 87, which is the affidavit of Harrison Houghton.

[fol. 2438] Mr. Alsup: That includes the certification also.

Mr. Coyle: And Mr. Alsup also referred to an affidavit you hadn't reached yet.

The Court: Well, reach it now, let's move.

Mr. Alsup: Let me list all of the affidavits, the affidavit of Thomas Linden will be the next affidavit.

The Court: Wait a minute, Let him mark them.

The Clerk: Plaintiff's Exhibit 88.

Mr. Alsup: Then the affidavit of John Marshall will be the next exhibit.

The Clerk: Plaintiff's Exhibit 89.

Mr. Alsup: And the affidavit of Dr. Mueller will be next.

The Clerk: Plaintiff's Exhibit 90.

Mr. Alsup: And the affidavit of Joseph DeSilva will be the following exhibit.

The Clerk: Plaintiff's Exhibit 91.

Mr. Alsup: Now I offer into evidence——

The Court: All of those are admitted, Mr. Clerk.

The Clerk: Admitted, 88 through 91.

(The exhibits referred to were marked Plaintiff's Exhibits 88, 89, 90 and 91 and received in evidence.)

The Court: Admitted.

The Clerk: Just to review them all, Plaintiff's Exhibits 86, 87, 88, 89, 90 and 91 in evidence.

[fol. 2439] Mr. Alsup: Now, with respect to Exhibit 87, to make it clear, there was a census certification attached to that exhibit. We ask that be admitted.

The Court: If it is attached to it it is already in evidence.

Mr. Alsup: Is it attached?

Mr. Coyle: It is attached, I believe Mr. Hughes mentioned that.

The Court: It is in evidence. Admitted.

Mr. Coyle: The original——

The Court: It is attached and admitted.

Mr. Alsup: That is all, your Honor.

The Court: Now, are these to be copied into the record?

Mr. Alsup: Copied into the record. That was arranged the other day, they would be copied in.

The Court: That is what I thought. Very well.

[fol. 2440] THEODORE A. VON DER AHE, recalled as a witness on behalf of the defendant, in surrebuttal, having been previously duly sworn, testified as follows:

Direct examination.

By Mr. Alsup:

Q. Mr. Von der Ahe, have you examined Government's Exhibit 85?

A. I have to some degree, yes.

Q. Can you tell us whether in your years of experience as a grocery man you have ever selected a store location based upon driving time?

A. We consider driving time, but we do not give it very much importance when we consider a market location. We do not feel that a market area can be defined in terms of miles or driving time.

Q. Would you look at Exhibit 85 and state your opinion as to whether or not this presents a realistic picture of the overlapping trading area?

A. In my opinion this definitely does not——

Q. Would you state your reasons?

A. —show an accurate, true picture of the overlap, if any, between any Von's or Shopping Bag markets.

I would like to refer, No. 1, to the area shown on Plaintiff's Exhibit 85 as area 1 and area 2——

[fol. 2441] The Court: Let the record show, I take it—the reporter or the clerk calls my attention to the fact that you did not indicate that you had rested.

Mr. Coyle: We rest, your Honor.

The Court: So this is surrebuttal that we are now proceeding on, is that correct?

Mr. Alsup: That is correct, your Honor.

The Court: All right. Proceed.

By Mr. Alsup:

Q. Will you continue, Mr. Von der Ahe.

A. Well, this is a very small map as depicted, it actually is the entire San Fernando Valley in which there are over a million people living there at this time.

Q. Can you give us some estimate of the number of stores in that area?

A. And it is heavily stored by markets of chains and independents alike. As a matter of fact, Dr. Jenssen, in his article, said you couldn't drive more than a mile without running across two or three very effective competitors and a lot of smaller ones.

But the point I wish to make here is that this map, while shown in small scale, covers very many square miles.

There is one Shopping Bag store at the corner of Tampa and Victory, which is at least a mile and a half from the nearest Von's at the corner of Reseda and Winnetka. There [fol. 2442] are many competing firms between those two stores.

The only other Shopping Bag store in the entire San Fernando Valley is in Sylmar, which is many miles away from any other Von's store.

So regardless of these configurations and things of that nature, Von's and Shopping Bag have never competed at all in the San Fernando Valley.

I think also, referring to this map, that area No. 3 shows there are nine Shopping Bag stores within that same area, or who are accessible to the customers in that area.

Now, I say that the management of Shopping Bag used a good judgment and prudence when they located those stores, and if they accepted the Doctor's theory, they would be putting stores——

The Court: Now, never mind, you are arguing now. Let's get back to the facts.

The Witness: I beg your pardon.

The Court: What I would like to know and what is going to help me is not the argument, but the distance between these stores and the relative competition. That is the thing that we are on, is that right, Mr. Alsup?

Mr. Alsup: That is correct, your Honor.

[fol. 2443] The Court: Now, I realize that you have to be a protagonist, this is your case. But I would like to get the facts.

Now tell me this, I would like to know in area No. 3—first, what is the closest two stores of Shopping Bag and Von's, in miles?

The Witness: Your Honor, the closest store would be about a mile and a half, in my opinion.

The Court: Is that the one in Monterey Park?

The Witness: That is the one at——

The Court: Wilma freeway?

The Witness: That we refer to, and you say it is bissected by the San Bernardino freeway, and there again are two distinct, separate shopping areas.

The Court: I was going to ask you, is there a throughway on any of those streets there?

The Witness: At Garfield there is a throughway, your Honor.

The Court: Now then, what is the next—do you mind, counsel, if I ask?

Mr. Alsup: No, I appreciate it, your Honor.

The Court: I am interested in these facts because I am not too clear.

Now, what is the next—let's see, in this area, in No. 3 on Exhibit 85, what is the next two markets, one of Von's and one of Shopping Bag, that are close together in miles? [fol. 2444] And how many miles?

The Witness: They are mentioning the West Covina district in area No. 6.

Mr. Alsup: He was referring to area 3.

The Court: Area 3, I am referring to area 3.

The Witness: Oh, I beg your pardon, sir.

The Court: Area 3, I want to find out what is the next closest two markets, one being Von's and one Shopping Bag.

The Witness: The only other market in that area is that star that is shown right here at Von's No. 4 (indicating).

The Court: That is over near where it says Pomona.

The Witness: Pomona Boulevard, yes.

The Court: That's right.

The Witness: Yes, your Honor. And that market is over the hill from the Shopping Bag No. 7. So there is a natural geographical barrier there.

The Court: Well, you can't get through, I take it, any of those streets except what?

The Witness: Garfield Avenue is one street and the other street is Atlantic Boulevard.

The Court: In other words——

The Witness: There is no other street.

[fol. 2445] The Court: This shop, where does it draw its customers from, Belvedere Gardens, in that area, or where?

The Witness: No, your Honor. There is a cluster of new homes being developed on both sides of Atlantic Boulevard, back to the east principally.

The Court: All right. Now, what is the distance between the Shopping Bag shop up in Monterey Park, I guess it is, and the one here at the Von's that we are talking about on Pomona Boulevard?

The Witness: The distance would be, I would say three or four miles. I am guessing. But I am saying that because of the geography, the fact that they come over the hill, get on the high speed highways, the people do not travel from one area to the other.

The Court: I will have to take about a three-minute recess, Mr. Alsup. We will adjourn for five minutes.

(Short recess.)

The Court: Proceed.

Mr. Alsup: Q. Mr. Von der Ahe, would you run hurriedly over the other areas, please?

The Witness: Your Honor, I will do this just as fast as I can.

The Court: Well, I don't want to hurry you, I am not in that much hurry. What I would like to suggest, if you do it by a process of elimination, tell me in the other areas what [fol. 2446] are the closest, what is the shortest distance between Von's and Shopping Bag, just take those.

The Witness: Take area No. 4, your Honor. The distance is approximately two miles, and the area which is served by the Von's store is definitely bound by barriers, a river to the west, a freeway to the north, a high speed boulevard, Lakewood, to the east, and Firestone to the south. Our pin studies show that that is all of the area we service there.

The Court: Now, you are talking about area what?

The Witness: Area No. 4.

The Court: All right.

Mr. Coyle: If your Honor please, I wonder if he would indicate which store he is talking about.

The Court: Well, I think that the record speaks for itself, but go ahead. You are speaking of the closest, are you, or the farthest?

The Witness: I am talking about the two closest stores, the Von's and the Shopping Bag.

The Court: In the area 4?

The Witness: In area 4, which is known as star No. 5 and Shopping Bag No. 34.

The Court: In other words, there are only two stores in that area, that is as far as Shopping Bag and Von's are concerned?

[fol. 2447] The Witness: That's right.

Mr. Coyle: On my copy, your Honor, there is a 27 and a 1 also.

Mr. Alsup: That is over near——

The Court: Where, counsel? I don't see it. Oh, I see, you mean over at——

Mr. Coyle: Yes, your Honor.

The Court: Where, I don't see it.

The Witness: He is referring to Lynwood.

The Court: Is that—Lynwood, is that in shopping area 4?

Mr. Coyle: On this exhibit that I have, maybe we have an old copy.

The Court: It is not in the circled area, it is not in area 4 here.

Mr. Alsup: It looks like it on my copy, your Honor, but area 4 looks closed there because we have got an arrow on there. Mine looks like a Rohrshach test or something.

The Court: Take a quick look at mine and see if they are the same.

Mr. Coyle: This is all one.

The Court: I see. It is all one.

Mr. Coyle: Yes, your Honor.

[fol. 2448] The Court, Go ahead. Then what is the closest, you say, between the Shopping Bag store and a Von's store in area 4?

The Witness: The closest would be between the Shopping Bag No. 1, which is incorrectly marked on this map to give the illusion of being closer to Von's 27 than it actually is, the distance is about two miles.

The Court: What is the distance from 27, the star, rather, at 27, to the one marked 2?

The Witness: The distance there is about 2½ miles, your Honor.

And in that connection I would like to make this observation: That this is the store which we replaced with a new, larger unit, because we did not consider that that store was competing with the Von's No. 7 indicated by a star.

Mr. Alsup: 27.

The Court: 27.

The Witness: Von's No. 27, indicated by that star.

Also, in this connection, immediately south of that Von's No. 27 at Imperial Highway and Santa Gertrudes, we have put in another Von's store, because we, again, considered that it was another separate, distinct shopping area, which we could successfully service with a store, and we have [fol. 2449] done so. So in our opinion these stores are not competing with each other. We are competing with the customers in that neighborhood and we have felt that we needed that many stores to adequately service that area.

In area No. 6, if I may jump to there——

The Court: Yes.

The Witness: —there is a Shopping Bag store indicated at No. 12—32, I am sorry—and that is in a large shopping center right on the freeway. It has access to population north of the freeway, and also south of the freeway.

The Court: Which side of the freeway is it on?

The Witness: It is on the south side of the freeway. It competes to a degree with a Von's No. 31, but this map does not show all of the territory east of Von's No. 31, which is the major draw area for Von's No. 31. We attract customers principally from the east and that area.

The Court: What is the distance between those two stores, again?

The Witness: About a mile and a half or two miles driving.

The Court: What is the distance between 31 and 20? Is that what it is?

Mr. Vaughn: 28.

The Witness: 28, your Honor. That, again, is about two [fol. 2450] and a half miles.

Between those two stores are several chain stores and

several independents, and the character of the neighborhood does change to where No. 28 is servicing the area principally south and to the east and west of it.

Q. By Mr. Alsup: Is this the area you testified a lot of discount houses entered?

A. This is the area which is overrun with discount houses. As a matter of fact, there are seven or eight discount houses operating out in this West Covina area.

Quickly jumping down to area No. 5, your Honor, Von's have a store, as indicated there at No. 26, and the Shopping Bag store is indicated one mile to the north at Cotilla and Brookhurst, but that store also indicates that it competes with a Food Giant, a Thriftimart, and a Safeway, all closer to it than the Von's No. 26.

The Court: That has become a rather populated area, hasn't it?

The Witness: It has become very populated. More stores all the time are continuing to move into that area, principally farther down into Fountain Valley and the rest of Orange County.

By Mr. Alsup:

Q. Shopping Bag 33 is the one you testified yesterday never got off the ground, or words to that effect?

[fol. 2451] A. That's correct.

The Court: What do you mean, it never came into existence?

The Witness: It is in existence, but it was contemplated as a shopping center, and the rest of the shopping center failed to materialize and it never was developed.

Mr. Alsup: No further questions, your Honor.

Mr. Coyle: I have some questions, your Honor.

The Court: I hope that you gentlemen don't meet any of these clerks, bailiffs, reporters, or attaches of this court here in the hall, as here it is Friday evening after 5:00 o'clock and we are still in session. You may not get a smile.

I am not meaning to hurry you any, counsel. You go right ahead with your cross examination.

Mr. Coyle: I will.

Cross examination.

By Mr. Coyle:

Q. Referring to area No. 6, Mr. Von der Ahe, what did you say the distance was between Von's 31 and Shopping Bag 28?

A. I believe I said about two miles.

Q. Between Von's 31 and Shopping Bag 32?

[fol. 2452] A. There, again, I think I said a mile and a half to two miles.

Q. You said two miles on the other one, didn't you?

The Court: Yes, he said two miles.

By Mr. Coyle:

Q. How did you ascertain this distance?

A. I am making guesses from the map, sir.

Q. This professor that you sent out to interview the store managers when you prepared the answer to the interrogatory that was admitted in evidence yesterday as a defense exhibit, did he make driving time tests, or how did he test the distances that he put down?

A. I don't know.

Q. He didn't just guess, did he?

A. I don't know.

Q. He showed the distance between Von's 31 and Shopping Bag 28 was one mile.

Mr. Vaughn: Where is that, counsel?

By Mr. Coyle:

Q. Between Shopping Bag 28 and Von's 31 is one mile, in Exhibit AV, defense Exhibit AV, the portion marked Exhibit 3, the sheet referring to Shopping Bag No. 28. He shows that the distance is one mile.

A. Mr. Coyle, I can't quarrel with that. I am making guesses from the distance here, but it is my feeling that it [fol. 2453] is more than one mile.

Mr. Alsup: Perhaps we can shorten it, your Honor. The exhibit referred to indicates that the manager of the Von's store thought it was a mile and a half, and the manager of

the Shopping Bag store thought it was a mile. Obviously the professor was getting the opinion of the store manager as to the distance.

The Court: What did he do, split it in half?

Mr. Coyle: I don't know, your Honor.

The Court: As long as I understand the evidence. I don't think it is of that great moment.

Mr. Coyle: I think that all of these distances we have been getting here, though, are different than the distances on the exhibit, and substantially different than the distances on the exhibit already submitted by the defendant.

The Court: Go ahead.

Q. By Mr. Coyle: Referring to Von's 28 and Shopping Bag 27, how far is the distance there—29, I am sorry?

A. I was going to say you have lost me.

The Court: Where are we now, in area 4?

Mr. Coyle: Area 3 now.

The Court: In area 3?

Mr. Coyle: Yes.

The Witness: Will you repeat the question, please?

[fol. 2454] By Mr. Coyle:

Q. What is the distance between Von's 29 and Shopping Bag 27 in area 3?

A. Well, this is the one that was bissected by the freeway in Monterey Park——

Mr. Coyle: If your Honor please, he is not answering my question.

The Court: He can't find it, and I can't either. The markings on here are such that I can't tell.

Mr. Coyle: You can't find area 3?

The Court: I can find area 3, but I can't find these numbers.

Mr. Coyle: The star on Wilma freeway is Von's No. 29.

The Witness: I believe I estimated the distance to be a mile and a half.

By Mr. Coyle:

Q. And then between 27 and 29?

Mr. Alsup: 27 what?

Mr. Coyle: I am sorry. Shopping Bag No. 27 and Von's 29——

The Witness: I just estimated that.

By Mr. Coyle:

Q. A mile and half. Then between Shopping Bag 27 and Von's No. 4?

A. I think I said three or four miles.

[fol. 2455] Q. Three miles or four miles?

A. I am venturing guesses by trying to estimate the distance as indicated on the map, Mr. Coyle.

Q. Then ——

A. Of my own knowledge I cannot give you a specific answer because I don't know.

Mr. Coyle: If your Honor please, I move that this witness' guesses be stricken.

The Court: How far is it to your office, counsel, how many steps to your office?

Mr. Coyle: It is 3,000 miles away, your Honor.

The Court: I mean upstairs. Can't you give me an estimate?

Mr. Coyle: Yes, your Honor.

The Court: Well, that's what he is doing.

Mr. Coyle: All right. They are guesses.

The Court: All it is is an estimate.

Mr. Coyle: They are guesses.

The Court: It is an estimate. I can tell you how far it is from here to New York by flight, can't you, by estimate? But it surely wouldn't be accurate.

Mr. Coyle: It certainly isn't, that's the problem.

The Court: If we eliminate all testimony in this case that is not accurate, where will we be? It goes to the weight, counsel.

Mr. Coyle: All right, your Honor.

[fol. 2456] By Mr. Coyle:

Q. Then going down to Area No. 4, referring to Shopping Bag 35 and Von's No. 5, what did you estimate the distance there to be?

A. Two miles.

The Court: You see the problem, counsel—and I am not saying this to take sides with either one—the problem is that these dots are large, and in looking at the map they stand out in such perspective that they have a tendency to confuse. I am pretty good at distances, but the size of the markings have a tendency to dwarf the map to a certain extent.

Mr. Coyle: It is a problem you have in keeping the maps to a manageable size.

The Court: For example, that star, I would guess it to be a quarter of a mile across that star, at least.

By Mr. Coyle:

Q. Still in Area 4, Mr. Von der Ahe, referring to Shopping Bag No. 1, what would you estimate the distance between Shopping Bag No. 1 and Von's No. 27 to be?

A. About a mile and a half to two miles.

Q. Referring to Area 1, and referring to this Shopping Bag Store No. 42 up in Granada Hills, is that the store that was closed after the acquisition because it would have been in competition with the Von's store?

[fol. 2457] A. Mr. Coyle, that store was never built. We never closed it. This was proposed as a Shopping Bag store prior to the merger, and because of the merger, and because you can see that star and that dot are so closely together, that they would be serving the same area, we decided not to open that store as a Shopping Bag or Von's store, and we did arrange to have it go into the hands of Food Giant.

Q. But it was planned at the time of the acquisition?

A. That's correct.

Q. Referring to Area 2, could you tell us what the distance is between Shopping Bag 39 and Von's 22?

A. I believe I answered that by estimating the distance at a mile and a half to two miles.

Q. Mr. Von der Ahe, do you know whether these maps or this exhibit shows all the streets?

A. I did not prepare this exhibit. I can't answer that.

Q. From your knowledge of these areas, where you have stars does this map show all the streets?

The Court: Well, this is really not a map, is it, counsel? Is this a photographed map?

Mr. Coyle: This is superimposed upon a map, yes.

The Court: Is this actually a map of the San Fernando Valley? If it is I don't recognize it, because there are many more streets, I thought, than are shown on this map.

Mr. Coyle: That's the point I am trying to make.

[fol. 2458] The Court: What kind of a map is it when part of the streets are eliminated?

Mr. Coyle: The streets were eliminated for clarity. They were blacked out and only the main streets were shown.

The Court: Do you mean the darkness shall bring light? I see. All right.

Mr. Coyle: It would be even harder to read than it is now if we got every street in there.

The Court: It makes it very difficult, though, counsel, to estimate distances, because one experienced in measuring would know, with the streets in, how many blocks there are to a mile.

Mr. Coyle: That is true. It also doesn't indicate how much access there was——

The Court: That's right. And that is the reason I can't tell from the map what the access was. So you are relying upon what the witness answers.

Are you about finished?

Mr. Coyle: I have no further questions.

The Court: No more?

Mr. Coyle: No.

The Court: What are we talking about then?

Mr. Alsup: Defendant's rest.

The Court: You both rest?

Mr. Coyle: Yes.

[fol. 2459] Colloquy Between Court and Counsel

The Court: Step down.

(Witness excused.)

Mr. Alsup: Thank you for your courtesy in letting us go on.

The Court: Gentlemen, I don't want to linger on. I think we understand you have an order to prepare, and then I

believe you both decided that you did want to file additional memoranda. Am I correct about that?

Mr. Coyle: I don't think we have ever decided formally, your Honor.

The Court: What do you wish to do?

Mr. Coyle: Yes, I do.

The Court: It is entirely up to you. How about it, Mr. Alsup, do you want to file an additional memorandum?

Mr. Alsup: I would like to file a reply memorandum. I have submitted my summary, and if they would like to answer that, I would like a chance to reply.

The Court: Have you summarized all of the affidavits?

Mr. Coyle: Not yet.

The Court: I didn't think so. That is what you wish to do?

Mr. Coyle: Yes.

The Court: I think you have summarized all——

Mr. Alsup: All of them.

The Court: How do you want to arrange it? Do you want [fol. 2460] the Government to file first, and then you answer?

Mr. Alsup: I think that would be fair. They have had ours.

Mr. Coyle: I suppose we could reply, if necessary.

The Court: Of course.

I would like to tell you that I would like to get this case out of the way and have the findings signed in the early part of September, not later than the early part of September.

Mr. Coyle: Your Honor mentioned that we would probably submit proposed findings, both sides.

The Court: Do you wish to?

Mr. Coyle: Yes.

Mr. Alsup: Yes, your Honor.

The Court: They will be welcomed. They could be of great assistance to me.

Mr. Alsup: When would your Honor like those?

The Court: As soon as you can do it.

I think I will start to read on this case as I go along with the other cases, and as quickly as you can get your findings in I would appreciate it.

How soon do you think that would be? Do you have any idea?

Mr. Coyle: I could get them in in three weeks.

The Court: That is ample time, I am sure.

Mr. Alsup: We can certainly do that.

[fol. 2461] The Court: You don't have to answer each other's findings.

Mr. Alsup: No, no. It depends on getting the transcript, as your Honor would like transcript references, I am sure.

Mr. Coyle: That might be a problem.

The Court: Do it in your earliest possible time, counsel. I want to tell you now that I will not be here in October and November, so I would like to get this case so that you gentlemen can be struggling with it while I am away, get it in such condition that you will be on your way to wherever you are going, if you are going.

Mr. Alsup: Perhaps I could suggest this, your Honor, to expedite the matter: Rather than making transcript references, as to these affidavits that are going to be copied into the transcript——

The Court: You don't need transcript for that.

Mr. Alsup: We can start now doing it and making reference to the affidavits and the pages.

The Court: I would suggest you do that. Because in the final analysis all I need is the reference, where it is to be found, and I have the affidavits, and that will do it. So I don't think you ought to wait on the record.

Mr. Alsup: We will get ours in in two weeks.

The Court: And I will remember the testimony well [fol. 2462] enough, the oral testimony, well enough to know whether you are in bounds on your findings on that. I think I will. That has been written up, anyway. I will go to work on this case, begin to read and work on it, in the meantime, as soon as you can get in your memoranda and proposed findings.

Mr. Coyle: Does the memoranda come in with the proposed findings?

The Court: The memoranda comes in as soon as you can get it in. How soon will that be? I should think you probably would want to bring them in at the same time.

Mr. Coyle: I would say the same time, your Honor. Three weeks. That will give us a chance to go to Washington and do it.

Mr. Alsup: I will get my findings in in three weeks, and I would like 10 days to reply to their memorandum.

The Court: Very well. Counsel, you don't mean you are going to have them make the findings in Washington; you are going to do the findings yourself?

Mr. Coyle: Yes. We live in Washington. We will go back home.

The Court: How far is it to Washington, counsel?

Mr. Coyle: All I can do is estimate.

The Court: Anything further?

The Clerk: I don't believe it is clear. Plaintiff is going [fol. 2463] to file a memo, and then the defendant respond?

The Court: I am not pinning them down to exact dates, but, counsel, I understand you are going to file within three weeks, soon, or within three weeks?

Mr. Coyle: Yes.

The Court: Both the findings and additional memoranda?

Mr. Coyle: That's right.

The Court: Then, counsel, you will have—of course you will file your findings within the three-week period?

Mr. Alsup: Yes.

The Court: But you will have 10 days after the memoranda to answer it.

Mr. Alsup: Thank you.

The Court: Is that satisfactory?

Mr. Coyle: Yes. Then we will reply, if necessary, within five days.

The Court: In closing this case—the case will not stand under submission, however, until all of these additional memoranda are in.

And I want to say this, gentlemen: I thank you very much for the way that you have reduced this case down. Rather than having to sit down and read a record over again after hearing a long trial, it seems to me I am in position now to sit down and really read the record. I do [fol. 2464] appreciate the cooperation of both of you very much.

Mr. Alsup: We are very grateful to your Honor. I think your Honor's assistance has made this possible. I think it goes a great way to expedite it.

The Court: We can part at least on a friendly basis. Nobody has lost, at least up until now.

Mr. Alsup: That's right.

The Court: Do you want a closing time after reply?

Mr. Coyle: On the memorandum, I said, Mr. Alsup's memorandum, if necessary.

The Court: The way we are going, we will never close.

This, really, was nothing more than additional memoranda.

Mr. Coyle: That's why I don't see why he wants ro reply. We are only going to be summarizing the witnesses.

The Court: That's correct.

Mr. Coyle: The evidence, I suppose.

The Court: I will tell you what I am going to do. I am going to shorten the time. I think you ought to both file a memorandum at the same time.

Mr. Coyle: I think so.

[fol. 2465] The Court: Why not, Mr. Alsup?

Mr. Alsup: I am willing. They have had our memorandum, which is a digest of all of the affidavits and the testimony of the witnessses, and if theirs proposes to be——

The Court: You do have a point. You have not had a chance to come back at their analysis.

Mr. Alsup: They have had ours. it is going to be a reply to it, it seems to me if I don't feel their analysis or reply is fair, I should be entitled to comment.

The Court: We are going to have some trouble with findings, you know that. If you want these findings to go over to December, and I am sure you don't, this delay may cause it. So I would suggest this, that you try to get your memoranda in before the three weeks, if you can.

Mr. Coyle: Very well.

The Court: Then we will reduce your time to 10 days, counsel.

Mr. Alsup: Very well.

The Court: To reply. And I would like, if you could, for you to get it in shorter than that.

Mr. Alsup: I am sure we can do it in a very few days.

The Court: And I will give you five days to reply to that if you deem it necessary.

[fol. 2466] Mr. Coyle: Very well, your Honor.

The Court: We will stand adjourned.

(Whereupon, at 5:20 o'clock p. m., court was adjourned.)

[fol. 2467] IN THE UNITED STATES DISTRICT COURT

Honorable CHARLES J. CARR, Judge Presiding

No. 336-60-CC Civil

[Title omitted]

Transcript of Proceedings—March 23, 1964

Place: Los Angeles, California.

* * * * * * *

[fols. 2468-2469] APPEARANCES:—Same

* * * * * * *

[fol. 2470] (Other court matters.)

The Clerk: Item No. 10 on the calendar, case No. 336-60-CC Civil, United States of America vs. Von's Grocery Company and others for further proceedings.

The Court: Gentlemen, I am going to have ample time to hear you out, and I have a lot of questions that I want to ask. So I hate to inconvenience you but I will have to ask you to remain. In due time we will reach you.

Mr. Coyle: Fine, thank you.

Mr. Vaughn: Thank you, your Honor.

The Court: We will probably continue over into the afternoon.

Mr. Vaughn: Thank you.

The Court: I would think you have no objection to arguing the case further, have you?

Mr. Vaughn: Not on behalf of the defendants.

The Court: All right.

(Other court matters.)

The Clerk: Item 10 on the calendar, case No. 336-60-CC Civil, United States vs. Von's Grocery Company for further proceedings.

The Court: All right. Now it's your turn, counsel. I want to ask you some questions when we get the [fol. 2471] appearances.

Mr. Coyle: James Coyle for the government.

Mr. Vaughn: William W. Vaughn and William W. Alsup for the defendants.

The Court: I believe Mr. Knight is also appearing.

Mr. Coyle: Mr. Knight also appearing for the government.

SUBMISSION VACATED

The Court: First of all, I have been over your—first, let's get the status. The status is now that the submission has been vacated for the purpose of hearing further from you and permitting stipulations, and also to hear argument.

Now, the next question that presents itself to me—before I bring that question to you—I have read the stipulation, studied it, I have read both of your briefs. And I would like first to know—I thought the issue in the pretrial order took out the issue of supplier in this case.

Mr. Vaughn: That is our understanding as well, your Honor.

The Court: How does the government now at this time start to argue that matter in the brief?

Mr. Coyle: I don't know what provision in the pretrial order took out suppliers, your Honor.

[fol. 2472] The Court: Well, let's get it and see. I thought it did. Am I mistaken about it? There is no evidence offered, as I remember it, on suppliers at all, was there, counsel?

Mr. Vaughn: Not to my recollection, your Honor.

Mr. Coyle: Yes, your Honor, on the evidence—all of these stipulations in the pretrial conference order related to the purchase, shipment and distribution of groceries and related products from outside the area into the area, and they raised those issues.

The Court: Well, first, let me say this. I had better first sign the stipulation. It is ready now for signing by the court, is that correct?

Mr. Vaughn: Yes, your Honor.

STIPULATION SIGNED BY COURT

The Court: All right. I shall now sign it. The stipulation is signed. Now, I am keeping my copy, which I have already marked up.

Gentlemen, now in the pretrial order I thought I re-

membered some statement regarding the supplier issue.

Mr. Vaughn: Your Honor, if I may, I think there is a statement on page 12, in the paragraph which commences on that page with the small letter (c).

The Court: Yes. Quoting on page 12, starting at line 1 of paragraph (c):

> "Defendants assert that the Los Angeles Metro-
> [fol. 2473] politan Area is not the relevant section of the country as to wholesale purchases in the sale of groceries and related products.
>
> "The government assumes no burden of proof as to the relevant section of the country, at the wholesale level since it intends to base its case on the proper effects of the merger in the relevant section of the country for grocery retailers, which is the Los Angeles Metropolitan Area. * * * "

Now, I don't remember, except incidentally in the testimony, where it may have come in sort of incidentally.

Mr. Coyle: Yes.

The Court: Any evidence as to the effect upon suppliers.

ARGUMENT ON BEHALF OF THE GOVERNMENT RE ISSUES

Mr. Coyle: May I call your Honor's attention to page 5 of the pretrial conference order?

The Court: Yes.

Mr. Coyle: Paragraph 16 therein.

The Court: Well, I am familiar with those things, counsel.

Mr. Coyle: They all relate to suppliers. This is a shipment of products into the area——

The Court: Well, I think you miss the point. The point is nobody is questioning that there is shipment of products into the area.

Mr. Coyle: Nobody is questioning, I don't be-
[fol. 2474] lieve, that these two chains merged and instead of there being two buying organizations, you have one.

The Court: No question about that. But it doesn't follow that they stopped buying the products from these others.

Mr. Coyle: It certainly follows that the suppliers that

were supplying both companies have only one company to supply now, because there is only one buying——

The Court: That certainly is true——

Mr. Coyle: That affects the suppliers, your Honor.

The Court: In what way?

Mr. Coyle: Because they have one possible conduit for their products instead of two. Some were thrown out.

The Court: Well, it is just the difference between one and two, but there is no evidence in the record to show any suppression of any suppliers.

Mr. Coyle: Certainly there was suppression of suppliers, their advertising was curtailed, railroad suppliers—you eliminated one railroad, that has an effect on suppliers.

The Court: It seems to me you have sort of backed in on that issue, haven't you, counsel?

Mr. Coyle: I don't think so, your Honor, no. It [fol. 2475] is just an obvious fact, any time you have a merger between two large organizations like that, it is going to affect the suppliers, it is going to affect the consumers, it is going to affect——

The Court: In what way, counsel? In what way?

Mr. Coyle: Because now you have one organization instead of two to deal with.

The Court: Well, those are effects that are obvious, of course, insofar as——

Mr. Coyle: Sure, sure they are obvious, that is why the suppliers were never out——

The Court: All right. Is that your position?

Mr. Coyle: That is the government's position.

The Court: All right. All right. Then I am disposed to view that in the light of, this is a sort of a backing in on the issue of suppliers, because it seems to me that from your pretrial order you were relying here upon the substantial lessening of competition in the area as between the actual stores themselves.

Mr. Coyle: But that lessening of competition in the area affected the suppliers, it affected the consumers. This blanket statement that the defendants want to make that we abandon the suppliers question just isn't true, because we have all these paragraphs of the pretrial conference relating to shipment of product through these [fol. 2476] conduits. That is the——

The Court: Counsel, you are talking in generalities. I am talking about what does the evidence show in this case.

Mr. Coyle: This is evidence, this is evidence, your Honor. This is in the pretrial statement. The evidence shows that they both——

The Court: I am not talking now about the pretrial, I am talking about the evidence. What evidence did the government offer on the effect on suppliers?

Mr. Coyle: Well, the pretrial conference order is evidence and——

The Court: Counsel, I am aware of these generalities, these glittering generalities, I am aware of them. But what I am asking is, what evidence was offered by the government on the question of suppliers. That is all I am asking.

Mr. Coyle: Well, these are not generalities. We offered Government's Exhibit 10 which——

The Court: I take it then none was offered, none was offered.

Mr. Coyle: No, your Honor, taking it from me because I am saying we offered specific evidence——

The Court: Where is it? Point the evidence out to me.

[fol. 2477] Mr. Coyle: Government's Exhibit 10——

The Court: Other than the pretrial order, point it out to me.

Mr. Coyle: I said Government's Exhibit 10, which is an answer to interrogatories which describes the shipment of groceries and related products from all over the country through the Von's and Shopping Bag organizations.

The Court: There isn't any question, counsel, that there are shipments in to grocers in this State from suppliers all over the country. There is no question about that. That isn't what we are talking about——

Mr. Coyle: And they are both——

The Court: How were they affected? What evidence is there as to how they were affected?

Mr. Coyle: They were affected because they only have one organization to deal with instead of two. That is not a bare generality, that is a fact. And it is in evidence just as strongly as any——

The Court: All right. Do you have anything further to say on that point?

Mr. Coyle: No, your Honor.

The Court: All right, fine.

Mr. Coyle: But it is not generalities, it is a specific fact in evidence in the most provable way possible in the pretrial conference order.

[fol. 2478] The Court: Counsel, nobody is disputing the general proposition that your pretrial order sets forth that the suppliers supplied these things and they came in to these purchasers, both of them. There is no disputing that.

Mr. Coyle: And also that the merger took place and the conduits were joined.

The Court: All right. I will hear from you. Do you want to argue the matter now?

Mr. Coyle: I am saying, what is there to argue? We do have suppliers in the case, we do have this paragraph in the pretrial conference order, we have the answers to the interrogatories, and suppliers are in this case. That is all.

But the lessening of competition is in the Los Angeles Metropolitan Area.

The Court: I thought the whole case was predicated on the probability of substantially lessened competition in this area.

Mr. Coyle: That is right.

The Court: To-wit: The grocery business in Los Angeles Metropolitan Area. I thought that was the basis of your case.

Mr. Coyle: In the entire grocery business, the grocery business in the Los Angeles Metropolitan Area is the [fol. 2479] buying, the distribution, the merchandising and sale of products. You can't separate one from the other.

The Court: Why can't you tell me then why the pretrial order did not set up a relevant trade area as a supply area?

Mr. Coyle: Because that is—these are two retail chains that merged.

The Court: I see. Well, I don't follow you, counsel. I just can't follow you at all.

I tried this case all along on the theory that your position with the government was that you were depending upon a substantial lessening of competition in this area, the relevant area, to-wit:——

Mr. Coyle: Resulting from the joinder of these two

chains. But we introduced plenty of evidence as to the nature of that competition.

The Court: Which competition are you talking about?

Mr. Coyle: The competition between these chains, as well as between other retail groceries.

The Court: We are jumping, we are skipping around all over the place——

Mr. Coyle: Your Honor, if your Honor will look at Government's Exhibit 12——

The Court: May I finish my statement, please, [fol. 2480] counsel?

Mr. Coyle: Yes, yes.

The Court: Let's slow down. We have all afternoon. Now let's slow down just a little bit.

I am trying to determine whether or not this issue is in the case. And my offhand impression is that it is not in the case, except in a general way, to-wit: that there were suppliers.

Now, I don't remember any evidence as to the effect on suppliers. Were any suppliers eliminated, other than the pretrial stipulation, pretrial order, that one purchaser took the place of two purchasers? Other than that?

Mr. Coyle: Well, sure, suppliers were eliminated.

The Court: Which suppliers were eliminated?

Mr. Coyle: Well, metropolitan newspapers. They only have one chain advertising now instead of two. That is an elimination of suppliers.

The Court: I don't know whether it is or not. It may be that they took out more advertising from those same newspapers——

Mr. Coyle: Just one advertiser.

The Court: Counsel, I wish you would let me finish my statement. Go right ahead. I will just let you talk. Go on. [fol. 2481] Mr. Coyle: Well, if you look at Government's Exhibit 12, which is not the pretrial order, it is an answer to interrogatories that we submitted. It says the 20 leading chains of supermarkets referred to in paragraph 61 above competed in the following activities. And this is a quote:

> "(a) Competition in purchasing supplies and merchandising on better terms than their competitors, and to secure other purchasing advantages; competition to

distribute products cheaper, and to secure advantages in the distribution of products in the retail outlets——"

That is an effect on suppliers, and it is in there in specific terms.

The Court: Well, counsel, I might make this observation: You would have had a very good brief in this case if you had not been so positive. I don't think positive statements are really in good taste in a brief where you just flatly say there isn't any doubt or question about a thing.

It seems to me that this is the problem I have to decide, and I have got a lot of doubts in this case. I haven't made up my mind yet. But all your introductory portions of your brief are just flat statements that there can't be any doubt. [fol. 2482] Mr. Coyle: Your Honor, I can't read the cases and see that there is any doubt.

The Court: Well——

Mr. Coyle: I am sure—I didn't write this brief myself. This brief was prepared by the Department of Justice and——

The Court: I am sure it is. But it is written as if—I want to read you paragraph 5 at line——

Mr. Coyle: Which page is this, your Honor?

The Court: Page 1.

Is it your position that the court cannot consider the matters in this stipulation at this time?

Mr. Coyle: Which stipulation?

The Court: That has just been filed.

Mr. Coyle: Let me get the stipulation, your Honor. Paragraph 1 of the stipulation, are you referring to——

The Court: No, no, counsel. I am referring to page 1 of your statement.

Mr. Coyle: Yes.

The Court: From your brief, which is at line 19. And I will read it:

"5. An attempt to adjudicate horizontal mergers on the basis of alleged changes in the vigor of competition [fol. 2483] occurring subsequent to the filing of suit would be inconsistent with the prospective nature of the Clayton Act and the practical administration of justice * * * "

Mr. Coyle: Yes, your Honor.

The Court: Why did you sign the stipulation?

Mr. Coyle: We reserve our right to object as to the materiality and relevancy of the stipulation. We don't think the facts in that stipulation were relevant, we think they are irrelevant and inconsequential facts.

The Court: In other words, you are taking the position, as a matter of law, that you have to determine as of the date of the filing of the complaint.

Mr. Coyle: Yes, your Honor. And I would like to refer the court to——

The Court: I am not asking you to refer to anything. If you will just answer my questions for a few moments, I will give you ample time to argue, counsel.

Mr. Coyle: Yes, sir.

The Court: But I am asking questions and I want them answered.

Mr. Coyle: Yes, sir. I am sorry, your Honor.

The Court: So if you would only be patient and listen, I would like to ask several questions to clarify things in my mind. Then you can have several hours, if you wish, to argue.

[fol. 2484] Mr. Coyle: Very well, your Honor.

The Court: But give me, please, the courtesy of giving an answer.

Now, the first thing I want to know is: Do you have any authority that holds that you must determine it as of the date of the filing of the complaint?

Mr. Coyle: Yes, your Honor. We cite the Dupont-General Motors case.

The Court: Other than that case do you have any?

Mr. Coyle: The Philadelphia Bank case, the Brown Shoe case, the court wouldn't look at changes in the vigor of competition subsequent to the merger.

The Court: In other words—may I ask you this—if it develops that after the complaint was filed, that the case was not tried within one year, that the vigor of the competition changed to such an extent that there could be no possibility whatsoever of substantially lessening competition, the court would have to disregard that, even though the injunction period would relate from the date the judgment was entered.

Mr. Coyle: The Supreme Court said in the Dupont-General Motors case, as of the time the suit—in every case you have to—now there may be something going to relief, that might be a different question. But the issue before the court is whether this acquisition was illegal as [fol. 2485] of the time it was made. Businessmen in the whole community would be in a horrible position if they could never tell whether a merger was legal or illegal unless they waited three or four or five or six years.

The Court: Well, I want to tell you this, it is no fault of mine that this case is so long getting to trial. Now this case came to me through at least three other judges.

Mr. Coyle: I appreciate that, your Honor.

The Court: And I suppose that it was because the calendars were crowded and we were short on judges and I certainly am not critizing any of the judges.

But when I come to assume that I should decide the case as of the time of filing there was a possibility of substantially lessening competition, but as of the date I begin to enter a decree, I find out that the whole situation is changed, do I still have to enter a decree?

Mr. Coyle: If the merger was illegal when it was consummated, the court should find it was illegal when it was consummated, yes, your Honor.

The Court: Then I should issue a decree restraining it?

Mr. Coyle: I don't know what the decree should be, your Honor. You would have to look at the facts.

The Court: Suppose I find that as a result of that then [fol. 2486] it was illegal at the time, that it was substantially—but it is changed now and I will not issue a decree. Then what would be the situation?

Mr. Coyle: That is not the situation in this case, your Honor, because there is no probative evidence in this record showing——

The Court: Counsel, these are matters that I have to decide. There you go again with your positive assertions. With all due respect to you, I have to make these decisions myself.

Mr. Coyle: In my judgment there is no probative evidence, your Honor.

The Court: Well, that is a different proposition. Flat statements I don't think accomplish anything, because I

frankly have not made up my mind in this case. And I would like to be persuaded by reasoning and not flat statements.

Well, I take it then your position is, first of all you must decide the case as of the date of the filing of the suit, is that correct?

Mr. Coyle: Yes, your Honor, whether there is a reasonable probability as of the date the suit was filed.

The Court: All right. I would like to hear from the other side on this question of whether or not the issue—what is there in the case on this question of suppliers, other than what is in the pretrial order?

[fol. 2487] Mr. Vaughn: Absolutely nothing, your Honor, not one word of evidence, so far as we know.

In the brief recently filed by the government, they refer to an interrogatory that was answered having to do with suppliers when there was a possible answer before the pretrial order, before suppliers, according to our contention at least, were eliminated from the case entirely. They refer to an interrogatory——

The Court: Was there a discussion before the pretrial conference as to elimination of that?

Mr. Vaughn: There were discussions—we took the position that the relevant section of the country for suppliers, your Honor, was the United States as a whole, relying upon the decision in the Tampa Electric case which says that you have to determine the relevant section of the country by determining where the purchaser had to go to purchase supplies from the seller. In other words, where the seller is located. And that is the United States as a whole.

We took that position consistently in negotiations that lead to the pretrial conference order. The pretrial conference order contained provisions which are really the result of those negotiations. And we did not hear a word about suppliers in this case until the other day when we received this brief suggesting——

[fol. 2488] The Court: Well, that was prompted by my question, because in studying all of this record—and incidentally there is far more of this record than would appear on the surface when one comes to read over all of these documents and exhibits and check all of these things that

are in this case—but in studying the case I more or less came to the conclusion that the issue as to suppliers was pretty much not directly involved in the case, except insofar as it was set up in the pretrial order, in that there were suppliers from out of the state, in that there was newspaper advertising purchased by these two concerns—those things, of course, are in the case.

Mr. Vaughn: I would like to say that the information with regard to shipment of supplies from outside of the State was inserted in the pretrial conference order for one reason, and that is to establish the jurisdiction of this court by showing interstate commerce. It had nothing to do with the effect of the merger on any suppliers.

The Court: That was my impression at the time, that this case had been boiled down to the issue of whether or not there was a probability of substantially lessening competition in the relevant trade area here by reason of this merger.

Mr. Vaughn: That is correct, your Honor. That is my understanding as well.

[fol. 2489] I might also point out that the line of commerce in this case is not newspaper advertising, and it is not railroad shipments. And moreover there is absolutely no proof that the merger has affected newspapers, railroaders, or any supplier of any product. Not a word of evidence was ever offered.

The Court: All right. Let me ask you on this other point. Now counsel has made the point here that the court must determine as of the date of the filing of the suit, the application of the claims. What is your position on that?

Mr. Vaughn: Our position is that the court can consider post acquisition evidence, and evidence after the filing of the suit. And we think we can demonstrate that.

The Court: What is your authority?

Mr. Vaughn: United States vs. Dupont.

The Court: That is the case he cites.

Mr. Vaughn: I realize that. That case had to do with a merger that occurred in 1929—1919, I beg your pardon. The action was filed in 1949.

The defendants in that case took the position that the court had to look at things as they were in 1919. The

Supreme Court rejected that argument and said that it could look at things "as of the time of suit."

And it is clear from the court's record and the [fol. 2490] opinion that they considered evidence up to 1955. The suit was filed in 1949—there is a table on page 565 which shows there are percentages and elements up to 1955. And there are other indications in the opinion, which was rendered in 1956, that the court considered all evidence from the time of the acquisition in 1919 until the case was finally decided by the Supreme Court in 1955.

The Court: Well, the problem that strikes me is that, after all, you are acting as a court of equity, and let's assume for the purpose of discussion—and we are about to adjourn in a moment anyway and take up at 2:00 o'clock—but let's assume that plaintiffs came in and made a perfectly good equity case for granting of an injunction. But by the time the court was ready to issue the injunction, the decree, the facts had changed so completely that the court did not consider an injunction appropriate.

Now——

Mr. Vaughn: In that——

The Court: All right, go ahead.

Mr. Vaughn: I didn't mean to interrupt you. I thought perhaps you would want me to respond to that, your Honor.

The Court: No. I will in a moment. But I want to take the other phase of it.

The other phase is that, well, counsel says you [fol. 2491] must look to the filing of the complaint date to determine whether or not at that time there was substantial lessening of competition. I don't think you can pick one day in determining that issue. I think you have to, as the Supreme Court said—I don't agree that it should be, in the case of business, you have to be prospective, you are more or less clairvoyant as to the future. And furthermore I think it is a sad thing that judges who have so little experience in business have to be the clairvoyants. But if you have to be a clairvoyant, then it seems to me you have to look at what is going on in the future. And what is going on at the trial of this case has been in the future, and now it is in the past.

Mr. Vaughn: That's right.

The Court: And it seems to me that if the court were to say, well, all right, as of the date of the filing of the complaint there might be a possibility, substantial possibility of lessening competition, but after considering all that has happened since, there is no longer that possibility. So I grant you a judgment that it was illegal at the time but now I say I will not restrain.

That is what in effect I would like to hear some discussion on this question of the effect, if any, of these effects that have been stipulated to. And I would like also to hear from both sides, as I pointed out heretofore, [fol. 2492] one of the things that bothers me in this case is that, I think the government has disregarded it completely, I think that many men have left the chains to go in business in independent businesses. And in a relevant area where this is possible I wonder what that proves.

And I also have noted that the number of individual stores that have been opened are rather substantial.

Now, we don't have the facts as to how many stores have been closed by the chains, and I take it there must have been a considerable number. One only has to ride the streets of Los Angeles and see them disappear, to know that they have been disappearing. And I take it it is for modernization purposes, getting new locations, and various and sundry things. But that is not before the court that I can find. I have no facts on that.

So I am concerned now also with a comparison, while I am talking—you can take it up after lunch—the comparison between the Philadelphia Bank case. There in that case, as I remember it, there was a—and then I am finished, we will take a recess—after the merger the bank would have 38 per cent—36 per cent of the area's banking assets, 36 per cent of the deposits, 34 per cent of the net loans. And in that case the Philadelphia Bank and the second largest bank, these two combined, would have had [fol. 2493] 59 per cent of the total assets, 58 per cent of the deposits and 58 per cent of the net loans.

Now, the four largest banks would have had 78 per cent of the total assets. And I am wondering if, in our situation here how in the—well, as a general statement of authority, how there is a parallel between the Philadelphia Bank case and the case at bar.

We will adjourn until 2:00 o'clock and I will hear from you gentlemen. And as a matter of fact it may be necessary to continue over to tomorrow. I want to explore several things in the case.

Mr. Alsup: May we leave our materials here, your Honor?

The Court: Well, I have other counsel coming in on other matters. I think you had better sort of gather them up.

Mr. Alsup: Very good.

The Court: We may have a few moments on another matter to interrupt you. But just as a precaution I would say you had better put them in one stack, counsel.

Mr. Alsup: Very good, your Honor.

(Whereupon, at 12:05 p. m., court was in recess until 2:00 o'clock p. m. of the same day.)

[fol. 2494] Los Angeles, California, Monday, March 23, 1964, 2:00 P. M.

(Other court matters.)

The Court: All right, gentlemen, let's proceed with the Von's case.

The Clerk: The United States vs. Von's Grocery for further proceedings.

The Court: Now I will hear from the government. And you might start out with the preface, before you say anything, that I think that the pretrial order settles most of the matters in this case—in fact all but one, as far as I can see. And that is whether or not this merger would probably, under the Section 7 of the Clayton Act, would probably—I guess possibly is the word, isn't it?

Mr. Coyle: Or may, Your Honor.

The Court: What is the difference? All right. We will take probably or may—substantially lessen competition.

Now, I think the pretrial order, you have agreed as to the relevant area, as to the line of commerce and all of the things except as to that question. Do you agree or disagree, counsel?

Mr. Coyle: We agree as to the line of commerce and section of the country. We agree as to many other facts which go toward establishing that this merger may [fol. 2495] lessen competition, or tend to do so, your Honor.

The Court: You didn't agree on that.

Mr. Coyle: We did not agree on the ultimate, but we agree to many elements that go toward establishing unlawfulness under the statute.

The Court: What I am trying to do is resolve what issues we have to discuss. As I understand it, we only have one issue, and that is whether or not this merger would probably substantially diminish competition.

Mr. Coyle: I think the pretrial conference order states it in these terms, on page 13 of the pretrial conference order it states: What are the factual and legal tests which the government must meet in proving that the effect of this acquisition, or proposed acquisition may be to substantially lessen the competition in violation of Section 7 of the Clayton Act.

And then on paragraph 15 of the following page it says: What are the actual and legal tests which the government must meet to prove that the effect of this acquisition and/or proposed acquisition may be to tend to create a monopoly—I am not sure that "and/or proposed" goes in there.

The Court: That pretty well merges itself into the one question, does it substantially lessen competition.

Mr. Coyle: No, it is what is the tests the gov- [fol. 2496] ernment must meet.

The Court: Well, the test is a question of law, of course.

Mr. Coyle: That is the only issue that is unresolved, what is the test which the government must meet.

The Court: All right. I will hear from you. What is the test?

Mr. Coyle: Well, we state the test on page 1 of our memorandum:

> "* * * As a matter of law, the horizontal merger between two substantial competitive factors violates Section 7 where the line of commerce in the section of the country are affected substantially * * *"

The Court: You mean where it is affected, suppose it is affected to a point where it creates more competition?

Mr. Coyle: I say where the lines of commerce in the sections of the country affected are substantial—in other words, if you have a merger, a horizontal merger between two large organizations, competitive factors in the same line of commerce, the same section of the country, that violates amended Section 7, if that line of commerce in that section of the country is a substantial, economically significant line of commerce in that section of the country. [fol. 2497] The Court: Is that all?

Mr. Coyle: That is what we say. It is a matter of law, that is item 2 on our list here.

The Court: I read that. I was a little bit shocked to read it, frankly. You are saying in effect, that mergers, a fortiori, are illegal.

Mr. Coyle: No, your Honor, we say horizontal mergers between two substantial, significant competitive factors is illegal if the line of commerce and section of the country affected by the merger is substantial.

The Court: Affected in what way, counsel?

Mr. Coyle: In which the merger occurs. In other words, the area in which this merger occurred was the Los Angeles Metropolitan Area. The line of commerce was groceries and related products. That is an economically significant, economically substantial part of the nation's economy.

The partners to the merger were two of the largest, strongest, most prominent grocery chains operating in that area. They merged. Instead of two operations you have one. That produces the effect which the statute requires to establish illegality.

The Court: That is rather drastic. Do you think the Supreme Court went that far?

Mr. Coyle: I think the Supreme Court—I think [fol. 2498] Congress went that far.

The Court: I don't see it. I don't think they went that far. You are saying there can be no mergers between two strong competitors.

Mr. Coyle: In an economically significant section of the country.

The Court: Well, let's resolve that now. The pretrial order, it seems to me, recognizes the fact that, at least

for the purpose of discussion I will recognize it that the Metropolitan Area is legally a significant economic area.

Mr. Coyle: There is no question of that in my mind, your Honor.

The Court: I am glad you had it in your mind. At least I am getting the benefit of opinion rather than a flat statement.

But that is not the problem. You are saying that just merger alone, per se is illegal.

Mr. Coyle: That is the first point. The first point is that the Los Angeles Metropolitan Area was economically significant and substantial.

The second point is that these two defendants were economically significant and substantial.

And we determine that by analyzing the market structure.

[fol. 2499] The Court: Well, let's assume for the purpose of your argument that they were both economically significant, they were both going concerns doing a substantial business, and were competing in the area.

Mr. Coyle: Yes, but——

The Court: Now, then, the mere merger alone you say is sufficient to violate the Section 7?

Mr. Coyle: To determine how substantial, how significant these firms are, you have to analyze them in terms of the relevant market structure. In other words, you have to take into consideration whether this is a market that was heading towards concentration. It was.

Whether it was a fragmented market that was headed toward concentration. It was a fragmented market heading towards concentration.

Whether there had been prior mergers in the area which had tended to increase the concentration. There were prior mergers in the area.

When you consider the importance of these firms in the context of this market structure, and in the context of this economically significant section of the country, that is the test of illegality under Section 7. And we have met it.

The Court: Well, if it is, we might as well—if that is the test, there can be no more mergers.

Mr. Coyle: Certainly there can be mergers if [fol. 2500] they are not mergers of substantially competi-

tive factors in an economically significant section of the country. And if that section of the country is headed toward concentration. The Supreme Court says——

The Court: Of course "heading" is a word that bothers me considerably.

Mr. Coyle: Well, you have to look at the market prior to the merger. It was heading toward it prior to the merger.

The Court: Well, that is your statement. But whether the evidence supports it——

Mr. Coyle: Well, let's look at the evidence, your Honor.

The Court: All right. Let's hear what you contend prove that. Who is the burden on here, the government? Or is it on the defendant?

Mr. Coyle: The burden is on the government, your Honor. And we have had our burden, there is no doubt about that.

The Court: I see. Well, I am glad you are resolving these things for me.

Mr. Coyle: That is in the pretrial conference order, most of it, your Honor.

The Court: Counsel, it is just sort of hard for me to get used to counsel resolving all the points before I [fol. 2501] even——

Mr. Coyle: Yes, your Honor.

Now, the increase in concentration is this: In the year 1948 the market share represented by the 20 leading grocery chains in the Los Angeles Metropolitan Area was 43.8 per cent.

In 1958 it was 56.9 per cent.

Now, that is a fact of record.

In the year 1948 the market share represented by the 16 leading grocers, grocery chains in the Los Angeles Metropolitan Area, was 41.6 per cent.

In 1958 it was 53.4 per cent. That is an increase of concentration.

In 1948 the market share represented by the 12 leading grocery chains of the Los Angeles Metropolitan Area was 38.8 per cent.

In 1958 it was 38.8 per cent.

In 1948 the market share represented by the 8 leading grocery chains in the Los Angeles Metropolitan Area was 33.7 per cent.

In 1958 it was 40.9 per cent.

As a result of the merger between Von's and Shopping Bag the market share of the four largest concerns in the area, which was 25.9 per cent in 1948, increased to 28.6 per cent on the basis of 1958 figures.

[fol. 2502] Since 1940 there has been a decrease in the number of grocery stores in operation in the Los Angeles area.

The Court: What caused that, counsel?

Mr. Coyle: They went out of business. I don't know, your Honor——

The Court: Well, the proof doesn't show, either.

Mr. Coyle: It certainly shows there were fewer stores in the area.

The Court: Well, suppose they burned down, counsel.

Mr. Coyle: Well, there is absolutely no—that would certainly be an increase in concentration, when that happens at the same time that the leading chains in the area are increasing their market share, it certainly indicates that fewer firms are competing for a larger percentage of the business.

The Court: You are talking practically socialism. You are not talking law.

Mr. Coyle: I am talking——

The Court: I am talking about the legal effect. If you want to equalize everybody, that is one thing. But what I am talking about now is: Why did those stores disappear?

Mr. Coyle: Well, it is impossible to say that, they disappeared for a variety of reasons that are not rele-

[fol. 2503] vant or material. They went out of business.

The Court: Why wouldn't it be relevant?

Mr. Coyle: More of them went out of business than entered the market. That is all you can say about it. More went out than entered. And that is what the Supreme Court considered in the Brown Shoe and Philadelphia Bank. That is what the Supreme Court said. More went out than came in. The leading chains kept increasing their market shares with the result that——

The Court: How many more stores now does Ralphs have than they had five years ago, do you know?

Mr. Coyle: No, but the chains in the area, I have some figures on the chains.

The Court: How many more does Safeway have now than it had 20 years ago?

Mr. Coyle: Safeway has fewer stores. And it is the only chain that has decreased the number of stores.

The Court: How about Ralphs?

Mr. Coyle: I am not sure in the last 20, but in the last 10 years it has gone up.

The Court: Gone up?

Mr. Coyle: It hasn't gone up too much, it has held its own. There hasn't been too much change.

The Court: I don't believe there was any evidence as to Ralphs, as I remember it.

[fol. 2504] Mr. Coyle: I don't——

The Court: I thought there was some testimony, as I recollect, that one other company had decreased in the number of stores.

Mr. Coyle: I don't think so.

The Court: One of the chains.

Mr. Coyle: There may be there was some testimony that Mayfair has sold off some stores. But they opened more new stores than they sold off, Mayfair and Thriftimart.

The Court: But, counsel, what you are saying to me is that I just take flat figures, and from those figures draw the inference that they are being put out of business.

Mr. Coyle: No, you look at the history of the market, how many firms were there so many years ago, how many have been added to the leading firms of so many years ago, how many do we have, and how big were these two defendants in terms of the relevant market? They were big, in terms of the relevant market.

The Court: Is size alone sufficient?

Mr. Coyle: No, size has to be considered in the framework of the given market structure.

The Court: Well, just for the purpose of discussion let's take the figures that you have set forth of the various stores—what page is that? I think it is in your more recent memorandum.

[fol. 2505] Mr. Coyle: It might be on page 4.

The Court: Yes. Here you have set forth—about what percentage do those stores represent?

Mr. Coyle: That is the 10 leading stores.

The Court: Less than 50 per cent, isn't it?

Mr. Coyle: Oh, yes, about 40 per cent. Let me add it.

Mr. Vaughn: You have got Von's and Shopping Bag twice. You have got them added in here twice.

Mr. Coyle: Yes, I have them twice.

The Court: Yes, they are added twice, counsel. You have them first, total of Von's and Shopping Bag, 8.9, and then you have down below——

Mr. Coyle: We haven't added them, your Honor.

The Court: I see. Don't add them twice.

Mr. Coyle: I won't add them twice.

The Court: Is that 43.6?

Mr. Coyle: 42 I have got.

Mr. Vaughn: I get 43.3.

The Court: 43.6. I think that is correct.

Mr. Coyle: Yes, your Honor.

The Court: So the markets that you are talking about have 43—practically 44 per cent of the relevant market.

Mr. Coyle: That is correct, your Honor.

[fol. 2506] The Court: Whereas you have another 53 per cent represented by the mostly independent stores.

Mr. Coyle: I wouldn't say that, your Honor. If you look at all the other figures that are a little further on——

The Court: Well what do you call independent, counsel? Just one store?

Mr. Coyle: I would call it just one store, but if you look at the figures on page 20 you will see that in the year 1948 the 20 largest chains in the area had 43.8 per cent and the smaller chains and independents had 56.2 per cent.

The Court: What page is that?

The Court: Page 20.

The Court: You see, the thing that is bothering me, counsel, is, in the Brown Shoe case you had a double-barreled question involved there. You had both the vertical and horizontal problem there where a large shoe company was buying out the retail establishments, and was in a position to eliminate competition from suppliers. And it was a big manufacturer, one of the largest, which was in the position to absorb and take over the retail sales. So you had both the horizontal and the vertical situation that you don't have in this case.

Mr. Coyle: But, your Honor——

[fol. 2507] The Court: Go ahead.

Mr. Coyle: But the Supreme Court said, both on the

horizontal phase of the case and the vertical phase of the case, the burden of proof was on the government to prove. The horizontal phase of the case was really independent of the vertical phase of the case.

The Court: Well, I don't know that I understand it that way. But let's take it one step further.

Now in the Philadelphia Bank case, here was a situation where the two merging banks ended up with about—I think I read those figures this morning—they ended up with 59 per cent of the assets, 58 per cent of the deposits, and 58 per cent of the net loans.

Whereas in our instant case before the court, you end up with less than 9 per cent.

Mr. Coyle: There is no question but the percentages are different in this case than in the Philadelphia Bank case, and the Brown Shoe case, to get back to that case—the percentages of the four largest firms was smaller than the percentages to the four largest firms here, whether you take the manufacturing percentages or the retail percentages. When you get down to the largest vertical percent, the percentages were much larger in the Brown Shoe case, both vertically and horizontally than here. So there is really no standard percentage figures that the court [fol. 2508] can put its finger on.

The Court: Of course I am not sure that I understand some of the classic language in this opinion of the Supreme Court. It may be it is beyond my level, because some of the language is rather difficult for me to understand. I thought perhaps I did not have the intuitive understanding of these things to comprehend what is being said.

But I thought that it took more than just a—well, let's assume for the purpose of applying the Brown Shoe case that each one of these companies had 1 per cent of the business in the area. Would that be sufficient, under your contention, to bring it within the purview of Section 7?

Mr. Coyle: You are referring to this——

The Court: This case before us.

Mr. Coyle: This particular market structure.

The Court: Yes.

Mr. Coyle: Certainly 1 per cent of this market structure is not nearly as substantial as 4 per cent, 4½ per cent.

The Court: Well, I am trying to mark off——

Mr. Coyle: I don't know where the Supreme Court is going to draw the line. But I am convinced myself that the Supreme Court, when it does draw the line as to what it takes to make a firm substantial, what it takes to make a [fol. 2509] market area substantial, is going to draw the line at a position where this market area, the Los Angeles Metropolitan Area, and firms of this size and this significance in this particular structure with this trend toward increased concentration, the Supreme Court is going to draw the line and hold that these firms are above the minimum and this market area is above the minimum and the concentration pattern in this market area is above the minimum and this merger is illegal.

The Court: Well, it will come to a point then to where the courts are going to be the ones to decide how much business is what in the grocery business, I guess. Is that what it is going to be?

Mr. Coyle: Well, your Honor——

The Court: I thought there had to be some rule which a judge had to follow——

Mr. Coyle: This is a rule, this is a rule that substantial competitive factors in an economically significant market area, that is the clearest rule I think that the court can draw.

The only other alternative is to go back to the Sherman Act——

The Court: No, we are not going back to the Sherman Act. What I am trying to find out is: What are you using to determine what is substantially lessening compe- [fol. 2510] tition? I can't get it from the Supreme Court decision and I haven't gotten it from you. Where is the substantial lessening of competition. Put your finger on it. Let's put our hands right on that and not talk in these generalities that you get in most of these statements.

I have read the Brown Shoe case a dozen times and I doubt if I understand it any more if I read it a dozen more times.

And as a matter of fact I read a couple of Law Journal articles by very erudite students and practitioners who are having the same difficulty that I am having.

One of them calls this opinion a schizoid opinion, you remember? In the Law Journal article written before the American Bar Association.

Mr. Coyle: Yes, he is one of the big practitioners on the other side, your Honor.

The Court: Well, I don't know——

Mr. Coyle: They don't like this Brown Shoe. I think it is a wonderful opinion but defense counsel don't like it. It is one of the landmark opinions——

The Court: Well, I am not concerned with the like or dislike. What I am trying to do is find out what the law is. I haven't found out yet.

I don't think the Supreme Court would like it being called a schizoid opinion, but I am merely quoting what I [fol. 2511] read in this—I believe it was in the Federal Bar Journal.

Did you read that article, counsel?

Mr. Coyle: I read one in the Federal Bar Journal. I think that schizoid language came from another article.

The Court: That came from an appearance before a committee of the American Bar.

Mr. Coyle: Yes, that's right. I think that was Milton Hand, or somebody like that.

The Court: Well, put your hand, touch for me, show me what the—I am not saying it doesn't exist—but what is the substantial lessening of competition? Now the elimination of the competition between the two is not the test in this case. That you agree, don't you?

Mr. Coyle: Certainly the elimination of competition between the two was the test prior to the amendment. The amendment says that if it may substantially lessen competition—that doesn't mean you don't look at the fact that you do have the competitive factors in the area prior to the merger and the competition between them and the competition between them and everybody else in the area has been lessened. You look at that. Sure you look at that.

The Court: Well, the Congress in the report before Congress specifically point out that they thought the problem was that if they left that Section 7, that there could be no merger. So they were eliminating that test, is [fol. 2512] that correct?

Mr. Coyle: They wanted to make sure that the Act wasn't applied to small firms——

The Court: Did they say small firms?

Mr. Coyle: Small firms in little towns, yes, sir, your Honor.

The Court: I didn't find that in the hearing proceedings. Maybe I missed it. Let me see if I don't have it here.

Mr. Coyle: I have it here, your Honor.

The Court: I thought it said between acquiring and acquired companies. I didn't remember that language about small.

Mr. Coyle: It says in the Senate Report, page 4, your Honor.

The Court: That is Senate Report 1775, is that the one?

Mr. Coyle: 1777, yes—no, I am sorry. You are right, 1775.

The Court: All right. Read it, would you please, counsel.

Mr. Coyle: Well, starting with paragraph 2, I guess:

> "While on the one hand it was desired that the test be [fol. 2513] more inclusive and stricter than that of the Sherman Act, and on the other hand it was not desired that the bill go to the extreme prohibiting all acquisition between competing companies."

However, in the course of the hearings on this bill in the House Judiciary Committee, the wording was objected to on the grounds that it might be so construed as to prevent all acquisitions between competitors. Accordingly, subsequent versions of the bill, including the present HR 2734, deleted any reference to the effect on competition between the acquired and acquiring firms.

The use of this word—the word "community," that is down in the second paragraph to the last:

> "The use of this word raised a strong controversy centering around the possibility that the Act so worded might go so far as to prevent any local enterprise in a small town from buying up another local enterprise in the same town. As a consequence the word 'community' was dropped in the subsequent version of the bill. * * *"

The Court: Well, I don't quite think that it says just what you say it says.

Mr. Coyle: Well——

The Court: In other words, it is saying, as it finally [fol. 2514] passed, the committee is saying, "Well, what

we are doing here is to drop the Section 7 test, which was a test as between acquiring and acquired firms."

Mr. Coyle: I think we should also read into it the fact that between the acquiring and acquired firms, and also the word "community." These two things were considered at the same time. They dropped the word "community" from the statute at the same time.

The Court: Well, so in an area such as we are talking about, in a relevant area such as the Metropolitan Area here, the test does not relate between the acquired and the acquiring. It relates to the substantial effect on competition generally.

Mr. Coyle: Yes, your Honor. But then it results from the fact that there was a concern that the Act might have applied to a merger between the two local firms in small communities, to make sure that——

The Court: Well, where does it say "small community and local firms"?

Mr. Coyle: That is just what I am saying.

The Court: That isn't what the report says. That is what the complaint was about. May I see that just a moment?

Mr. Coyle: Yes. Maybe I don't understand your question, your Honor.

[fol. 2515] The Court: Maybe I am not putting it clearly. Let me see if I can clarify it.

Mr. Coyle: The paragraph there, your Honor.

(The document was handed to the court.)

Mr. Coyle: I am referring to the second paragraph there, your Honor.

The Court: Let's start over again. Maybe we can work this out and then we will take a recess for a few moments.

> "These bills simply extended the present wording of the Clayton Act to cover acquisition of assets. The test of competition between the acquiring and the acquired firms was left in the bill and made applicable to assets as well as to stock. However, in the course of hearings on this bill in the House Judiciary Committee this wording was objected to on the grounds that it might be construed as to prevent all acquisitions between competitors."

Now, that was the objection, "all acquisitions," the word "all" meaning any kind of acquisition.

Mr. Coyle: That is correct, your Honor.

> The Court: "Accordingly, subsequent versions of the bill, including the present H.R. 2734, deleted any [fol. 2516] reference to the effect on competition between the acquiring and acquired firms * * *"

So it deleted it.

Now, then, you point another step which had the same general effect, but which was also to be found in the legislative history of the present bill—what am I reading here? This is still from the Senate Report—"* * * as the bill originally stood, it was to be violated if, among other things, competition was substantially lessened * * * in any community * * *"

Well, "community" can be a metropolitan area, can't it?

Mr. Coyle: I don't think it can in the terms of that bill, your Honor.

The Court: Why doesn't it say "of the country" then?

Mr. Coyle: To make it more specific.

The Court: Then it says:

> "* * * The use of this word raised a storm of controversy centering around the possibility that the Act so worded might go so far as to prevent any local enterprise in a small town from buying up a local enterprise in the same town. As a consequence the word 'community' was dropped from the subsequent versions of the bill. * * *"

So when they dropped the word "community," what [fol. 2517] did they do?

Mr. Coyle: Sir, they wanted to make it clear that the amended Act did not apply to every merger between two competitors in a small town or community.

The Court: Well, you are leveling it to the small towns.

Mr. Coyle: Yes, your Honor. Or small competitors in a small town.

The Court: What is a small town? Now, here we are in the realm of what is a small town. A businessman has got to figure out before he mergers whether he is in a small or a big town. This is pretty difficult for practical

people. It may not be for you but for practical businessmen, how are they going to decide what is big and what is a small town?

Mr. Coyle: I know the Los Angeles Metropolitan Area is big. I don't know where the Supreme Court is going to draw the line as it comes down the scale, but I am certain it is going to draw it below the Los Angeles Metropolitan area.

The Court: Well, the way I read the bill is that they have taken out the objections, taken out the Section 7 test that originally existed, that was the competition between the acquired and acquiring.

Mr. Coyle: Yes, sir.

[fol. 2518] The Court: And I think, as a matter of law, you can consider that, in connection with the general situation in the test.

Mr. Coyle: That is exactaly what I feel, too, your Honor. I didn't mean to say that it was the test. Obviously it is not the test now. But it is one of the considerations.

The Court: Well, let's take about a 15-minute recess. And I want you to put your finger on for me—you know, we people who are practical sometimes have great difficulty in understanding the high thinking. And I want you to put your hand, put to me wherein competition has been substantially lessened.

I want to think whether or not it might be argued that it has been increased. I would like to hear from you why can't it be said that the competition in the area has been materially increased during the very period we are talking about, that the competitive factors are greater today than they were 15 years ago, were greater than at the time maybe when the trial took place.

I would like to hear from you, go into those matters and clear them up for me. I need some help.

Mr. Coyle: Your Honor, before we adjourn, there are two things I think during recess that we would like to discuss.

[fol. 2519] The Court: Yes, certainly.

Mr. Coyle: The first thing is that I probably misspoke when I said that the only case dealing with this post-complaint, or post-trial evidence was the Dupont-General Motors case, because very recently, on March 2nd of 1964, in the Lexington Bank case, the Supreme Court dismissed

a motion without opinion—dismissed a motion to remand for the purpose of bringing the record up to date to show changes in competitive conditions. This is reported in 32 Law Week, 3304.

The Court: 32 Law Week——

Mr. Coyle: 3304.

The Court: 3304.

Mr. Coyle: This was a Sherman Act case, but it does go into this same question of remanded——

The Court: This is not a remand here.

Mr. Coyle: No.

The Court: I haven't decided the case yet.

Mr. Coyle: That's right. The Supreme Court hasn't decided the case, either.

Mr. Alsup: Well, Mr. Coyle, I think you ought to point out in the Lexington Bank case the Supreme Court did not give a reason for refusing to grant——

Mr. Coyle: I said it was without reason. I just wanted to mention that.

[fol. 2520] The second point I want to mention is that at paragraph 5 of the pretrial stipulation on page 3 it reads as follows:

> "In a stipulation agreed to by the parties and approved by the court on February 3, 1961, it was provided that trial shall be confined to the issues of whether the merger violates Section 7 of the Clayton Act as amended. In the event the court determines that Section 7 has been violated, hearings will thereafter be held as to appropriate relief."

The Court: Well, that is the same issue right now. If I decide it does, then we will have hearings as to the relief.

Mr. Coyle: That is correct, your Honor. But I think it relates to this business of post-trial evidence.

The Court: The problem here is that people who have no experience, judges who have no experience in this field at all just seem to be writing inclusive opinions on matters that are not so easily ascertained. It gives me great pause. What the Supreme Court does is none of my affair. All I do here is do the best of my ability and then they can do as they think. But while I am here I am going to do what,

in my best judgment, what I think the law is, not what it should be.

[fol. 2521] Mr. Coyle: That's right. And all I can do is present cases which I think——

The Court: Of course, of course.

So we will take a recess until 3:30.

Here I return to your your Senate Report.

(A short recess.)

The Court: All right, counsel. Proceed.

Mr. Coyle: If your Honor please, before I begin, defense counsel has brought one thing up that when I referred to this Lexington Bank case—I don't believe I did, but I didn't want to infer that that was for the purpose of bringing the record up to date to show post-complaint evidence, but it was for the purpose of showing post-trial evidence, but it was a remand to show post-trial evidence and the Supreme Court denied it without right of motion. Mr. Alsup was just mentioning that before recess.

The Court: Are you objecting to the use of the stipulation that you filed?

Mr. Coyle: Insofar as it shows post-complaint and post-trial evidence, I think it is clearly irrelevant, yes, your Honor.

The Court: Well, I will solve that right now. I will put you back on trial basis promptly, right now. We won't get into any of these technicalities, counsel. I have been around here too long for that.

[fol. 2522] I have vacated submission and you will now consider yourself in a continuation of trial.

Mr. Coyle: We closed our case, your Honor.

The Court: Well, I am taking the liberty of re-opening the case for both sides at this time. If you are going to contend now—I don't know why you ever filed this stipulation.

Mr. Coyle: Your Honor, we filed our brief before we filed the stipulation. And we said clearly that the merger was to be judged as of the date of the complaint.

The Court: Are you taking the position now that the court should not consider the stipulation, is that right?

Mr. Coyle: We take the position the court should not consider post-complaint evidence. If there is any post-

complaint evidence in the stipulation, we think it is irrelevant, yes, your Honor. The merger is to be judged as of the date of the complaint.

The Court: Well, how far back can I go from the date of the complaint?

Mr. Coyle: How far back can you bo?

The Court: Yes.

Mr. Coyle: I don't know that there is any hard and fast rule on how far back you go.

The Court: Well, are we just to consider the evidence of what was occurring on that date, the date of [fol. 2523] the filing of the complaint?

Mr. Coyle: Yes, your Honor. That is what we——

The Court: This is sort of an afterthought, isn't it, counsel?

Mr. Coyle: No, your Honor, I don't think it is.

Mr. Alsup: May I respond, your Honor?

The Court: Yes, certainly. I would like to hear from you.

Mr. Coyle: We take the position that the very first brief we filed on this business of trying to object to the vigor of competition as of a given date—we took that in our brief before trial.

Mr. Alsup: Your Honor, all of our affidavits dealt with post-complaint matters.

The Court: That is what I thought.

Mr. Alsup: They went in without objection. If your Honor will permit me, I would like to hand you the opinion of Brown Shoe where the Supreme Court made it clear in Brown Shoe that post-complaint evidence is clearly irrelevant. And the Supreme Court considered——

The Court: What is the page? I have the decision here.

Mr. Alsup: I have the Law Edition, your Honor.

The Court: Well, let's see, I have a Law Edition, too, but I didn't bring it this time.

[fol. 2524] Mr. Coyle: I think you are referring to the section entitled Kinney—is that the one?

Mr. Alsup: That is the one that has got the discussion of jurisdiction, at the end of Section 1.

The Court: Well, let's see. What is the Law Edition citation? I will send and get my Law Edition.

Mr. Coyle: I have a copy.

Mr. Alsup: Page 523—I can hand this up to your Honor.

The Court: All right. Pass it up to me, please.
Mr. Alsup: The portions interlined.

(The document was handed to the court.)

Mr. Vaughn: It is page 303 and 304 of U.S.
The Court: Starting with—where do I start counsel?
Mr. Coyle: At the bottom of page 303, your Honor.
Mr. Alsup: Well, where I have underlined it in red, your Honor, the Supreme Court pointed out that the time of the merger Brown Shoe had not been a supplier of Kinney. At the time of the trial it had become a supplier of Kinney. Obviously post-trial data was received, post-complaint data.

Mr. Coyle: Your Honor, there is no question—I tried that Brown Shoe case—there is no question that [fol. 2525] post-trial evidence was submitted in trial. And this is the summary of the District Court's opinion made by the Supreme Court.

But the Supreme Court did not rely on this post-complaint evidence. When the Supreme Court got over to these subsequent pages where it set out the basis for granting the violation, it did rely on this post-complaint evidence.

The Court: It didn't consider it?
Mr. Coyle: It did not state it in its opinion as the evidence it considered.
The Court: What was the date of the—what was the date of the suit in this Brown case?
Mr. Coyle: 1955, filed in 1955, tried in 1958.
The Court: This says:

> "• • • At the time of the merger Kinney bought no shoes from Brown. However, in line with Brown's conceded reasons for acquiring Kinney, Brown had been, by 1957, become the largest outside supplier of Kinney shoes, supplying 7.9 of all Kinney's needs. • • •"

Mr. Coyle: Yes, that is true. That is in the portion of the opinion where the Supreme Court summarizes the District Court's opinion.

But you go over and then the Supreme Court dis- [fol. 2526] cusses jurisdiction and it discusses legislative

history. Then it gets way over to the point 4, on page 323, and it discusses the vertical aspects of the merger. Then it gets over to page, over two pages, and there it discusses, that is where it gives the reasons for vertical aspects and then it gives the reasons for finding the vertical effects of the merger violated Section 7.

Then it gets over to point 5, on page 334, and it discusses the horizontal reasons for the violation of the Act by the merger.

But this paragraph that counsel refers to is only the Supreme Court's summary of the District Court's opinion.

The Court: You say the Supreme Court didn't consider this matter at all?

Mr. Coyle: I say the Supreme Court didn't list this matter as one of the bases for its decision.

The Court: Well, I thought the Supreme Court discussed at some length just what happened after the acquisition.

Mr. Coyle: I don't think so, your Honor. I think this is the only reference in the whole opinion to post-complaint evidence, or post-complaint activity. And the rest of the case where the Supreme Court sets up its rationale of test, it does not discuss this post complaint aspect.

[fol. 2527] The Court: Well, I can't understand, to save my soul, how a court can close its eyes to everything after the day the trial begins. The Supreme Court has expressed itself, saying that this is a prospective thing, it you look in the future it is probable that competition will be substantially lessened.

And the Supreme Court keeps saying it is a prediction, pretty much. Now, if you are going to predict something and, you have got facts in front of you, can't you use those facts in connection with the prediction?

Mr. Coyle: No. The finding that the court has to make is whether or not there was a probability of lessening of competition when the merger took place.

Now, if the court gets into the position where it is going to say, four years have gone by and we don't see any lessening of competition, that is an artifficial test because 10 years from the time the acquisition took place you might infer it would occur.

For instance, in the Dupont-General Motors case the

acquisition occurred 40 years prior to the time. The action was still prospective when the suit was filed. And the Supreme Court said it was still prospective. It looks now as if there may be a lessening of competition——

The Court: Looks now?

[fol. 2528] Mr. Coyle: As of the time the suit was filed, yes, even though the acquisition took place 40 years in advance.

The Court: Didn't they look at the time of the decision?

Mr. Coyle: No, at the time——

The Court: They didn't consider that at all?

Mr. Coyle: I don't know. No, your Honor. The language is clear—at the time of the suit there is a reasonable probability that the acquisition is likely to result in restraint. And then they say where it appears——

The Court: Well, this suit is in progress right now.

Mr. Coyle: At the time of suit means at the time the complaint was filed, your Honor.

Mr. Vaughn: That is their contention.

The Court: That is your contention.

Mr. Coyle: Your Honor, otherwise we would be on quicksand. We would have closed our discovery in 1961, we were ready to go to trial in August of 1961 some time. We can judge it as of that time, we can judge it as of the date the complaint was filed. Are we going to reopen the record, bring in something else to bring it up to date——

The Court: We might very well do that, counsel. That is what we are doing to some extent.

Mr. Coyle: Are we going to do it continually, [fol. 2529] is that——

The Court: We will decide that when the time comes.

Mr. Coyle: It certainly is——

The Court: It can't be any more ethereal than some of the things that you are advancing, counsel. In fact, not near so ethereal as some of them.

You are telling me now that as of the date of the filing of the case I have got to decide as of that very day. I can't look prospectively at all.

Yet the Supreme Court says that they are looking to the future to determine what the likelihood will be.

Mr. Coyle: From the specific transaction. The likelihood is that a merger between two substantial factors in a sig-

nificant section of the country, when it tends toward concentration, will decrease competition. But that is the likelihood. That is all the court is called upon to determine. And that is the finding that this case should turn on, your Honor.

The Court: I see. Well, it may be too schoolmasterish for me, I don't know. Maybe it is too much for me, I don't comprehend, counsel.

Mr. Coyle: The Supreme Court opinions in the Brown Shoe and the Philadelphia cases, your Honor, make it so obvious——

[fol. 2530] The Court: Well, I am sure it must be. It is just unfortunate that I don't have the ability to see it so clearly, counsel.

I will hear from the other side.

Your assistants are pointing out to me the specific lessening of competition has not been what I had hoped for.

Mr. Coyle: I have a few things that I can point out to you, if you want, your Honor.

The Court: Yes. I came in this morning with my mind wholly undecided. I am afraid, if anything, you are convincing me the other way.

Mr. Coyle: The pretrial conference order established that this is a horizontal merger, that the defendants are competitive factors in the same line of commerce in the same section of the country. Undisputed facts establish that retail distribution of groceries and related products in the Los Angeles Metropolitan Area has resulted in lessening of a substantial market.

The market structure analysis presented by the government establishes that this merger took place in a fragmented industry with a pronounced trend toward increased concentration. And the history of prior acquisitions and consolidations and mergers plays a significant role in this increased concentration——

[fol. 2531] The Court: That is just the language of the Supreme Court you are reading, isn't it?

Mr. Coyle: No, this is what happened in this——

The Court: Well that is what I am supposed to determine.

Mr. Coyle: This merger united under one control and management two of the largest and most important sep-

arate entities in the market, and it ended the independent existence of an expanding chain of 38 supermarkets with annual sales in excess of $84,000,000.00. It increased concentration and resulted in a single corporation controlling 8.9 per cent of all retail grocery distribution in the economically significant Los Angeles Metropolitan Area.

This establishes a violation of the Act, sir.

The Court: Well, I will have to decide whether it does or does not.

Mr. Coyle: We think it does, under the Brown Shoe and Philadelphia Bank cases.

The Court: I am sure that you think so. But again I say that flat statements are not the best approach.

Mr. Vaughn: Your Honor, I would like to again point out that in the Dupont case the complaint was filed in 1949. There is reflected in the Supreme Court record evidence relating to the year 1955.

There is no question that in the Dupont case, [fol. 2532] over the defendants' objections—the court did consider evidence after the filing of the case.

That evidence in this case leaves no question that there has not been a lessening in competition in the four years since the merger.

The Court: Before you get to that, counsel, I am disposed to go along, but I can't believe that I am to shut off all evidence.

The case is still pending before me. I have not made a decision. I took this case under advisement and I have studied the record. I have studied it enough to decide that there were many things that the record did not reveal to me that I felt were important in determining what was going on in this area, effective as of the date of filing and thereafter and prior.

So I called you gentlemen together to ask you if you could supply the court, by some form of stipulation, these facts. And I therefore—you remember—vacated the order of submission. When you vacate an order of submission, the case is still pending before this court.

Mr. Vaughn: Yes, your Honor.

The Court: For such further proceedings as I think are appropriate to try to reach justice. And that is the status we are in today.

Now, I hadn't considered that I was precluded [fol. 2533] from viewing these factors. If so, then I couldn't view anything as of the day after—what was the exact date of the filing of this complaint, Mr. Clerk?

Mr. Alsup: March 25, 1960, your Honor.

The Court: March 25, 1960.

Mr. Alsup: We are two days from our anniversary.

The Court: Well, I take it that if I am to carry the thinking of the government to the extreme, or reduce it to its lowest common denominator, or its absurdity, I can't look at anything after March 25, 1960, just put blinkers on.

Mr. Vaughn: I was going to say the government's blindfold approach would have you speculate and blindfold yourself to the actual facts which have occurred in the last four years, which I am sure would be of assistance to anyone in determining whether or not this merger is likely——

The Court: This is an equity action, is it not?

Mr. Vaughn: It is.

The Court: And it is asking for an injunction. And I though a court of equity had a broad discretion in determining whether or not it should use its arm of equity in restraining, or doing whatever is necessary to carry out the law to obtain justice in the case.

Now, the government seems to have come in with the proposition that I must not look to anything after March 25, 1960.

[fol. 2534] Mr. Vaughn: Your Honor——

The Court: Yet I am supposed to determine whether or not it was substantially lessened in the future.

Mr. Vaughn: Yes, sir, your Honor.

Mr. Coyle: If your Honor please, I think the parties agree that this is a court of equity, but the parties have stipulated and agreed that the only issue to be tried right now was whether this merger violated the law.

Mr. Vaughn: I agree to that.

Mr. Coyle: That is paragraph 5, page 3.

The Court: Well, what other proposition is before the court then? You are asking for an injunction, aren't you?

Mr. Coyle: Yes, your Honor. We will consider relief after the—after we establish illegality.

The Court: You mean to say I have got to close off consideration that I am sitting as a court of equity?

Mr. Coyle: We have stipulated that the first issue to be litigated is whether this is an illegal merger as of the date it took place. That is what the stipulation is, your Honor.

The Court: I see. In other words, you preclude me from giving any equity consideration to the case at this time.

Mr. Coyle: The stipulation says that the trial [fol. 2535] shall be confined to the issue of whether the merger violated Section 7 of the Clayton Act as amended. In the event the court determines that Section 7 has been violated, hearings will thereafter be held as to the appropriate relief.

The Court: Well, you may stipulate to that and I may decide in a different fashion, counsel. I may take a different approach.

Mr. Coyle: I am just pointing out that is what our pretrial order says.

The Court: Well, I considered this—I thought I was sitting as a court in equity, since you are asking for an injunction, that is what it amounts to.

Mr. Coyle: It is a special type of court of equity——

The Court: All right, whatever it is.

Mr. Vaughn: Your Honor.

The Court: Whatever it is. I am asking now—I am apparently, according to the government's view, compelled to view this case only as it existed on March 25, 1960. Nothing thereafter.

So we put in all this evidence—I would like to know, counsel, can you tell me, of all the affidavits that were filed, how much in general related to after 1960?

Mr. Vaughn: The affidavits we prepared tried to go into the whole picture from before the merger right up [fol. 2536] to the present time. We had affidavits of people who had acquired stores in October of 1962, we have affidavits of people right up to the present date.

The Court: Right up to the trial date.

Mr. Vaughn: And there was never an objection. Indeed, your Honor, I know of no Section 7 case in which the government has taken this position before.

The Court: Well, was there any objection at any time t[illegible] use of this testimony, bringing it up to the actual beginning of the trial?

Mr. Vaughn: None whatsoever in this case, or in any any other case that I know of, until the other day when this brief was filed.

The Court: I would like to hear. When did you first object, counsel?

Mr. Coyle: Your Honor, we made this point in our pretrial brief prior to the beginning of trial. We objected to the procedure of trying to evaluate changes in the vigor of competition between the time of the filing of the complaint and the date of trial. We objected——

Mr. Vaughn: Your Honor, the government——

Mr. Coyle: We didn't jump and say we object on——

The Court: Well I should have thought that you would have called it to my attention.

[fol. 2537] Mr. Coyle: We called it to your attention in the brief, your Honor.

ARGUMENT ON BEHALF OF THE DEFENDANTS

Mr. Vaughn: Your Honor, the government itself offered into evidence, and it was received, statistics showing the number of stores in the Los Angeles Metropolitan Area in 1961, in 1962, and in 1963—all after the merger.

The Court: Well, I don't remember hearing a single objection during the trial as to any of these affidavits.

Mr. Vaughn: There was none.

Mr. Coyle: Your Honor, whether there were objections or not, it is a matter of whether this is relevant and material and that is up——

The Court: Counsel, didn't you put in affidavits as to matters after March 25, 1960?

Mr. Coyle: We didn't put in very many affidavits. We put in some statements of industry witnesses. I don't think that they testified to anything that happened after 1960, 1961—1960.

We did bring up the Board of Equalization figures, yes, your Honor. That was the only thing we did.

Mr. Vaughn: They made reference in these affidavits

to mergers which occurred after the Von's Shopping Bag merger. They indicated——

The Court: I distinctly recollect there was a [fol. 2538] mass of testimony—or rather a mass of evidence relating to transactions that occurred after the filing date of March 25, 1960. The record is replete, from both sides of the case.

Mr. Vaughn: Yes, your Honor. And the government, as far as these opinions show, did not raise any objection to the post-acquisition in the Panola case, in the Continental Can case, in the Alcoa case—which was filed three years after the acquisition, or in the Lever Bros. case tried by Mr. Coyle six years after the acquisition.

Mr. Coyle: If your Honor please, I posed my objection every time they mentioned post-filing——

The Court: Counsel, let him finish. He didn't interrupt you at any time. Let him finish.

Mr. Coyle: I am sorry, your Honor.

The Court: I will give you every opportunity to be heard again.

Mr. Vaughn: And it seems to me perfectly obvious that the government is taking this unique position because it knows that the actual facts with regard to the effect of his merger in the last four years are dead against them, that the evidence without contradiction shows that there has been an increase in competition, if anything.

And it likewise shows——

The Court: I would like to have you point out to me, counsel, where the increase has occurred. I have [fol. 2539] been trying to get the both of you now, and I want to get down to specifics. We have been talking in terms of generalities and general principles.

Now tell me, specify if you can, wherein the competition has increased.

Mr. Vaughn: I will address myself to that, your Honor.

First of all, in 1960 there were no discount houses in the Los Angeles Metropolitan Area selling groceries. As of the trial there were 37.

I don't know if we still have a stipulation as to why they have opened up since that time or not——

The Court: I think there was some argument about that. But at any rate you have a stipulation that the

discount houses are now in existence and have opened since that date.

Mr. Vaughn: Yes, your Honor. And these are discount houses, by the way, which the government's own witness, Dr. Ward J. Jenssen said were going to run the conventional supermarket out of business, they were all going to be eliminated by 1970.

The Court: That may well be.

Mr. Vaughn: Yes, your Honor. But it certainly is a new and important form of competition, which has increased competition.

[fol. 2540] Since 1960, three of the largest national concerns in the country, theretofore not doing any business in Los Angeles, have entered this market. They are the Kroeger Company, Acme and Food Fair.

Since 1960 we have seen the failure of three local chains and the dispersement of many of their stores to independents and smaller concerns.

In the year 1960 alone the government's evidence showed there were 127 newcomers to the grocery business in Los Angeles.

Many concerns have increased their number of stores, some of them small concerns. The Michael Markets, headed by a man named Joe Goodnight, from whom we have an affidavit, opened its first store after 1960. And as of the time of the trial it had seven stores in Orange County.

There has been growth in a number of other concerns, as all of our affidavits show.

And we also have the testimony of every single witness who was asked the question, every single one, whether he was a plaintiff's witness or defense witness, that competition has increased since 1960.

The Court: Well, of course, I take that statement the same as I take the government's witnesses' statements. That is nothing more than a conclusion, generally speaking. It is a pure speculative answer, and it is not [fol. 2541] any different from any expert opinion. And the court can either regard it or disregard it.

Mr. Vaughn: Yes, your Honor.

The Court: As the trier of the facts. Because for a groceryman to say just, period, "There is no competition any more," or "There is competition," is a rather broad

statement. If they will specify it, then their testimony might have a little more substantiality.

Mr. Vaughn: Of course these men, your Honor, were witnesses called by the government, for the most part, who were asked whether competition had increased. These were people who deal with it every day. And everyone of them said, "Yes, competition has increased, it is rougher and tougher every day." Competition has increased, they said.

The Court: Well, maybe that is not the kind of competition—it may well be that I may be discerning a theme or a trend throughout all this thinking that has come down from the Supreme Court that there is a type of competition that was meant to keep surviving. It was not a competition that might cause a bad businessman to go out of business, for example.

I can't believe that the Congress intended to protest a businessman who was a poor businessman, who went broke because he was lazy, didn't open up his store, or he [fol. 2542] didn't keep his lights on, or his shelves clean.

There are so many practical things to consider in these things. And the problem I am up against here is wherein does the evidence show the probability of a substantial lessening of competition, when all these affidavits, both government and defense affidavits, show that new stores are opening all the time, and they are not necessarily chain stores.

Mr. Vaughn: Quite right, your Honor. I don't think there is a word of evidence in the record to reflect that in these four years there has been any, actually been any lessening of competition, not a word.

On the contrary, we have seen the success stories of small concerns——

The Court: I am familiar, you don't have to review that, counsel, with these men. I remember the testimony. One of the witnesses who testified, I believe he was a chain store operator and they were having trouble keeping good managers because they were going out and opening stores on their own. Am I correct on that?

Mr. Vaughn: Yes, your Honor. I would like to point out that the following defendant's witnesses all had chain stores and went out and opened their own stores:

Reynold Elkin, former Von's employee.

[fol. 2543] Joe Goodnight, former Alpha Beta for many years, whom I have referred to previously; Ted Wood, formerly with Alpha Beta who went out and formed the Pantry markets.

Al Goldstein, formerly with Food Giant, who went out and opened up a store, took over an old Food Giant Store right across from a brand new Von's Store and is doing very well, better than Food Giant did before the Von's Store.

Joe Hughes, former Thriftimart employee, now operates Hughes Markets.

Jose Goldberg of King Cole Markets who took over one of them and is now competing with Food Giant and Safeway, within 100 yards of his store, and he is competing with them.

John Irwin, formerly at Mayfair, the president of the local trade association, who has opened up a store in Long Beach.

Of the plaintiff's witnesses, one of them, Stater Bros., who was formerly an employee of Thriftimart.

One of them Mr. Jacobs, was formerly at Market Basket, a Market Basket employee.

Mr. Irwin was a Crawford's employee.

Mr. Fleishman was a Shopper's employee.

Mr. Carpenter was a Highlands' employee.

In addition to those specific individuals, the affidavit——

[fol. 2544] The Court: Before you pass to that, counsel, most of these openings have been over a period of the last four or five or six years, haven't they? Am I incorrect about that?

Mr. Vaughn: There are many who have, yes, your Honor.

The Court: I say the most of them.

Mr. Vaughn: Yes, I would say so. But the ones——

The Court: The reason I asked the question is to relate back to prior to the filing date on approximately how many, what percentage of those were opening those stores. And then bring it up past the filing date of the complaint and see how many, if that continuation was in effect. Do you follow me?

Mr. Vaughn: I think I can probably answer your ques-

tion if you would like me to go over this list again.

The Court: If you would, I would like to know.

Mr. Vaughn: Mr. Elkin, as I remember, opened a store in 1958.

Mr. Goodnight opened the first of his Michaels Markets in 1960, after the merger.

Mr. Wood opened the first of his markets right after Mr.—I think it was 1955, '54 or '55.

Mr. Goldstein opened his first market in October 1962. [fol. 2545] Mr. Hughes opened his first market in about 1955, or '52.

Mr. Goldberg opened his first market in 1962, although he had been a chain executive with King Cole before that time.

Mr. Irwin opened his market in 1962.

As to the defendants' witnesses, Mr. Jenkins recently opened up a market. He has had a number of them, if I recall correctly.

Mr. Irwin—it was after 1950, I think it was 1954.

The Court: Well, what I was getting at, counsel, was to find out if there had been any sudden change in this trend. In other words, something that existed prior to the date of the complaint, and whether or not it was conuing up to the time of the filing and on after.

Mr. Vaughn: I see nothing in the record to indicate that. And, your Honor, I really believe that the Von's-Shopping Bag merger has proved to be an insignificant event in the history of grocery retailing in Los Angeles. I do not know of one discernible change in competition, competitors, or anything else that is attributable to that merger. And I don't believe that the record shows that there is a single thing. It is like dropping a pebble into a roaring stream. It has had no effect whatsoever on [fol. 2546] competition.

The Court: Well, counsel, the question: What effect?

Mr. Vaughn: I don't know whether the record shows any. There certainly has been no lessening of competition.

The Court: Well, the——

Mr. Alsup: Could I add to that, your Honor—I am sorry to interrupt.

The Court: That is all right. What I was about to say, I have before me here—I suppose you gentlemen have

seen it—this is the Grocers' Journal. I wonder if I might pass it down to you and ask you if you gentlemen have seen that. Southern California Grocers' Journal, February 27, 1964.

And I am not going on the number of stores as much as I am the names, trying to remember the names from the record.

This gives the national chains and the regional chains. I don't think we got into too much testimony as to the regional chains.

Then there is something they call the county chains. You might take a look at that. As I remember it, the evidence didn't break it down as it is broken down in that Journal.

Mr. Alsup: Looking on pages 3 and 6 of that [fol. 2547] Southern California Grocers Journal, your Honor, there is also a further breakdown, in addition to that, that appears on the cover.

The Court: Is there any objection to using this document for the purpose of reference only?

Mr. Coyle: No, your Honor.

The Court: The Supreme Court goes out and reads documents and statements by economists and professors and what-not, and then refers to them in their footnotes. Maybe a District Court can do the same thing. So I will use this as a footnote.

Mr. Coyle: I don't know what it proves, your Honor.

The Court: I am not saying it proves anything. I am merely trying to find out some things about this case.

You know, I spend quite some time while I am trying cases reading this record. During the process of trying patent cases and all kinds of cases, criminal cases, admiralty cases, I am trying to read this record. And while I have made a lot of notes, I want to go back and try to assimilate in my mind what I have read.

I was using this outline more or less as a classification method.

Pass it back to me, please.

I want to ask some questions.

[fol. 2548] We did not have any evidence at all regarding county chains, did we?

Mr. Vaughn: We had evidence regarding what we called

local chains. I think they are the same thing, your Honor.

The Court: Was that intended to mean county chains, not including Orange County?

Mr. Vaughn: No, I don't believe that there was any evidence that was isolated as to a concern that might do business only in Los Angeles County. The local chains that we referred to were those that had most, if not all, of their stores in the Los Angeles Metropolitan Area.

Mr. Alsup: I think if your Honor will read across that front page of that Journal——

The Court: Yes, I know it, counsel. But I was trying to get in my mind the competitive situation as it existed prior to the filing of the case, and after the case went into trial. And I was trying to see how we developed the facts as respecting national chains, regional chains, and what they refer to as county chains.

I think we merely talked about 10 or more stores, did we not?

Mr. Alsup: Basically, yes, your Honor. And what they referred to there as county chains actually go beyond Los Angeles and Orange County if you——

[fol. 2549] The Court: Yes, I know they go into the other counties.

Mr. Alsup: Yes. And I think the regional ones are those which operate actually in more than the State of California.

The Court: All right. Well, I suppose it would be of no use to try to use that as a reference.

Mr. Vaughn: Your Honor, I might say that Exhibit AF attempts to trace the history in terms of number of stores that served the market for the top 20 chains as of 1960, from 1948 to 1960.

So we do have information there which might be compared to this information. There are also—I might call to your Honor's attention a document entitled "Small Business Reporter" put out by the Bank of America, which has an additional distance.

This is recently published, copyrighted in 1964. Additional statistics, additional observations about the grocery business in general and in Los Angeles in particular.

The Court: Well, I guess we had better not consider that. I wasn't going to consider these matters from an evidentiary standpoint.

I was trying to find something from the evidence before the court—I guess we have to break these situa-
[fol. 2550] tions down into the chains and the size of the chains, really. And then down to the single store.

So I think we have to follow what you have already done, those where it is single operators, single store operators, those with one or more, two or more, and so on.

I don't think we can avoid using that method.

Now——

Mr. Vaughn: I would be happy to try and answer any questions I can.

The Court: Well, what I am concerned about, one of the things is: Is there any evidence as to what happens to any of these stores who went out of business?

Mr. Vaughn: Yes, your Honor. The affidavit of Edward F. Pasini seems to me to be about as complete a statement in that regard as we can possibly get.

The Court: Yes.

Mr. Vaughn: We got the names and addresses of every store that the Board of Equalization said went out of business in 1960. And every store that went in business in 1960, that they said went in business in 1960 but was out of business by November of 1961.

Langendorf Bread Company, whose route salesmen were under the direction of Mr. Pasini went to each one of those
[fol. 2551] locations. And it is set forth in his affidavit.

The Court: Yes, I remember generally the affidavit. But give me the particulars of it, will you, as to how many went out, and the reasons for it?

Mr. Vaughn: As to how many, your Honor, I think the stipulation is about as close as we can come to that, that we have already entered into.

The record shows that as of January 1, 1961——

The Court: No. I mean from the affidavits, counsel. What was said in that affidavit?

Mr. Vaughn: In that affidavit it was indicated that there were a number of stores that went out of business because of freeway construction. About 20 per cent of those that actually went out of business went out because of freeway discussion or other conditions, where either the store property itself or the surrounding community which it served.

Others went out because of fire.

Others went out because of loss of the lease.

Others went out because of the retirement or death of the owner. In one instance I recall where it was said the store had been closed because the owner died and his wife was touring the world.

The Court: As I remember it, we did not get any evidence into the case as to the discontinuance of stores by [fol. 2552] chains, large chains.

Mr. Vaughn: We did our best on that, your Honor. We worked on it, particularly since the conference in chambers last month. And we have not come up with any reliable statistics in that regard.

We can tell you that Safeway had a thousand stores in this community in 1920. It has 140 as of 1960. This is a trend that has gone on throughout the industry. Smaller stores that used to be the predominant means by which groceries were sold in this area, smaller stores have given way in part to larger supermarkets.

The Court: Well, I was rather surprised that no one offered in evidence—I don't know whether I can take judicial notice of the fact—but you know the automobile ownership of this country has changed considerably in the last 30 years.

Mr. Vaughn: Indeed it has, your Honor. I think the difference can be that people didn't used to have automobiles, the only way the housewife could get to the store was to walk.

The Court: Well, there are those that went on streetcars.

Mr. Vaughn: But it certainly limited the drawing area of a particular store, and limited the area that any particular grocer had to be concerned about. He didn't have [fol. 2553] to be concerned about a store a mile away, because his customers came from a few blocks away.

But with the advent of the automobile and the advent of supermarkets which provided parking space for these automobiles, then the neighborhood monopoly which small corner grocery stores enjoyed disappeared. He was now faced with the necessity of competing with stores a mile or more from his store. He no longer could sit back and take life easy. He now had to fight for his existence.

The Court: However, there was another situation the

record seemed to me to indicate, that cash and carry came into the program quite a bit, too. It used to be that the small store apparently had charge accounts, carried the neighborhood on credit.

Mr. Vaughn: I think that may have been true during the depression, your Honor.

The Court: I think probably it might have been the reason some of them went out of business.

Mr. Vaughn: Could be. But there has been a national trend.

The Court: Kind hearts may have caused the failure of the grocery business.

Mr. Vaughn: That is true. I think the increased competition that every grocer has to face as the vistas expand, and [fol. 2554] the area he has to worry about expands, some grocery stores may have gone out of business because they were no longer needed and he knew he was no longer patronized.

Others may have gone out of business because they could not meet the competition of the supermarket. They were used to this neighborhood monopoly and they could not adapt.

The Court: Well, what I am concerned about is, I want to know the trend here. What is the trend from these figures. What is this fact that the stipulation says we started out in—let me get the stipulation here—we started out in 1963, there were 3,590 stores.

Mr. Vaughn: Operated by people who owned them——

The Court: Single outlet stores.

Mr. Vaughn: Correct, your Honor.

The Court: There were 958 operated by multiple stores. Those are not necessarily large chains, they may be three stores, five stores, or 10 stores.

Now, the total was 4,548.

In 1962 there were 3,859 stores.

Mr. Vaughn: Now that is number of concerns, your Honor, not number of stores.

The Court: Concerns, yes, concerns.

Mr. Vaughn: That is not a comparable figure with the statistics in paragraph 2. Paragraphs 1 and 2 [fol. 2555] give you an exact comparison between 1961 and 1963.

The Court: Well, the number of concerns is 3,859. That includes large chains, is that right?

Mr. Vaughn: That is correct. So Von's would be one concern. Safeway would be one concern. That does not reflect the number of stores.

The Court: I see. Paragraph 1 I should have referred to first. Paragraph 1 shows that in 1961 there were 3,818 of the single store operators, is that right?

Mr. Vaughn: Yes, your Honor.

The Court: And then there were 923 of the multiple outlet stores.

Mr. Vaughn: Yes, your Honor.

The Court: Now the difference in 1963, January 1, would be approximately 100-odd stores, is that right?

Mr. Coyle: I believe 200.

The Court: Is there any evidence in the record as to what happened to those stores?

Mr. Coyle: It was about 200 instead of one.

The Court: All right, 200—200 or 300, whatever it is.

Is there any evidence in the record to indicate what happened to those stores?

Mr. Vaughn: I don't believe there is any specific evidence [fol. 2556] that would relate to those specific 200 or so stores. There is only the generalization that stores have gone out of business for the various reasons that we have cited. I don't know of any way to obtain that information.

The Court: Have they gone out of business?

Mr. Vaughn: Well, that is in doubt. You see, this Mr. Lehbar's affidavit shows that the Board of Equalization, at least as to the portion which he reviewed, is 45 per cent inaccurate about the closing of the stores.

There are many stores on that list there that they said the Board of Equalization submitted, from which these statistics were taken, which were being operated as grocery stores, despite the fact that they were shown specifically as closed. And sometimes they were being operated by the very same people who had operated them at the outset.

So then you see——

The Court: Well, I take it, gentlemen, there is nothing in the record to show what happened when there is a change in name on a store, or when they are two stores combined, or when it is purchased by some other concern.

Mr. Vaughn: There is this in the record, your Honor: Whenever there is a change in name, this will ordinarily result in the Board's records in the elimination of one entity. So down goes the count by one.

[fol. 2557] The Court: Yes, that is true. I understand that.

Mr. Vaughn: The new entity gets the new sales tax permit. And as a result there is an increase of one.

One misleading thing in this statistic, however, is the fact that if a single store operator opens up a second new store, that results in a decline of one, in a single store operator, and an increase of two in the multiple store operators.

We have shown through the affidavits that there has been over the last 10 years a specific increase in the number of concerns operating only two, three or four stores.

The Court: There has been what?

Mr. Vaughn: A significant increase in the number of concerns operating two or three stores, from '56—if my memory serves me rightly—in 1952, or 1953, to 104 such concerns in 1962.

I would certainly like to apologize to your Honor for not having better statistics.

The Court: Well, you can't help that, counsel. As a matter of fact, these cases—this case, part of it, is in the realm of speculation. I don't know how far a court should go in speculating—I never thought it was supposed to speculate at all, I thought you were supposed to base your conclusions upon proved facts. And I am afraid we are entering an area where we have come to the [fol. 2558] point at least to where speculation is just as important as the evidence.

I frankly am very much concerned—I can't seem to put my hands on where there has been a substantial lessening of competition.

Mr. Vaughn: Neither can I, your Honor.

The Court: And I will offer the government another chance to point out to me—I have offered this several times and I have not received any communication to enlighten me on the subject.

Mr. Vaughn: Thank you, your Honor.

Mr. Coyle: If your Honor please, the probability of the lessening competition arises from the fact that a growing, vigorous chain with 38 stores doing eighty-five million dollars worth of business in the Los Angeles Metropolitan Area was acquired by one of its competitors, and therefore was eliminated from that market.

That is the test that Congress meant the courts to apply. And the reason we object to this post-complaint evaluation——

The Court: Now, wait a minute. You are going—a minute ago I thought you agreed with me that the acquiring and acquired was not the test.

Mr. Coyle: But the elimination of this substantial factor in the area is the test. The elimination of a [fol. 2559] substantial factor is the test. That is the test.

The Court: What substantial factor?

Mr. Coyle: Shopping Bag. You had Shopping Bag and Von's, both competitive factors——

The Court: That was the old Section 7 test.

Mr. Coyle: Oh, no, I haven't made myself clear, your Honor.

The new test is that competition is stronger when there are more important factors in a given area.

The Court: That is pure theory.

Mr. Coyle: That is the premise of the Philadelphia Bank case.

The Court: It is pure theory, that is all it is, pure academic theory.

Mr. Coyle: The premise of the Act, and the first point under that premise is that when one big competitor in the area acquires another big competitor in the area, competition in that area is reduced by the elimination of that factor. And that will probably lessen the competition.

That is the Philadelphia Bank, Brown Shoe, and the Committee Report.

The Court: Well, Philadelphia, though, in that case—and I was surprised, really, and I am like Justice Holland now, nobody could be greater surprised than I was when that case came down, except possibly the government.

[fol. 2560] Mr. Coyle: We weren't surprised, your Honor. We knew——

TheCourt: After the appearances that I was familiar with that they made before the Committee in Washington, and the position that they took in this decision was quite revealing, most revealing.

But at any rate, I am afraid where I have difficulty in crossing over this bridge is that everything is a major premise based on a syllogism, a major premise assumed to be true. That is the trouble in this case. All major premises are stated and then assumed to be true. Of course, with a major premise you can prove anything, if you assume it to be true. If all you see is the blackness of the bird, therefore it is black. That is the way you go about it.

Mr. Coyle: Here is the Philadelphia Bank case, your Honor, page 363. The court says that:

> "• • • competition is likely to be greatest when there are many sellers, none of which have any significant market share, is common ground among most economists——"

The Court: That is a statement with a pure dictum——

Mr. Coyle: It was undoubtedly the premise of Congressional reasoning, your Honor, as applied to mergers.

[fol. 2561] The Court: That is pure dictum and I don't know if the gentleman, the distinguished gentleman who wrote that opinion, is right or not, but I don't think it necessarily follows:

The evidence in the case, there was no evidence in the case to support that as far as I could determine. And I think it is pure dictum in the case.

Mr. Coyle: I think that——

The Court: You are making the statement, and the statement is being made there that, in other words, you have a better competitive market if you have no—reduce it to its absurdity—if you have nothing but single store operators, then you have a better competitive market. That is what it amounts to, isn't that right?

Mr. Coyle: That is the premise, in a fragmented industry, that is what Justice Warren talked about in the Brown Shoe case.

The Court: Well, with all due respect to the Chief Justice, I think maybe that was just dictum in the case. I can't believe that there was anything in the case to support any conclusion of that kind.

Mr. Coyle: If you don't take this position, then you really get into speculation and conclusion and conjecture. How does anyone prove whether competition is more vigorous and less vigorous as of——

[fol. 2562] The Court: By facts, by facts.

Mr. Coyle: I don't know any fact that proves it and I am sure it is not the government's burden to prove that in four years between the time the complaint was filed and the time it got around to trial, three and a half years, that somehow, some way, competition was actually lessened in this market. If we have to prove that, we are back to the Sherman Act, and this new Act means nothing, because that is an impossible burden for the government to ever assume.

The Court: Well, counsel, if I take your major postulate, that is, that the economy is better to have single store operators, then I suppose I have to go along with you.

Mr. Coyle: I didn't say that that is my major postulate. I said that the premise of the Act, as the Supreme Court said, is competition is——

The Court: Let me ask you a question in that regard.

Mr. Coyle: All right.

The Court: Let me ask you a question, one that relates to the practical things of life.

How many individual store owners are able to give a 25-year lease and build a market to the sum of five or six hundred thousand dollars?

Mr. Coyle: I don't know, your Honor. I haven't made a study of that.

[fol. 2563] The Court: Well, you wouldn't have to make a study, counsel. Just common sense ought to tell you that the average individual grocer would have great difficulty in getting that type of finance.

So now what you are saying in effect is that because the chains can get financing, it has an unfair advantage, therefore it ought to be stamped out.

Mr. Coyle: I am not saying that at all, your Honor. I am saying that when Congress passed the amendment to

Section 7, it was concerned over growing concentration, and the fact that growing concentration resulted from mergers, at least in the judgment of the Congress, and that the Congress meant to stop mergers.

It didn't legislate against chains, it only meant to stop mergers of big competitive factors in a given market because it, in its experience, knew that when competitive factors merged in an important economic market, it did have a tendency toward increasing concentration, which would jeopardize——

The Court: There is a point, no doubt about it. But the question is did that point arise in this case at the time of the suit. That is the problem.

Mr. Coyle: That is the problem, your Honor. To answer the problem you look at the trend in the industry——

The Court: Yes, but you are making so many as- [fol. 2564] sumptions. You are asking me to make assumptions on the bare statistical information that I don't know that I can make, whether I am to assume that because the store went out of business it was forced out of business because of competition.

Mr. Coyle: I think the important thing is not why they went out, but the fact that more went out than came in, and the larger chains over the years have gotten a larger and larger share of the market. This is the kind of increase in concentration that Congress was alarmed at. And when a merger took place and contributed to that increase in concentration, Congress meant that that merger was to be halted. And there was a history of these mergers in this area, and they contributed to this increase in concentration. Mergers always contribute to increase in concentration, and if they are big mergers, they are illegal, if they are——

The Court: That is the trouble. What is big and what is small?

Mr. Coyle: We are right back to the market structure and the market share. When the two firms merge in a market share like the market we have, a market structure like the one we have here and the result, a result of having a share of 8.9 per cent, that is substantial in this market structure.

The Court: What does the record show, if you

[fol. 2565] recall—if it does show—how many single store operators were there in this area, in this relevant area, in 1950?

Mr. Coyle: Yes, your Honor, it does show that. Excuse me just a second.

The Court: Now we are looking for trends.

Mr. Coyle: The record shows that on January 1, 1950, there were 5,365 single outlet grocery stores, and 856 multiple outlet grocery stores, for a total of 6,221 stores. That is in 1950.

The Court: Just one second, counsel. Singles—and the multiples were 856.

Mr. Coyle: Right.

The Court: All right. Now, let's compare that with 10 years later.

Mr. Coyle: That is for the total of 6,221, your Honor.

The Court: Of what?

Mr. Coyle: The total was 6,221.

The Court: Yes.

Mr. Coyle: Yes.

The Court: Now, on your multiples, in 1961, which was in January 1961, there were 3,818——

Mr. Coyle: Singles.

The Court: Singles, that is correct, isn't it?

Mr. Coyle: That is correct, your Honor.

[fol. 2566] The Court: Now, you are asking me to assume that because of this difference here of about around—let's see, around fourteen or fifteen hundred stores, that I am to draw the conclusion that that came about by reason of the pressure of the chains.

Mr. Coyle: I am only asking the court to find that this happened, that more stores were going out of business than were coming into business during that period of time.

The Court: That is the thing that bothers me. What is the reason for it? Am I to just conclude that strictly because of the competitive situation——

Mr. Coyle: That is just one of the facts that demonstrates the increasing concentration in this area. It is part of the pattern of increase in concentration.

The Court: You completely disregard the fact that the supermarket—when did the supermarket come into being, counsel?

Mr. Coyle: I don't know what the court would define as a supermarket.

The Court: You know what I mean by a supermarket.

Mr. Coyle: No, I don't.

The Court: Don't you know who originated the supermarkets in this area? Don't you know when it began? All those problems have something to do with it.

[fol. 2567] The Ralphs Stores were not supermarkets. The Safeway Stores were not supermarkets.

And did you know that of these 1500 stores that went out of business between 1950 and 1960, how many were Safeway Stores?

Mr. Coyle: I didn't know—I know that there were more chain stores in 1960 than there were in 1950.

The Court: How many Safeway Stores were there in 1950?

Mr. Coyle: I don't know, your Honor.

The Court: Well, counsel, if you found out that a thousand of these stores that went out of business were Safeway Stores, were that change your impression of this competitive situation?

Mr. Coyle: No, your Honor, for this reason: My impression of this—it is not an impression—my conclusion as to this market structure situation is that you don't look at the number of stores that went out of business without also looking at the increasing market share represented by the chains. When you have these two factors going along side by side, when you have fewer stores and the chains with increasing market shares, you have a position of increasing concentration, a trend toward concentration.

And this is also accompanied by a history of mer-
[fol. 2568] gers and acquisition in the area which have resulted in 73 per cent of the increase of the total market share of the big chains of the area.

You have all those things. You have a pattern of increasing concentration in the area.

The Court: But counsel, the thing I am trying to find out from the evidence is: What is the reason for this concentration? Is it just suppression of competition?

Mr. Coyle: One of the reasons is acquisition, acquisitions have increased this competition.

73 per cent of this increase in acquisitions, increase in concentration, results from acquisitions.

The Court: Where is the proof of that?

Mr. Coyle: In this testimony of these statistics submitted by Mr. Mueller of the FTC.

The Court: He says that these were acquisitions?

Mr. Coyle: He lists the acquisitions, yes, your Honor. Lists the acquisitions and shows the dollar sales of the acquired stores.

The Court: 73 per cent of what, counsel?

Mr. Coyle: 73 per cent of the increase in——

The Court: Oh, I see what you are talking about. You are talking about 73 per cent of the increase with the chains.

Mr. Coyle: That's right, your Honor.

[fol. 2569] The Court: That is a different thing. I misunderstood you.

Mr. Coyle: I am not——

The Court: Let's get back for a moment. How many Safeway Stores were in existence in 1950? I think the record shows that, doesn't it?

Mr. Coyle: I am not sure how many, your Honor——

Mr. Vaughn: I can get that for your Honor.

The Court: I would like to have it for the moment, as I remembered at one time the record shows that there were a thousand Safeway Stores in the city of Los Angeles.

Mr. Vaughn: It does show that in the '20s and the '30s——

Mr. Coyle: I think that was general testimony, your Honor.

Mr. Vaughn: We found that information unavailable for 1948, the earlier years. We have it in 1954.

The Court: What were there then?

Mr. Vaughn: 185, your Honor.

The Court: So from a thousand in 1920 they went down to what?

Mr. Vaughn: 185.

The Court: In 1950?

Mr. Vaughn: 1954.

The Court: 1954. So there you——

[fol. 2570] Mr. Coyle: This was long before we had any of these figures. I would doubt that the Safeway closing of

these small stores and opening new stores contributed to this decline that we have shown since 1950, because I don't think Safeway declined very much, if at all, since 1954.

Mr. Vaughn: Mr. Coyle, you don't know and I don't know, because the FBI couldn't get that information.

The Court: Well, what I am getting at is the record, there is an indication in the record that Ralphs Stores were closing stores and opening new stores, and Safeway was closing stores and opening new stores, all of these concerns were closing stores and opening new stores.

Now, if I am going to wade through a maze of what was really a disappearance of the stores because Safeway got rid of a market or Ralphs got rid of a market, or somebody got rid of it——

Mr. Coyle: Well, your Honor, this record does show this. I will read from the defendants' exhibit—we have problems with the exhibit. The exhibit showed that Von's in 1948 had 14 stores. By 1958 they had 27.

It shows that Shopping Bag had 15 stores in 1948 and by 1958 they had 34.

It shows that Ralphs had 32 stores in 1948 and by 1958 they had 38.

The Court: Now give me that figure again.

[fol. 2570-a] Mr. Coyle: Ralphs had 32 stores in 1948. By 1958 they had 38 stores. In other words, they had an increase of six stores.

The Court: Do you know how many in the meantime they closed, or got rid of?

Mr. Coyle: There is no doubt but chains every day close stores and they open stores, there is no question of that. That is part of the every day occurrence.

But it doesn't affect the structure of increase in concentration. When the 20 leading chains keep getting a larger and larger percentage——

The Court: You see what is happening is that the eyes of realism are being closed. There has been a complete change in communications, a complete change in the Los Angeles area. Absolutely it is not anything like what it was in 1940 or even in 1950, the change was taking place then.

Mr. Coyle: That is correct.

The Court: But there was a time in Los Angeles County

and environs when most everybody rode either a Yellow Street Car or a Red Street Car, by the thousands. And you don't see any of those cars on the streets now at all, do you?

Mr. Coyle: I haven't seen any.

The Court: That's right. The automobile has [fol. 2571] taken over. As a result of that, the supermarket, so-called, came into existence where they put in large parking areas—they didn't have a parking area at all for the small stores, people walked in usually, parked on the street if they had cars.

Now there has been a complete change in this community which overlooks the fact that we have developed into a community of small cities surrounding a large area which calls itself a city. And the greater population is not in Los Angeles City, but in the surroundings, all these areas.

People are traveling in automobiles to areas to shop. I think--what was the first supermarket that came about here, does anybody remember?

Mr. Alsup: I would say it was Piggly-Wiggly, your Honor.

The Court: Piggly-Wiggly was not a supermarket. It was a series of stores the same as——

Mr. Alsup: Richard Ralphs' affidavit, which we introduced into evidence, points out that his father and his uncle are generally credited with developing the supermarket.

The Court: I think Ben Servall might disagree with you on that.

Mr. Alsup: Well——

The Court: He might disagree with it because I [fol. 2572] think it is indicated in the record somewhere—I can't remember the name of the stores—but I remember the name Servall somewhere, who was one of the founders of a chain or a group of stores. Do you remember that?

Mr. Alsup: I don't recall from the record, but I do know, your Honor, that various people are given credit for it. But Richard Ralphs' affidavit refers to some book which generally credits his father and uncle with starting the supermarkets.

As I recall, that was in the late '30s, wasn't it?

The Court: I guess it doesn't make a lot of difference

who started it. But I suppose most all of the grocers will be immodest enough to take credit.

Mr. Vaughn: Just like they all take credit for——

The Court: How much more time do you want, counsel?

Mr. Coyle: If the court has any more questions, I will try to answer them.

The Court: Well, I am gravely concerned about the government's proof in the case. I will tell you very frankly.

Mr. Coyle: If your Honor please, I think we made the proof on the evidence, we made the proof on the facts. These are the issues that are most generally in dispute——

The Court: Well, I think we had better stop. The reporter has had a long session of it today and so have [fol. 2573] I. This morning we had one matter after another all morning.

So I think we had better continue at 10:00 o'clock tomorrow morning.

Here, counsel, is your Advance Sheet of the Lawyer's Edition.

Mr. Alsup: Thank you.

The Court: Is that satisfactory? Continued at 10:00 o'clock tomorrow morning?

Mr. Vaughn: Yes, your Honor.

The Court: All right. We will stand in recess.

(Whereupon, at 4:40 o'clock p. m., Monday, March 23, 1964, court was in recess until 10:00 o'clock a. m., Tuesday, March 24, 1964.)

[fols. 2574-2576] IN THE UNITED STATES DISTRICT COURT

Honorable CHARLES J. CARR, Judge Presiding

No. 336-60-CC Civil

[Title omitted]

Transcript of Proceedings—March 24, 1964

Place: Los Angeles, California.

* * * * * * *

[fol. 2577] The Clerk: Case No. 336-60 CC Civil, United States v. Von's Grocery and others, for further proceedings.

The Court: Now, Mr. Coyle: yesterday I set this argument for the purpose of getting help. The court desires argument for one purpose only, and that is assistance. I was very tried after many, many matters on the calendar yesterday. And all I kept getting from you was generalties.

Now, today I want you to get down to specifics. And I also want to ask these defense counsel some questions.

But I want to get away from the language of the Supreme Court. I think I can read that as well as you can. I may not understand it as well as you do, but I can read. Now I want to get down to the facts of the case, what the proof was.

And the question is whether or not the Government has failed to prove that there will be a substantial lessening of competition. Now that is the problem in this case, is that right?

Mr. Coyle: Yes, your Honor.

The Court: Now if you will just listen a few moments, I have put to you some specific questions, I [fol. 2578] have been through these records, I have spent hours on them over a long period of time. I have made a lot of notes.

Now, if you will just take a pencil and make a note, I would like to have you—as I say, the purpose of argu-

ment is to assist the court. Not to tell a court what to do. All right. Now we will start.

In reviewing the Government's—all the affidavits of the Government witnesses—I believe there were, as I remember it—I have notes here, I will get them in just one moment—the Government's summary of the facts I will mention first.

On page 8 there is a statement that from 1950 to 1963 the stores decreased by 1673.

Now, the multiple outlet concerns increased by 102.

In 1950 there was 1.4 stores per thousand. In 1961 there was 7/10ths stores per thousand.

I don't think this is of great materiality, but in the beginning there were—rather, in 1960 there were only six of the Shopping Bag stores actually at a competitive distance—I am not talking about now about the relevant area or anything of that kind—I am talking about competition in terms of three or four miles, the driving area that, you will recall the testimony was that [fol. 2579] the average person drove three or four miles, up to three or four miles to shop.

And then the Government says on page 30 of the summary of facts, that the—the Government says that the decline in individual grocery stores resulted "largely from the increasing size of supermarkets and their large continually expanding dollar sales."

I want some discussion on that as to how you reached that that is the sole reason for the decrease in individual grocers. It seems to me that wrapped up in that statement is a conclusion that is not necessarily supported by the evidence.

Now, the next point—did you get that, counsel?

Mr. Coyle: I am not sure what your Honor wants me to answer———

The Court: Well, you are making a flat statement that largely from the increased size of supermarkets and their expanding dollar sales, that this is the reason for the decline in individual grocery stores.

And I think the record indicates there are other things responsible. I'd like to have some discussion from you, how you contend that the evidence supports that conclusion.

The next point I would like some discussion on

—I don't think I need a whole lot, but I will be glad [fol. 2580] to hear from you—there is quite a strong statement made in the Government's contentions that single stores cannot get into the most desirable shopping centers "because of credit standing, et cetera, lessors want the big names."

Well, I think that is probably true. But what does that prove? It proves that because a man doesn't have as much money or credit rating that this is a lessening of competition? It may be a facet, I don't know. But I would like to have pointed out to me how you can expect anything different in a society where supposedly democracy was set up, not to equalize people, but to give people a chance to crawl above his neighbor, to outwit him—I don't mean in a crooked fashion, but outsmart him, overcome him, and become more successful. That is the reason this democracy was formed, not to equalize people.

But apparently our whole trend now is everybody has got to be equalized. Well, if we come to that, then I don't know what you are going to do about the bench. You are going to have an awful problem trying to equalize the judges. I suppose it will have to be downward, I don't know.

At any rate, now the next thing I want some discussion about, you make the statement on page 34 that the Von's-Shopping Bag merger will make the company [fol. 2581] more in demand by shopping centers to the detriment of small operators.

Mr. Coyle: If your Honor please, I don't have that document before me.

The Court: Well, you can make notes of the points. I am sure I didn't dream it up. It is in there, counsel, on page 34.

Mr. Coyle: Yes, your Honor.

The Court: You make this assertion, which to me is rather strikingly questionable. In other words, just because a company can get a better credit rating that this is a—first of all, Von's apparently had a good enough credit rating, apparently in the beginning and so did Shopping Bag—to get in any shopping center. And I would like you to just touch upon that.

Now, then, the tenor of the Government witnesses, as I

see it, is that the grocery industry is dominated by the chains. That is what I gather from your contention, that the prices are set by the chains.

I say the tenor now, I am not saying you make that positive assertion.

And then, of course, the point I have just made that the independents cannot get into the shopping centers. So I think that is probably true generally, unless they are large enough to have a financial standing.

[fol. 2582] If I were going to buy tomorrow a shopping center to get 7.8 per cent net-net-net, as these real estate people call it—which is nothing in the world but net—I would certainly prefer to have a Safeway on the lease than I would to have one individual out here who, when he dies, it goes into an estate and his wife—then you would have to deal with her. I certainly would prefer to have my money secured by some large concern. That is just common sense.

Now, I want to ask you, too, I have forgotten the exhibit number, it is the chart I think we were using yesterday which shows all of the numbers of stores. Do you remember the chart number, exhibit number?

Mr. Vaughn: Exhibit AN, if you are referring to the defendants' exhibit, your Honor.

The Court: Yes, that's right. AN. Later I want to ask you a question in regard to that.

Now, you have never said why you didn't cross examine any of the defendants' industry witnesses. I have never understood why you didn't.

Mr. Coyle: We discussed that in our memorandum I think, your Honor.

The Court: Yes. But you just passed them off as immaterial. Is that an answer?

Mr. Coyle: I think that is a good answer.

[fol. 2583] The Court: Well, I don't think it is at all, not at all.

Mr. Coyle: They didn't prove a thing, your Honor.

The Court: That is your opinion, counsel. If I take your conclusions of your individual people who said in the future that competition will be lessened, that is nothing but a conclusion of one witness, which has little or no effect. If you want to take that attitude.

Mr. Coyle: I think that is correct, your Honor. These conclusions of the witnesses as to the ultimate issues of fact have no effect——

The Court: All right. If that is the case then where is your evidence to sustain your proposition that there will probably be a substantial lessening of competition? That is what I would like to know. I want to have that evidence laid out for me, before me.

Now, before you start, there is one other thing, I want to give you a chance to atack some of the things that the defendant contends.

Now, you concede, of course, that the burden is upon the Government.

Mr. Coyle: Yes, sir.

The Court: To prove here that there is a probable sub-
[fol. 2584] stantial lessening of competition in the relevant area, is that right?

Mr. Coyle: That is correct, your Honor.

The Court: Now, then,——

Mr. Coyle: I might say, your Honor, that overnight I prepared a statement here which I think sets forth our position on these various questions that the court seemed to be asking yesterday. And I think it might be helpful if I could read that to you first.

The Court: Well, I find generally reading statements is like a politician who is making a speech and does not want to reveal his position. That is usually what a written statement means to me.

Mr. Coyle: No, your Honor——

The Court: I prefer the Socratic discussion to try to learn something.

Mr. Coyle: Well, this statement——

The Court: I will let you read it, but just be patient a moment. I want to give you some things to shoot at. When I was practicing law I appreciated a judge letting me know what he was thinking so I could argue with him. You don't seem to want to do that. You seem to want to give me general statements.

Now, 18 of the Government's witnesses entered the grocery business since 1948. Yet these are the people who testified to a conclusion that the business is
[fol. 2585] becoming more or less a monopoly, yet these

very 18 people who testified all went into business and apparently succeeded.

Mr. Coyle: Well, your Honor, on that——

The Court: Now, the next thing—you can answer all of these if you will just make notes. I am going to listen to you.

Now, you might take as an example since 1954, I believe the witness' name was Wood, who built up a ten-store chain since 1954. And I think counsel mentioned yesterday there was a witness by the name of Goodnight, something of that kind. Was that the name?

Mr. Vaughn: That is correct, your Honor, yes.

The Court: He has built up seven since 1959.

Mr. Vaughn: 1961.

The Court: I have it 1959 from my notes.

Mr. Alsup: He actually left Alpha Beta, your Honor, in 1959. And opened his first store I think in March of 1960.

The Court: I see. All right. Now, then, I would like to have you answer the question, too, why these executives, the testimony clearly discloses that many executives have been leaving these chain stores and going out and opening individual stores and growing into 1, 2, 3 units.

And how it happens that a man with the experience [fol. 2586] of the manager of a chain organization will move out into a market that he feels is choked to such a point that there is no opportunity. This to me is just incomprehensible.

After all, I realize the courts are not too experienced in business. And I know that they forget sometimes that irrespective of all the ills and faults the businessman has brought on, he still did help build this country. And I am wondering why it is that these executives—and there are several—who moved out from those chain organizations to go into individual operations. To me it is astounding that a man with that experience would move into a monopolistic situation.

The next thing—and I think I am about finished—is the—oh, yes, there is another matter I would like to have you answer. Now, these matters I want specific answers, not generalities.

I would like to have you analyze for me why the presi-

dent of Certified would testify that he doesn't anticipate any lessening of competition when he knows, counsel, that if his individual grocers were affected it would certainly affect Certified. Is that correct? Because Certified sells to the small grocers, as a general rule. That is the primary source of his business.

Now, another thing that strikes me is—and I got this somewhere in the record—there were 24 chains [fol. 2587] operating in 1963 that were not in business in 1953. Is that an erroneous statement?

Mr. Coyle: I am not familiar with the exhibit——

Mr. Vaughn: Perhaps I can correct that, your Honor. There were 24 chains, the figure 24——

The Court: I didn't get that in this argument. But I made these notes from something I saw on the record.

Mr. Vaughn: Yes, it comes from the affidavit of Godfrey M. Lebhar.

As of 1952 there were ten chains in Los Angeles operating ten or more stores.

As of 1962 there were 24 chains operating ten or more stores.

The Court: Only an increase then of 14.

Mr. Vaughn: That's right, an increase of 14. Of those 14, seven had no stores, or only one store as of 1953.

The Court: I would like some comment on that, counsel for the Government.

These are things that you can be very helpful to me on.

Now, another thing that I got—I have 40, I don't know where I got this—it is note 40 of mine. But I have a statement here, the total market share of the top 3, 4, and 5— [fol. 2588] concerns—I don't know why I put it 3, 4 and 5—declined between 1952 and 1960.

I wonder if someone could enlighten me on my own notes there. I got that somewhere in the record.

Mr. Coyle: I think there is an exhibit that shows that, your Honor.

The Court: I wish you would please comment on that; will you make a note, please.

Mr. Coyle: Yes.

The Court: Now one other thing——

Mr. Coyle: Excuse me, your Honor.

The Court: Yes.

Mr. Coyle: What does that note say, which year? Does it say?

The Court: That is between 1952 and 1960.

And I have one other note, and I believe that is it, counsel, except I want to add one thing about your contention as to the determination of the court as to the date of filing of the complaint.

The next note I have is that—I believe this was the witness Marshall. Was there a witness Marshall?

Mr. Coyle: The Board of Equalization——

The Court: Yes, that's right. And that was to the effect that the leading 20 chains opened 67 new stores—and I have 1960. Now, that is in that year, I take it, in the year 1960. [fol. 2589] Now, the single store operators opened in the same year 171 stores, according to that testimony. Now is that correct?

Mr. Alsup: I think the single store operators and the two, three-store chains operated 171——

The Court: Not only operated, I mean opened.

Mr. Alsup: Opened. I believe the figure for the single store operators, as such, as 119, your Honor.

The Court: All right, I see. Let me put that down. Single store, single would be 119. But the single, including the 171, would be the two, three and four stores, is that right?

Mr. Alsup: I am sorry, your Honor. I think my figures are incorrect. The single store operators operated——

The Court: Not operated——

Mr. Alsup: —opened 128.

The Court: 128.

Mr. Alsup: All chains, all chain stores together opened 119. The leading 20——

The Court: Well, I think I have enough for the point for Mr. Coyle to comment on. This is the point I want commented on.

Mr. Coyle: I wonder if counsel would indicate [fol. 2590] that exhibit number.

Mr. Alsup: That is Government's Exhibit 37.

The Court: No. 37.

Mr. Coyle: 37. Thank you. I am sending for these exhibits, your Honor.

Mr. Vaughn: 36.

Mr. Alsup: 36, I am sorry. I beg your pardon. Government's 36.

The Court: 36.

Mr. Alsup: I think it should also be pointed out that these 128 single store operators were people who apparently entered the business in 1960, because they were operating no other stores.

The Court: That is my understanding.

Mr. Alsup: Yes.

The Court: But I want comment on that, on how, I want comment on how in a community, in a relevant trade area that is so depressed and crushed down by this anticompetitive thing, that can open 128 stores, can open single store operators—of course, I realize people are optimistic, some open up to go broke. But I would like comment.

Now one thing further and you may take over.

Mr. Vaughn: Your Honor——

The Court: Yes.

[fol. 2591] Mr. Vaughn: Your Honor, on that point you might also like to know that Government's Exhibit 38 shows that of the 119 chain openings, 67 were by the top 20 chains.

The Court: Let me see if I understand you right. There were all told how many openings in 1960?

Mr. Vaughn: 246.

The Court: Let me put that down. 1960, two hundred—how many?

Mr. Vaughn: —forty-six; 246.

The Court: 246. Now, then, the chains, the leading 20 chains opened 67, is that right?

Mr. Vaughn: That is correct. The remaining multiple outlets opened 52.

The Court: "Multiple outlets" meaning ——

Mr. Alsup: Smaller chains.

The Court: Smaller chains, three, four, five—up to ten, is that right?

Mr. Alsup: That is right, anything that is not in the top 20.

The Court: And the number opened?

Mr. Alsup: 52.

The Court: 52. Now, then——

Mr. Alsup: And the single outlet concerns——

The Court: 128, right?

[fol. 2592] Mr. Alsup: 128.

The Court: All right. Now, counsel, I have re-read the DuPont case. Maybe we misunderstand each other yesterday. The Supreme Court just flatly, right in the opinion, considers facts as late as 1955, even in the footnote. It puts in a table—I don't know where the table came from, whether it came from the evidence or not, we have arrived at a time in this country when the courts just add, sometimes they add things by reaching out and getting statistics and facts.

And on page 595 the court, note 16, puts Moody's Industrial List of General Motors' proportion of the industry up through 1955. Now, this complaint was filed in 1949.

Now, I agree with you that the case says that the question before the court, as set out on page 589, is that the law was for the purpose "to arrest their incipient restraint or monopoly in the relevant market which as a reasonable probability appear at the time of suit likely to result from the acquisition by one corporation—" and so forth.

Now, at the time of suit I can't believe that a court would foreclose from considering evidence after the filing date of the suit in an aid determining the probability.

[fol. 2593] So do you disagree with that?

Mr. Coyle: Yes, your Honor, I disagree with that to this extent——

The Court: Well, you will have to get the Supreme Court to change it, as far as this court is concerned.

Mr. Coyle: —to this extent, your Honor, and I was going to cover it in this statement I was prepared to give you.

The Court: All right, go ahead. You have the floor now.

Mr. Coyle: All right. If your Honor please, I think that there are four questions which were raised yesterday which go to the heart of this case. Those questions are:

1. On what does the Government base its proof that this merger violated Section 7?

The second question is: Is it part of the Government's burden to prove an actual lessening in the vigor of competition since the merger?

The Court: There never was any question of that kind posed in this case. Nobody said you had to prove an actual lessening.

Mr. Coyle: Yes.

The Court: The cases all hold—and I understand [fol. 2594] them to hold—the Supreme Court says there must be a probability.

Mr. Coyle: All right. And then the third question is: What would be the effect of any evidence which the Government might have introduced to show that there had been actual lessening in the vigor of competition since the merger.

And the fourth question is: What about the defendants' evidence on the record relating to the period before and since the merger?

I think those are the four questions, the four basic questions, that will control this litigation.

Now, in answer to the first question: What does the Government base its proof that the merger violates amended Section 7? I would answer this question by saying we base our proof on four basic factual points which are uncontroverted. The first point is that retail grocery distributors in the Los Angeles metropolitan area constitutes the relevant line of commerce and relevant section of the country, and that this is a substantial market——

The Court: Nobody is disputing that, are they?

Mr. Coyle: That is the first point.

The Court: I don't think there is any dispute in the case about that.

[fol. 2595] Mr. Coyle: I don't think there is either.

The Court: All right. Let's move on to something that is disputed.

Mr. Coyle: All right. The second point is that over the years there has been an increase in concentration in the distribution of groceries and related products in the Los Angeles metropolitan area. And this is demonstrated by the following facts:——

The Court: Well, now, you see, there is one of those what I call glittering generalities. But go ahead. I will listen to what supports it.

Mr. Coyle: All right.

The Court: It is so general—we have reached an age in this country where everything is done by semantics. And I just have a mind that likes to get down and reduce things to its lowest common denominator and put it in simple sixth grade English, if possible—not the high echelon English.

I think I have read probably as much of the good English as some others have read, but I don't attempt to duplicate it.

Go ahead.

Mr. Coyle: The facts which establish this increased concentration are the increase in the percentage market shares represented by the large chains, the important [fol. 2596] part played by mergers in increasing the market share of the large chains, and the absorption of many independent stores resulting in fewer firms controlling a larger share of the market.

And the third basic point on which we base our charge of illegality is that prior to the merger Von's and Shopping Bag were each substantial and significant factors in the general competition in the Los Angeles metropolitan area.

And the fourth point on which we would base our charge of illegality is that the merger produced the following effects:

Shopping Bag with its 38 supermarkets and annual sales in excess of $84,000,000.00 was eliminated as an independent factor in the general competition of the Los Angeles metropolitan area——

The Court: Now there we go with a general statement that I don't understand. That is a general statement. Will you please break it down for me and explain what that means, "factor."

Mr. Coyle: It means that prior to the merger Shopping Bag was operating as an independent corporation in the Los Angeles area.

The Court: That part I understand, counsel.

Mr. Coyle: They had 38 supermarkets and their [fol. 2597] sales were over $84,000,000.00 It was one of these firms which was playing a part in the competitive pattern of the Los Angeles metropolitan area. It was——

The Court: I understand that. What I am talking about is: Where was—what disappeared from the scene economically?

Mr. Coyle: Shopping Bag as an independent corporation.

The Court: Is that all?

Mr. Coyle: That is enough, your Honor, yes.

The Court: It is enough?

Mr. Coyle: That is enough, yes, your Honor.

The Court: It is enough?

Mr. Coyle: That is what disappeared in the Philadelphia Bank case. That is what disappeared in the Brown Shoe case when Brown acquired Kinney's Shoe Stores.

The Court: You don't think the percentages make any difference? The Philadelphia Bank case, you remember the percentages?

Mr. Coyle: Yes, sir. 30 per cent, or thereabouts.

The Court: Thereabouts, counsel? 30 per cent or thereabouts?

Mr. Coyle: The Supreme Court settled for 30 per cent. [fol. 2598] The Court: The Philadelphia Bank case? In the Philadelphia Bank case, they were the second and third largest, and when they combined they had 36 per cent—you say 30 or thereabouts, that is quite a difference.

Here you are talking about 4 per cent making the difference in the case.

Mr. Coyle: Talking about 8.9 per cent.

The Court: Combined, yes.

Mr. Coyle: Yes.

The Court: Combined. But now then, another thing you are overlooking is that the Philadelphia National Bank and the second largest bank would have had 59 per cent of the total assets. You don't have anything that comes anywhere near that in this case. That is the reason I asked you the question yesterday: Where does the degree take over? The statement says 9 per cent, 15 per cent, 30 per cent. When do we approach the apogee, I guess is the word, I don't know, where the thing starts to turn over.

Mr. Coyle: Certainly the Philadelphia Bank case says that 30 per cent is not controlling, it could be less than 30 per cent and you would still have a violation. It says that quite clearly in footnote 49.

The Court: I noticed in one of the footnotes in one of the cases not long ago they overruled all previous cases [fol. 2599] inconsistent with this opinion and they didn't name the case. I am wondering what cases they were.

Mr. Coyle: This is footnote 31, your Honor, it says:

"• • • Needless to say the fact that a merger results in a less than 30 per cent market share, or in

a less substantial increase in concentration than in the instant case does not raise the inference that the merger is not violating * * *" and et cetera.

Then they cite the Brown Shoe case. Then you turn to the Brown Shoe and in Brown Shoe Brown was the manufacturer. They had about 5 per cent and Kinney had about a half of a percent. As retailers on a nationwide basis, I think Brown had about 1 per cent and Kinney had about 3 per cent.

The Court: Yes. But you had a combination there, counsel. You had both horizontal and vertical. You had a manufacturer coming in and taking over the, substituting itself in the place of suppliers. So you did have a combination of things there.

Mr. Coyle: But you have both horizontal and vertical cases. But in a horizontal case, in many cities, Minneapolis Kinney had 5 per cent and Brown had 3 per cent.

The Court: All right. Go ahead.

[fol. 2600] Mr. Coyle: So that you had very small percentages in those cities in Brown Shoe, smaller than the percentages here.

All right. The second thing that makes this merger illegal, in our judgment, is the fact that as a result of it concentration in the area was further increased. And the third thing is that a single corporation controlling 8.9 per cent of all the retail grocery distribution in the Los Angeles metropolitan area——

The Court: In other words, that per cent is a determinative factor in your opinion?

Mr. Coyle: No, that per cent in—well, when considered in conjunction with the whole market structure, with the history of this market structure and the trend oward history of this market and the history of mergers in this market, you have to look at all of those factors to determine whether or not 8.9 per cent is substantial. The court has to look at the fact that this market was fragmented——

The Court: I don't know what you mean by "fragmented."

Mr. Coyle: It was made up of many firms, and it was

moving towards the makeup of a few firms controlling more and more shares of the market.

The Court: Counsel, I wonder how much the [fol. 2601] economic structure of the country, what effect this had on this grocery chain.

You know, since—a lot of people don't realize it—but since about 1941, a man who never had any business experience at all, who had just a good, solid head, he doesn't have to be too intelligent, could jump—could have jumped, rather, into most any business and done all right. I guess you concede that, don't you?

Mr. Coyle: Well——

The Court: In the war economy.

Mr. Coyle: There were boom times, your Honor.

The Court: Yes. We have got people in business today that really, in normal times, probably wouldn't keep their doors open a week.

And I wonder what consideration should be given to the economic structure during these times. Is it to be completely disregarded?

Mr. Coyle: I think the economic structure clearly is here, once you look at it. The structure is changed, a lot of independents and a lot of entities to fewer entities and a larger market share being controlled by fewer and fewer corporations.

The Court: You completely disregard and overlook the fact that stores that have been opened by independents [fol. 2602] are usually much larger stores today than they used to be. It used to be the little corner grocery store. Today when an independent opens up, in many cases, it is as big as the chain store.

Now, if you can't have as many of the big stores, the supermarket stores, or large stores as you have small, one-room grocery stores back in times past. You completely disregard that fact.

Mr. Coyle: No, your Honor, I don't disregard that fact. And when we get around to discussing these differences defense counsel mentioned, they show pretty definitely that most of the new openings of the large stores are by the chains, and the openings of the smaller stores are by the independents. But the chains represent the bulk of all sales by new stores.

The Court: What do you mean by "bulk?"

Mr. Coyle: Let me get the exhibit, your Honor.

The Court: Yes. What percentage in sales do the chains represent now, all told? I am talking about the ten leading chains.

Mr. Coyle: On the new openings——

The Court: No, the whole business.

Mr. Coyle: 43 per cent, we decided yesterday, your Honor.

The Court: The ten do?

Mr. Coyle: Yes, and 20 to 56 per cent.

[fol. 2603] The Court: That is correct. 43 per cent, I believe that is right.

Mr. Coyle: Yes. In 1956 the——

The Court: That was the case when the suit was in progress, but I think it is changed now.

Mr. Coyle: There is no evidence to that effect, your Honor.

The Court: You know, the Government is awfully technical about evidence when it is against it. But when it is for you you can drag in most anything. You can bring it in if it is just a shirt with somethng written on the cuff. It amazes me, the approach in these cases. I am really amazed. Your job, as the man representing the Government, is to do justice. Not just to win a case.

Mr. Coyle: That is what I am trying to do, your Honor. Right, your Honor.

Government's Exhibit 43, which is one of the same series of exhibits——

The Court: Yes.

Mr. Coyle: —shows that in 1960 the stores opened by the ten largest chains resulted in—or accounted for 46.6 per cent of all sales by newly opened stores.

That the stores opened by the next ten largest chains accounted for 21.2 per cent of all sales by newly [fol. 2604] opened stores.

The Court: Give me that figure again, please.

Mr. Coyle: 21.2.

The Court: 21.2.

Mr. Coyle: Yes.

The Court: Those are the next ten?

Mr. Coyle: The next ten.

The Court: All right.

Mr. Coyle: Yes. That the remaining chains, that is, the smaller chains, accounted for 20.4 per cent.

The Court: Now, there is where some confusion comes in. By smaller chains, you mean two, three, four stores?

Mr. Coyle: Yes, your Honor.

The Court: I see.

Mr. Coyle: Chains of two or more stores, not part of the top 20 chains.

The Court: Yes.

Mr. Coyle: So that the total sales by the 20 largest chains represented 67.8 per cent of all sales by newly opened stores.

The Court: There we go with that again. You can take adjectives and do anything with them. Adverbs and adjectives can hang anybody. The 20 largest chains, 30 largest chains, this two, three and four stores, is that [fol. 2605] a large chain?

Mr. Coyle: The 20 largest chains have more than two, three or four stores. There may be some of the top 20 that don't have ten stores, but most of them have ten or more stores.

The Court: Well, I thought the ten, the next ten chains had anywhere from five to ten stores.

Mr. Coyle: No, no, the next ten, the next ten would have, I would say, anywhere from seven to, I would hate to guess, but I would say from seven to fifteen stores.

The Court: All right. I just wonder, in Los Angeles and Orange Counties I think—well, let's take the county chains, I don't know whether you put evidence in, for expamle, as to the number of—I think there was evidence on Stater Bros., wasn't there?

Mr. Coyle: There may have been some.

The Court: I think Stater Bros. had about six stores in Los Angeles and about three in Orange, if I remember. Then there was the Michael Markets—were they mentioned in the reord?

Mr. Vaughn: That is Mr. Goodnight's organization.

The Court: Those are seven stores and they are all in Orange County, none of them in Los Angeles, [fol. 2606] are there?

Mr. Vaughn: No, not Los Angeles.

The Court: And then this Alexander is listed as a chain. I believe there were—I don't remember whether that was listed or how many.

The Big Bear Market is listed as a county chain, but I don't know whether you put in any evidence, as I remember it there were no stores in either Los Angeles or Orange Counties.

Mr. Alsup: That is correct, your Honor.

The Court: Yet it is listed as a chain.

Mr. Coyle: It is listed by whom as a chain, your Honor?

The Court: Somewhere in the record I got the impression that it was called a chain. It has no stores in the relevant area at all.

Mr. Coyle: There may be a Big Bear discount house, I am not certain——

The Court: I think Big Bear is right up here at Big Bear Lake in San Bernardino County. That is probably what it is, it is out of the relevant area.

Mr. Coyle: I don't know how it got into the case.

The Court: I don't know either, but I remember it is listed as a chain somewhere. And if it is a chain [fol. 2607] it is a chain zero. It has no stores in the relevant area.

Mr. Coyle: I am sure none of our exhibits mentioned Big Bear as a chain.

The Court: All right. I thought I got it——

Mr. Coyle: I am pretty sure that our exhibits were checked with the defendants, and I am sure——

The Court: It may have been in one of the affidavits.

Mr. Coyle: It may have been in one of the affidavits.

The Court: I think so.

Mr. Coyle: Or in one of the depositions, your Honor.

The Court: But the word "chain" is like all generalizations. It is difficult to take words of general meaning and understand what they actually mean.

Mr. Coyle: Yes, your Honor.

The Court: I understand, when you say "chain," you get up to ten or more stores, yes, certainly, it means a chain. But how about a store like—I believe there was some testimony about Jurgensen's.

Mr. Coyle: Yes, your Honor.

The Court: Jergenson has, as I remember from the record, about eight stores.

[fol. 2608] Mr. Coyle: Yes, I feel that it will be classed in this remaining multiple outlet. He will be below the top 20 chains, but he will be—anyhow, your Honor, this is the same terminology as counsel was using——

The Court: I am not criticizing you. The terminology is what makes these cases difficult.

Mr. Coyle: Yes.

The Court: And it is in the opinion of the courts, general terminology.

Mr. Coyle: And does definitely show that the ten largest chains, the stores opened by the ten largest chains account for 46.6 per cent of all sales by newly opened stores.

The Court: That is quite a different situation from the Philadelphia Bank case.

Mr. Coyle: I don't think in the Philadelphia Bank case the percentage represented by—of all new openings by the ten largest banks.

The second question which I believe should be considered, and the court indicated there is no dispute on it, is whether the Government should be obliged to prove that there has been an actual lessening in the vigor of competition in this area since the merger.

The Court: Why waste time on that?

Mr. Coyle: Very well, your Honor.

[fol. 2609] Then it is taken for granted that there is no burden on the Government to——

The Court: Counsel, every case you have read, you have read it many times, I am sure, says the same thing.

Mr. Coyle: All right.

The Court: So there is no doubt about that. It has to be a reasonable probability, as I understand it.

Mr. Coyle: Then if the Government is not obliged to show that there has been an actual lessening in the vigor of competition since the merger, the next question is: What will be the effect of any evidence which the Government might have introduced to show that there had been an actual lessening in the vigor of competition?

The Court: To show that there was no reasonable probability.

Mr. Coyle: Of anything the Government may have introduced.

The Court: Either one, either side, any evidence that would come after 1960, the filing of the complaint.

Mr. Coyle: The Government's evidence would be to show that there had been an actual lessening of competition since the merger. And to that extent the [fol. 2610] Government would be going beyond its burden fo proof——

The Court: There is no rule of law that prevents a party from going beyond.

Mr. Coyle: That is correct.

The Court: The rule of proof, if he wants to make a real good case, a good lawyer will ofttimes prove much more than he has to prove to prove the case.

Mr. Coyle: But a lawyer is never required to prove more than just to go beyond——

The Court: I believe that is a correct statement of the law.

Mr. Coyle: And the function of the defendant is to rebut the Government's case. And if the Government is not required to prove that there has been an actual lessening of competition since the merger, and the defendant doesn't rebut that case by showing that the Government hasn't proven something that is not required to prove——

The Court: You can't, I am afraid, channel it down to that narrow a situation. I think any evidence during the pendency of the suit which may reflect upon the reasonable probability is admissible evidence, evidence to be considered.

Mr. Coyle: If that were so, then the Government would be forced back to the burden of proof of proving a natural [fol. 2611] lessening of competition.

The Court: I didn't say that at all. This evidence is only to reflect upon the reasonable probability, not that there has been a lessening, insofar as it reflects upon the reasonable probability.

Mr. Coyle: Then the Government can counter that evidence so we would have to show——

The Court: You had your privilege, all you had to do was to offer the proof.

Mr. Coyle: To go beyond our burden of proof, your Honor.

The Court: You can call it what you wish, but you had the full opportunity to present such proof as would help show what the reasonable probability was.

Mr. Coyle: I can't see how it is our position——

The Court: Well, if you don't see it, counsel, take up something else.

Mr. Coyle: That is our position anyhow, your Honor.

The Court: I understand your position and I am not going along with your position in that regard.

Mr. Coyle: Yes, your Honor.

Well, then, our final position is in any event, what about the defendants' evidence in the record relating to the period both before and after the merger? I think that is [fol. 2612] what your Honor had reference to that he wants me to discuss.

Our answer to this question is that this evidence is not only irrelevant for the purpose——

The Court: Which evidence?

Mr. Coyle: Both the post-complaint evidence and——

The Court: About what, counsel? You mean none of the evidence of the defendants is to be considered? Is that what you are saying?

Mr. Coyle: Well, we say that in any event it does not meet or rebut the Government's case as established.

The Court: All right. Go ahead.

Mr. Coyle: First, much of the evidence relates to new entrants before and since the merger. But there is no evidence that these new entrants either before or since the merger, have offset the trend toward concentration in the industry.

The Court: You say there is no evidence? That is a rather broad statement.

Mr. Coyle: No, your Honor. The decline in the number of stores has gone on, the increase in the market share of the leading chains went on. That is what proves the increase in concentration.

The Court: Well, it may to you, counsel, but there are [fol. 2613] other factors——

Mr. Coyle: Well, your Honor——

The Court: For example, let us assume for the purpose

of discussion that Los Angeles County had passed an ordinance that they would not allow more than one grocery store—assuming it is constitutional, let's not get off into any great, broad constitutional issues—assuming that they passed an ordinance that there could be only one grocery store to every five square miles. And that caused a great decrease in the number of stores in this area.

Now, don't you think that might be a relevant fact to show the decrease?

Mr. Coyle: It would show a decrease in concentration, a decrease—an increase in concentration and a decrease in the number of stores.

The Court: Yes, but the reason for it, the reason for it. What makes the thing tick? We have lost the era, I suppose, we sit down and look at television and we kind of jump to a rapid conclusion in this day and age without analyzing anything. I am trying to see what makes the Government's case tick.

Mr. Coyle: In the American Crystal Sugar case involving the sugar industry, you had exactly that situation.

The Government had legislation which would restrict [fol. 2614] new entrants into the sugar industry. And the Court of Appeals there found that this was one of the factors that made the merger more illegal and tended to establish the illegality of this——

The Court: Will you see if you can adjust this grinding instrument? Maybe we can get it in shape.

Go ahead, counsel.

Mr. Coyle: Our position is that this evidence showing a change in the makeup of the chains or the firms in the area doesn't establish anything. There was no statistics introduced to show the sales by these new entrants, no attempt made, in most cases, to establish, to show whether they had large stores, small stores.

You heard about these Pantry Markets, a lot about the Pantry Markets but not a word about whether they were big stores or small stores. The record doesn't show that.

The Court: Well, you know, it may well be that in my effort to save time in the trial of the case—I realize that some of the higher courts in particular seem to feel that the District Courts have a plethora of time. But with the cases pressing you on the back of the neck all the time,

both civil and criminal in this court, I thought I would be saving myself time by having the case presented in this fashion.

[fol. 2615] But I want to tell you something, to read this record and carry on the trial of the cases at the same time is a difficult job. I am wondering who gets punished in this situation. And it begins to appear to me that it is the judge.

Mr. Coyle: If your Honor please, I agree there are——

The Court: And I wish you would get down to those specific questions I asked you. Are you through with your statement?

Mr. Coyle: I was going to discuss some of these other matters.

The Court: Go ahead.

Mr. Coyle: Well, the second point is that the defendants have introduced evidence, there has been some evidence that some employees, officials or otherwise, have left chains and opened up stores of their own.

The Court: Not employees or otherwise, the evidence is very clear some of the top personnel have left and opened stores——

Mr. Coyle: I don't think it was top personnel, not the very top——

The Court: Suppose there were only three, counsel——

Mr. Coyle: I don't know what top personnel is.

The Court: How about a general manager, assistant [fol. 2616] manager, is that top personnel?

Mr. Coyle: If your Honor says it is, I don't know.

The Court: Well, I would assume that a manager of a store might learn something in a ten-year period if he worked for a concern like that.

Mr. Coyle: I would assume so.

The Court: He might learn something about the business, I don't know. I realize the Supreme Court apparently says that lay testimony is of no value. I can't understand how that statement was ever made.

Mr. Coyle: Well, I just don't know whether a store manager of Safeway would be classed as top personnel by Safeway. I doubt if he would.

The Court: Well, whether he is top personnel or not,

do you think a store manager would work ten years without learning something about the grocery business?

Mr. Coyle: I am sure that many of them do, and many of them have left the chains and opened up their own new stores.

The Court: Now, if he thought he was stepping out into a closed market, so to speak, don't you think he would be reluctant to leave a job and step out into something that was going to swallow him up and destroy him?

[fol. 2617] Mr. Coyle: I don't know why he would step out, your Honor. But it seems——

The Court: To make money, counsel, to make money. Economically to better himself.

Mr. Coyle: But the fact remains that some of these people that are going out of business were former employees of the chains, too. They stepped out and they couldn't make it so they closed up and went back to the chains. There is nothing in the record to indicate——

The Court: You say there is nothing in the record, then how can I consider that?

Mr. Coyle: This is one of the defendants' arguments. You don't have to——

The Court: It is not an argument at all, the evidence of record here, the evidence shows that some of these people who were in the top echelon of the chains, that is, managing, doing things of that kind, went out and opened stores and made a success of them.

Mr. Coyle: That's right.

The Court: In this area.

Mr. Coyle: That's right.

The Court: Before 1960.

Mr. Coyle: That's right, before and after.

The Court: Yes.

Mr. Coyle: But still the trend is toward the chain [fol. 2618] having a larger market share in this area and the trend is toward fewer stores.

The Court: All right. I am afraid we are coming to the point in this country where one of these days there will be a law passed that you can't make money, it will be wrong to make money.

Mr. Coyle: Well, also we have heard about the discount stores, some of these were opened before the merger and some after the merger. The defendants entered this evi-

dence as to discount stores, but they didn't introduce any dollar figures, any sales figures, any market share figures, make no attempt to establish the market shares of the discount stores, or how they have affected the grocery merchandising picture in the Los Angeles metropolitan area, other than some opinion testimony.

The Court: Well, the evidence respecting discount houses is not a conclusive form of evidence. It is merely a—it is an outcropping, such as a geologist might look at the soil to see just what the outcropping indicates. It is an indicia of something going on in an industry, that is all.

And when chain stores are competing with other chain stores and individuals are competing, and then a discount house opens up, as I understand it, a discount [fol. 2619] house is a pretty big organization. It works on the theory of volume. And I understand some of them now even say as long as you can get volume you don't need to worry about profits. Of course, this is the new theory of economics, and one of these days the law of economics will assert itself, and they will find themselves in this court in the bankruptcy section.

Mr. Coyle: That may be so, your Honor. But discount houses, as merchandisers of food and groceries are not a big factor in this market as of today.

The Court: Counsel, it isn't a question of being a big factor, it is a question of what the indications are. In other words, what the competitive—the Supreme Court talks about anti-competitive forces. Here is a competitive force that is developing right here in front of us. And apparently a strong development, because discount houses, as a general rule—as you know—are large concerns with huge floor spaces, huge parking spaces, and they draw thousands of customers each day. And they are open at night.

Mr. Coyle: Generally they don't have grocery departments in this area and——

The Court: That has been the case, I believe, up to now. But I am merely pointing out that the indication is that [fol. 2620] the discount situation is growing in this market that is supposed to be stagnant for anti-competitive forces.

Mr. Coyle: And the second consideration is a discount store is nothing more than a big shopping center under

one roof. It offers bargains. And the food departments that are going into these discount centers are generally operated by the same 20 large chains that have been increasing their market shares.

The Court: I didn't know that. Is there evidence to that effect in the record?

Mr. Coyle: Of course, Mr. Von der Ahe—yes, your Honor, Mr. Von der Ahe testified that the discount store is merely another type of shopping center, the grocery department——

The Court: That isn't what I am talking about. You are saying that the discount houses are operated by the chains.

Mr. Coyle: By the chains, yes, there is evidence in the record that all but five of the complete discount food operations in the metropolitan area, as of the time of trial, were operated by firms which were also operating supermarkets in shopping centers in some other location.

The Court: Well, I don't think that is inconsistent—I think that is a bit inconsistent with the statement—you [fol. 2621] gave me the impression that the chains were operating in the discount houses.

Mr. Coyle: Many of them are the 20 largest chains. I don't think there is evidence to show what percentage of these operations are chain——

Mr. Vaughn: There is precise evidence, your Honor, as to exactly who operates each grocery department in each discount house. And there are some that are operated by, or are adjuncts to large chains, and some are not.

The Court: I understood that, I understood that.

Mr. Coyle: I think many, your Honor, Lucky Stores operate many of them.

Mr. Vaughn: "Many" is not——

The Court: What is "many"? I don't know, I don't understand.

Mr. Coyle: Well, there are not too many all together.

The Court: Is "many" three or 55?

Mr. Coyle: I would say 7 out of 37, but that is a guess.

And then we have the fact that three large eastern chains have acquired large local chains. Two of these acquisitions are under investigation right now.

The Court: Well, I assume that the law still is in [fol. 2622] America until something is done, I must treat

it as a fact existing, until some court rules it is illegal I can't jump to the conclusion it is illegal, can I?

Mr. Coyle: I agree. I don't see how these additional acquisitions in any way offer a defense to these people in this case.

The Court: Maybe it might prove the necessity of fortification on the home front to repel the invader.

Mr. Coyle: Von's and Shopping Bag, it was stipulated, they were able to compete effectively against Safeway prior to the acquisition. And Safeway is larger than any of these firms.

The Court: But Safeway, did you know it, closed quite a number of stores in Long Island, through New York, they were losing a fortune.

Mr. Coyle: They got out of Long Island.

The Court: Yes. Why? Why? Did they close it because of the anti-competitive forces?

Mr. Coyle: I think it was just too far away from the rest of their operations.

The Court: They just didn't get enough business to make ends meet, that is what I understand, from the Wall Street Journal.

Mr. Coyle: Somebody else was operating those stores all right. They sold them out, your Honor.

[fol. 2623] The Court: You know, sometimes stockholders have an effect on companies, too, counsel. If you don't get any dividends for a few years you might have some complaints, why carry on this business if you can't make money? Maybe Safeway got some of those complaints.

Mr. Coyle: And then you have the opinion testimony, the opinion of these retailers that this merger will lessen competition, it won't lessen competition——

The Court: That on the whole is just a conclusion.

Mr. Coyle: Yes, your Honor.

The Court: I suppose I know as much about it as they do.

Mr. Coyle: About the legal issues involved, I hope you do, your Honor.

The Court: I hope so. And I might even know as much about the grocery business as some of them know, from the way their testimony is. At least I have had the experience of working in a grocery store—and in a hardware store and in a lot of types of stores. And I realize that

experience today is marked in the lower grades, but experience is still of some value.

And experience in this area, as a trier of the facts, I don't think a jury has to put blinkers on to try a case factually. And I don't think a judge ought to have to, [fol. 2624] either. So I am assuming that I don't have to put blinkers on, what I have seen around me for the last 35 years here I just can't completely disregard, can I?

Mr. Coyle: I don't know, your Honor.

The Court: You say you don't know?

Mr. Coyle: I don't know what you have seen, your Honor.

The Court: What is it? I mean, do I have to disregard the obvious facts in this area, as a trier of the facts?

What is the law? You are the chief counsel for the Government, tell me what the law is. I am willing to be educated.

Mr. Coyle: Well, I think that the record sets forth the obvious facts in this case, your Honor.

The Court: Well, that is a State Department answer. So take up the next matter.

Mr. Coyle: I think your first point that you mentioned, your Honor, what is the decline in the number of stores between 1950 and 1960, I am not too sure what your Honor wants——

The Court: I was trying to find out, counsel, whether or not I was foreclosed of the public knowledge of this relevant trade area. If a person, a trier of facts on a jury, were to be compelled to exclude all of his knowl- [fol. 2625] edge, he probably could not serve on a jury.

Mr. Coyle: If people who sat on juries were grocery men, your Honor——

The Court: Well, that is a little different situation. It may well be it is perfectly proper.

Mr. Coyle: Yes.

The Court: But I am talking about this court is in this position: I have lived in this community, practiced law here for about 35 years. And I have seen some of the things that go on in this community. And one who is trained from childhood to observe, keep his ears open and his eyes open, and see and hear, has to see and hear some of the things that have happened.

Now, I am wondering if I have to completely disregard some of the obvious happenings in this community in the grocery business, in the real estate business—in other words, the economic upsurge in the community, the change in patterns.

For example, the city used to bring people downtown in streetcars. Many of them would shop on Broadway at a large grocery store, or they would shop on Hill Street, or Main Street.

But all of a sudden markets started to go out to the building communities, isn't that right?

Mr. Coyle: Yes, your Honor.

[fol. 2626] The Court: And, of course, they have built in the crowded communities as well. But each time a new community goes up there is a race to put in markets. And there is a race by the real estate operator to get the big markets to come in and take the leases because they can get a lease with a corporation that has an A rating financially, and they can get a 25 or 30-year lease.

So it is those things that I am talking about. Am I to disregard those things entirely in this case?

Mr. Coyle: No, your Honor. But I don't think that the decision in this case will turn on those things.

The Court: Well, let's say then that you admit they are admissible, but you say they have no weight.

Mr. Coyle: That's right, that is a good answer.

The Court: All right.

Mr. Coyle: Now, you have referred to this statement on page—I don't know what page it is—but largely the reduction in the number of stores in the area has resulted from the increase in the dollar sales of stores, or something like that——

The Court: "Largely from the increasing size of supermarkets and the large continually expanding dollar sales." That is an exact quote.

Mr. Coyle: Certainly I don't know whether we put [fol. 2627] the horse before the cart, but the two things seem to go hand in glove, as you have a decline in number of stores you are going to have an increase in size of the stores, and an increase in the dollar sales of the stores.

The Court: Well, I think that is——

Mr. Coyle: I mean it is obvious people are eating as much food, or more food than they ever did.

The Court: I think they are probably eating more. But you have overlooked the fact that prices—for example, in 1932 in Los Angeles you could buy a good ground round steak for ten cents a pound. Today you can buy it for—what, I don't know.

Mr. Coyle: I haven't bought any steak.

The Court: Well, I will tell you one thing, it is far above ten cents a pound. So the increase in dollar sales has been largely—a good part, not largely—but in a good part to the decrease in the value of the good American dollar which has gradually been destroyed, being destroyed.

Mr. Coyle: I think that the pertinence of this fact, and the fact that the total number of stores have declined in the area, regardless of whether it is because of the mobility of people, the fact that people have moved out into communities, regardless of that, when you put the things [fol. 2628] together, the decrease in the number of stores in the area and the increase in the market share of the 20 largest chains of the area, when you put those two things together you do have a definite pattern in this area where you have fewer firms accounting for an increasing percentage of the total grocery and related products sales.

The Court: What was the share, do you know, or does the record show what was the share of Safeway and Ralphs, and the ten—how many leading chains did we have in, say, 1940? We don't have that in the record, do we?

Mr. Coyle: I think the record doesn't go beyond 1950, your Honor, 1948. Our first record goes back to 1948, I think, and the defendants' does, too.

There was some testimony that Safeway had a big share back in 1920.

The Court: I think Safeway had how much, how many stores was it, a thousand stores?

Mr. Coyle: A thousand stores. I don't think there is any evidence as to what market share that represents.

Mr. Alsup: There is evidence in the affidavit of Charles Von der Ahe and also of Theodore Von der Ahe that Safeway in 1930—it was 1930 when Safeway was put together, [fol. 2629] your Honor—and the great bulk of the grocery stores sales in this area, and many people were afraid they

would have a monopoly. As a matter of fact, their number of stores and their percentage of the market steadily declined.

Mr. Coyle: Your Honor, that "great bulk" doesn't tell us——

Mr. Alsup: No, we do not have the exact——

The Court: We don't know what market share they had. As a matter of fact, it would be a good guess that they had a far greater market share dollar-wise, percentage-wise—not dollars—percentagewise than they have today.

Mr. Coyle: Well, their market share went down between 1948 and 1958.

The Court: I can remember the time when there was a Safeway in about every neighborhood in this city, about every car stop there was a small Safeway store.

Mr. Coyle: But other than Safeway, I think all the other chains, with the possible exception of Ralphs, which has held about even since 1948, all the other chains have gone up. Your Honor mentioned the decline——

The Court: How about Piggly-Wiggly? What happened to it? Did it go up?

Mr. Coyle: We don't have any figures on Piggly-Wiggly. [fol. 2630] The Court: They started out with a big flourish here at one time.

Mr. Coyle: I know about Piggly-Wiggly, but Piggly-Wiggly—they did go out of business.

The Court: I don't assume they went out of business because they made too much money.

Mr. Coyle: I don't know when it was even. It is possible that——

The Court: They are back in business again, aren't they? Piggly-Wiggly, I believe the record so shows.

Mr. Coyle: The name is back, I think the name is back.

The Court: Yes. I believe Piggly-Wiggly was the first self-help store, wasn't it?

Mr. Coyle: I believe so, your Honor.

The Court: Clarence Saunders of Memphis, Tennessee, I believe was the founder. And I think the courts took his name away from him, wouldn't let him use his own name in the grocery business because he was associated with Piggly-Wiggly. I think he was the founder of that system, if I remember correctly.

But they are in business, I believe, according to the record, back in business again after having gone out into bankruptcy.

[fol. 2631] Mr. Coyle: There is something in the record about Piggly-Wiggly, I am not sure just what it is, whether it is the same Piggly-Wiggly, or whether it is a Piggly-Wiggly franchise now.

The Court: Probably, but, counsel, the thing is, apparently one of the things which concern me, obviously from this record there were a number of concerns that went into the grocery business that didn't know a piece of side pork from a lawnmower. And they went broke. Fox Markets is an example.

Mr. Coyle: They got into trouble and sold out to Food Fair.

The Court: Yes, that is just one of them. But there must have been a number of concerns that were opened during this flush period during the war particularly; for example, from 1941 to 1946, if you could have opened up a liquor store and sold liquor you would have had to have a police guard there to keep people away from your place if you could have sold just plain ordinary Scotch and ordinary bourbon.

Mr. Coyle: That happens in the——

The Court: In the grocery business it happened. Now after the war, despite the increase in population there must have been many of those people that had to go out of business.

[fol. 2632] Mr. Coyle: That happened in the shoe industry, your Honor. That happens in most of these industries.

The Court: In the automobile industry it happened.

Mr. Coyle: And certainly we have increasing concentration in the automobile industry. And that is one of the things that cause the increase in concentration.

But when you have increase in concentration, then you have two of these strong chains, two of these strong firms in that market where you have an increase in concentration, and those two strong firms merge, that certainly makes the merger of the firms more significant than it would be if you did not have this increased concentration.

The Court: Well, it is too bad we can't have regulated

monopolies. But I don't know who would regulate it. If the Government regulated it, then it would be a monopoly on top of monopoly.

So we will take a recess for about fifteen minutes.

(Short recess.)

[fol. 2633] The Court: All right. Let's proceed.

Mr. Coyle: Your Honor has been discussing or we have been discussing a fact that there have been changes in the make-up of the market here, firms have gone out of business, firms have come into business; that there have been developments in the form of shopping centers, discount stores, all of these factors. But regardless of all that, you still have this pattern of increasing market shares of these leading chains. We were referring to this Defendants' Exhibit AN, I think it was, that shows the market share of the three leading chains in the area. That includes Safeway that had the decline over the years. In 1950, which is the first year that defendants cover, I think, on this exhibit—in 1950 the three leading chains had 21.4 per cent, in 1960—and we don't accept their 1959 or 1960 figures, because there was a strike in '59, and in 1960 they only had partial figures, and they made a lot of estimates, or their economists made a lot of estimates. We don't accept those figures, but the exhibit shows in 1950 the three leading chains had 21.4 per cent. In 1960, after the merger, the three leading chains had 21.5 per cent. In 1958 the three leading chains had 19 per cent. So there was a decline largely due to Safeway's losing its market share between 1950 and 1958 of 2.4 per cent in the market share of the three leading chains.

Then you come up to the four leading chains, and [fol. 2634] the Safeway decline carried over, so in 1950 the four leading chains had 24.2 per cent, and by 1958 they had 23.4 per cent. So you had a decline of about .8 per cent.

Then you get up to the five leading chains, and you find in the defendants' exhibit that the five leading chains in 1950 had 26.7 per cent; in 1958 they had 27.8 per cent. So the five leading chains—among the five leading chains the gains of the four other than Safeway offset Safeway's declining market share, so the five leading chains had 27.8 per cent.

Then you get up to the eight leading chains, and you find that they went from 32 per cent, 32.6 per cent in 1950 to 39 per cent in 1958.

Nine leading chains went from 33.6 per cent in 1950 to 41.7 per cent in 1958.

So the record is clear on the defendants' own exhibit as to that increase in the market share of the leading chains in the area.

Now, we have talked about the number of stores operated by the chains and we find that in 1948 on the defendants' exhibit Safeway Stores are not shown. In 1954 Safeway had 185 stores; in 1958 they had 154; in 1960 they had 140. But all the other chains in the area, Von's in 1948 had 14, in 1954 they had 16——

The Court: Counsel, are you overlooking the fact that [fol. 2635] the population has been growing by leaps and bounds in this area?

Mr. Coyle: No, your Honor. The population has been growing by leaps and bounds, the number of stores has been declining, but the number of stores operated by the chains has been increasing.

The Court: So a fortiori it is illegal?

Mr. Coyle: A fortiori you have increased concentration when you consider the increasing market share of the chains.

Then we have two of these leading chains in this market where you have increasing concentration—two of these leading chains have merged and added to this increasing concentration.

The Court: I was interested in your remark yesterday that we would be better off if we had just individual stores.

Mr. Coyle: I didn't say that, your Honor.

The Court: I understood you to.

Mr. Coyle: No. I said that a premise of the Act as stated in the Philadelphia case was that competition is likely to be more vigorous if you had many entities, many separate entities, instead of a few large entities in a business.

As I understand the Act, the Act carrying out this [fol. 2636] concept prohibits mergers which are going to result in a large number or a significant share of the total market falling under the control of one corporation.

The Court: The Act doesn't say that.

Mr. Coyle: The Act as interpreted by the courts and the Congressional Reports say that.

The Court: I think there has come a time—they will be anyway—every one of these cases will have to be decided by the Supreme Court. I wish Congress would pass a law and give them original jurisdiction in these matters. It would save us the trouble of deciding them and being reversed. About every case that goes up, if a District Court decides it, they reverse it anyway. It would be really better if Congress gave them original jurisdiction.

May I see that exhibit, please? I assume it is proper and appropriate for a lower court to mention the higher court in a way, with respect, but still with critical respect, but it is getting to where a District Court doesn't know what to do. We have come to the myth in America that all the learnedness is in the higher courts.

I am happy to say that Judge Frank, who was on the Second Circuit, once said—I am sure it doesn't apply to this court—that it takes more knowledge to be a District Judge than it does to be on the appellate court.

I wonder if he is right.

[fol. 2637] On this exhibit the increase in the 20 chains has been from 40 per cent to 53 per cent.

Mr. Coyle: Is that 1960, your Honor?

The Court: Yes.

Mr. Coyle: There was that strike in 1959——

The Court: Yet the chains you have listed in your memorandum on page 4 only account for 43.6 per cent.

Mr. Coyle: That is 10 of the 20.

The Court: Yes, I understand. But the number of stores, for example—let me ask you a question. How many stores does Market Basket have?

Mr. Coyle: I couldn't answer unless I looked at the exhibit, your Honor.

The Court: I can't, either, without looking.

Mr. Coyle: You have the exhibit.

Mr. Vaughn: 55, your Honor.

The Court: Is it in this exhibit here?

Mr. Coyle: Yes, your Honor.

The Court: I see. Yes. I thought it was on the other exhibit. Let's see the stores, the number of stores. I see

we have Alexander Markets. I thought I had seen this mentioned, three stores. That is a terrific chain.

Mr. Coyle: I am not sure that they are on our top 20, your Honor. That's the defendants' top 20.

[fol. 2638] The Court: Who are your top 20? I would like to know?

Mr. Coyle: May I see the exhibit, your Honor? This is a defendants' exhibit.

The Court: All right. I will let you see it. But there we go again, we talk about big chains, and there is one with three markets.

Mr. Vaughn: Your Honor, that was in 1948, of course. In 1960, according to that exhibit, Alexander's had nine stores.

The Court: I am coming to that. So it has developed into a huge chain of nine stores.

This is why I say, when you use the word "chain," it is like the words today where we are using so many words, talk about rights and privileges. We have lost the art of being specific.

How about—we take the number of stores for Safeway, they now have 154; at least in 1958. Von's we will skip. Ralphs Grocery has 34. I wonder if this is less than Ralphs Grocery had at one time.

Mr. Coyle: It may be, your Honor, but the exhibit does not show that.

The Court: Does the evidence show?

Mr. Coyle: I don't think so, your Honor.

The Court: I have a feeling that it is fewer stores [fol. 2639] than they had at one time.

Mr. Alsup: I have no doubt that it is substantially fewer, but we do not have specific evidence on that.

At the time of the organization of Certified in 1924, Ralphs and Safeway, and one other store I can't recall, were about the only—McMarr's and Humpty-Dumpty—direct buying chains, they were large enough to buy direct from the manufacturer.

The Court: That's what makes it so difficult. Here is a good chance to use the word—what is it, fragmented?

Mr. Coyle: Yes, your Honor.

The Court: It is fragmented, believe me, the evidence. So Ralphs here, we have no showing at all in the record

of how many stores they have decreased. I assume it is quite a number.

Food Giant has 18 stores. Wait a minute. Maybe I am reading this wrong. I will have to get a piece of paper across it.

Market Basket, 39 stores. Food Giant, 18. Fox Markets —which has now been purchased by whom?

Mr. Coyle: Food Fair, your Honor.

Mr. Alsup: They were first organized after 1948, your Honor. I think about 1954.

[fol. 2640] The Court: The Alpha Beta Food Markets, does the evidence show when they came into this area? It is a recent date, I am sure.

Mr. Coyle: They were acquired recently, in 1961, I think.

The Court: Acquired. But they were here before they were acquired?

Mr. Coyle: Yes. I don't know how long they were here.

The Court: It is a more recent date, isn't it? Does the evidence show how recent?

Mr. Coyle: I don't think so, your Honor.

Mr. Alsup: We have the affidavit of Claude Edwards that we offered in evidence without objection, who describes the history of Alpha Beta. Alpha Beta has been here, I think, since the early thirties. About 1930, didn't he say, it was organized?

Mr. Vaughn: I think that's correct.

The Court: It may have been organized, but it wasn't——

Mr. Alsup: It was very small.

The Court: It was very small.

Mr. Coyle: I don't recollect any evidence showing it.

The Court: I don't think there was any evidence.

[fol. 2641] The Lucky Stores, 7. Hughes Markets, there are about 8 markets. Shoppers Markets, 10. Greater All American Markets, 16. Alexander's Markets, 9. The Great Atlantic & Pacific, 14. McCoy's Markets, 12. And Yor-Way Markets, 15.

I realize the dollar volume is important in these things, but also the number of stores is important. I can't believe that all these stores running 6, 7, 8, 9, 10, 11, and even 15 stores, have any great lock on this market.

Mr. Coyle: We know the top 20 chains—and the parties agree to this, I think—the top 20 chains in the area in 1958 were operating 598 stores. Under our statistics, they accounted for 56.9 per cent of all grocery sales. So you have——

The Court: You say the 20 chains. But the top 10, the really large organizations, account for 43 per cent?

Mr. Coyle: 43 per cent. Which is a significant concentration.

The Court: The word "significant" is a word I don't understand, except in a poetic sense.

Mr. Coyle: They accounted for a lot more in '58 than they did in '48, that's certain.

The Court: In other words, when something becomes significant, then it becomes proscribed by the Act?

Mr. Coyle: No, your Honor.

[fol. 2642] The Court: I am trying to find in this case where there has been a reduction or the strong possibility, or even a possibility of a subsidence of this competition as it has existed in this area.

You see, the thing that bothers me is that this area has been i na changing process ever since it has begun to grow, about 1920, I guess, 1915. The grocery business has gone through many changes; the types of stores, the way to get to the stores, the transportation facilities. You watch, counsel, if you are here, there will be a big change, if this city ever grows up, becomes big enough and responsible enough to have a rapid transit, you will see another big change.

So we have gone through in the last 35, 40 years here, several changes in the grocery business. It seems to me it is difficult to just say that because the stores are fewer, that that in itself leads to the conclusion that the competitive situation has become what Congress has inhibited or proscribed. That's the problem.

Mr. Coyle: It is not just the reduction in the number of stores; it is the reduction in the number of stores, plus the growth of the chains and the increased market share of the chains, and the history of mergers, that have resulted in the growth of these chains. You have those three factors. All of them tend to prove, or combined do

[fol. 2643] prove the increasing concentration which Congress meant to halt if it resulted from mergers.

The Court: Congress certainly didn't intend to stop the big store, did they?

Mr. Coyle: No. They wanted the big store to grow by natural growth, instead——

The Court: Do you know what the relative volume would be between the stores, say, of Safeway, that used to exist, and one of the so-called large markets today?

Mr. Coyle: It would be substantial. The difference would be substantial. I don't want to use the word "substantial" but it would be a great difference.

The Court: I would make a wild guess and say that the average Safeway store would have been lucky to do—this is a pure speculative guess, I would just make a wild guess—let's say a couple of hundred thousand a year at the top.

Mr. Coyle: In what year, your Honor?

The Court: Back in the years when they had the small stores. I doubt if they would have run that high.

Mr. Coyle: Groceries were cheaper then, too.

I would say Safeway, we do have some figures, but I would say that Safeway averages slightly less than two million, I think, in their stores today.

The Court: The square footage has increased considerably, and the number of items sold.

[fol. 2644] The grocery business, like the drug business, is moving into other areas. I wouldn't be a bit surprised to see them selling automobiles in grocery stores one of these days.

We already have that coming up in the General Motors case, the selling of automobiles in the discount houses.

You may not know it, but the drug stores put a lot of hardware stores out of business. Did you know that?

Mr. Coyle: No, your Honor.

The Court: These are things that people learn as they pass by the trees and see them. If you sell alarm clocks and screwdrivers, and locks and files, and everything under the sun that the little merchant and the hardware concern sells, he soon can't compete against the drug store.

I daresay if you go into the average drug store, you

would be surprised how much hardware you can find. Haven't you noticed it?

Mr. Coyle: Not particularly.

The Court: So I assume the government would say, because a lot of these little hardware concerns have gone out of business, that the big hardware concerns put them out of business. But that isn't necessarily true. The grocery store, the dry goods store, all of the stores now—you see, at one time in America we had the general store. We are moving back toward the general store in many areas today, [fol. 2645] the discount house. They are selling everything.

I don't know whether they have prescription drugs yet or not, but I assume that will go in soon. They are putting in groceries, everything from carpets to furniture. It may be that they are moving back toward the general store again. I don't know. These are things that people who are not familiar with industry—and I certainly am not, I am a little better famiilar than some of the courts, I think—that just don't know what goes on.

When we get to these generalities and don't probe beneath the surface, we don't reach the crux of the problem, in my opinion.

I here am wondering how you would answer this question. Would the combination of Von's and Shopping Bag not increase its ability to compete against these other big chains?

Mr. Coyle: Von's and Shopping Bag were both able to compete against the other large chains prior to the acquisition. They had grown in competition with Safeway. A. &. P. has been in here. They were growing and were operating successfully in competition with both A. & P. and Safeway.

The Court: That's true, I think. But when they combine now into the present number of stores, has it increased or decreased their competitive situation?

Mr. Coyle: It has given them competitive advantages. [fol. 2646] The Court: What are they? I would like to know.

Mr. Coyle: The advantages of better buying——

The Court: You keep saying "better buying." In what way?

Mr. Coyle: Buying in larger quantities.

The Court: Is there any evidence to show what that better buying is?

Mr. Coyle: There is testimony to the effect that as your volume of buying gets larger, you get better prices on meat and produce and you are better able to secure advantages in buying meat and produce.

The Court: Well, I thought the testimony was that there was a limit, a point where you reach a limit.

Mr. Coyle: I believe there is conflicting testimony in that regard.

The Court: I think there probably is. One of the items, for example, that put Safeway back in the public mind was its meats. Did you know that?

Mr. Coyle: Yes, your Honor.

The Court: They had a man who worked for Safeway, as I understand, who found out that the meat that he bought from his own store wasn't so good, so he went out and saw to it that Safeway got good meat, and today Safeway still has the reputation for having good meats. [fol. 2647] Many people go to Safeway because of the meats.

Now, I am wondering if Safeway is able to go out and buy meat much cheaper because of buying in volume.

There is no evidence in the record that that is so.

Mr. Coyle: The only evidence is that Von's and Shopping Bag were able to compete against Safeway prior to the acquisition, and to grow in competition with Safeway.

The Court: Some of these single stores have been able to compete, apparently.

Mr. Coyle: Some have and some haven't. Some testified that they are under great handicaps in competing against Safeway and the other chains. Others testified that they are not under handicaps in competing.

The Court: What is the problem, then? If a person feels—on groceries, certainly he can go to Certified, or join Orange Empire, go to those and get the same prices that everyone else gets, can't he?

Mr. Coyle: He can get a discount price on the items that Certified or Orange Empire handle, which does not include meat or produce.

The Court: I understand it doesn't include meat or produce. But you know if a grocer wants to send some-

body down to this market early in the morning down here he can compete with anybody else.

[fol. 2648] Mr. Coyle: There is conflicting testimony on that, too. Many of the retailers said that they couldn't do as well by going down to the wholesale area or the market area and buying early in the morning, but some of these larger purchasers could, because they could go in and buy up larger quantities, and quantities do enter into the price.

The Court: You mean by having direct delivery? There is no evidence to that effect.

Mr. Coyle: What?

The Court: On vegetables or produce.

Mr. Coyle: There is evidence, there is testimony to the effect that chains do have an advantage in buying.

The Court: The word "advantage" is a conclusion. What is the evidence?

Mr. Coyle: They can buy cheaper.

The Court: Is any particular product mentioned at all?

Mr. Coyle: Produce. Produce and meats.

The Court: I see. That's the trouble, there are too many generalizations.

Take, for example, papaya, I suppose, for example, any store in town, even a single store, can buy papaya as cheap, or grapefruit, California or Arizona grapefruit, or the vegetables that come from the Valley, strawberries, or carrots, or those things——

[fol. 2649] Mr. Coyle: Again, there was conflicting testimony, but there was testimony as to specific types of vegetables. I don't have the citations to it.

The Court: Does the record show that the vegetables sold in the chain stores are cheaper than those sold in the single stores? I don't believe it does.

Mr. Coyle: I think there is some testimony on both sides of that issue, your Honor.

The Court: Well, go ahead, counsel. I have interrupted you. I interrupt you to try to learn. It is not to heckle you but to try to learn. I am trying to find out on what you predicate your case.

How much more time would you like?

Mr. Coyle: As much time as your Honor wants me to answer questions.

The Court: Counsel, I am here to listen and to discuss with you, and I want to give you ample time. If you want additional time this afternoon—we will conclude this this afternoon. We will conclude it this afternoon. I will be glad to hear you further.

Mr. Coyle: I think there are some of these questions——

The Court: That's what I thought. How much would you anticipate? Another hour?

Mr. Coyle: Another hour to answer you.

[fol. 2650] The Court: May I inquire of defense counsel approximately how much time you would desire? I have other matters pressing me.

Mr. Alsup: I think it would depend on the questions your Honor has to ask. Thus far, frankly, I haven't seen much to answer.

The Court: Don't get presumptuous.

Mr. Alsup: Obviously not, your Honor. I am prepared to answer anything, your Honor.

The Court: I don't mean that in the wrong way. But now sometimes lawyers get their hat and their brief case and leave too soon. I haven't made up my mind in this case. Many of my questions are put in a fashion to try to stimulate answers. It doesn't necessarily mean that that's my opinion.

Mr. Alsup: We have comments on the questions which your Honor has put to government counsel.

The Court: It is like Meet The Press. I ask questions to bring out the points. They don't necessarily reflect my attitude sometimes. I find that you almost have to gig some lawyers to get them around to answer what you want to learn about the case.

Mr. Alsup: We feel this type of question and answer session is very helpful.

The Court: It is sort of an arbitration, but more of a Socratic form.

[fol. 2651] Mr. Alsup: It is helpful to know what the court is thinking and discussing.

The Court: Usually, nowadays, if you go into a discussion, at least socially, they say, "Get off of that and let's get to something else. Where is your bartender?"

We will recess to 2:00 o'clock, and we will complete

this by I hope 4:00 this afternoon, or earlier, if possible.

Mr. Coyle: Fine, your Honor.

The Court: I want to leave one thought with you, Mr. Coyle. That I, at the present time, am of the opinion that I may consider evidence relating to the industry after the filing of the Complaint, up until the date of my decision. I think it is a question of weight, rather than a question of relevancy. I think it is relevant to reflect upon the contemplation of whether or not there was a probability of substantial decrease in competition. In other words, just as the Supreme Court in the Dupont case put in its notes up to 1955. Then I noticed at the very beginning of the discussion it says—I thought I remembered them saying something about 1955. Just one moment.

Yes, it starts on page 596. The court says:

> [fol. 2652] "In 1955 General Motors ranked first in sales and second in assets among all United States industrial corporations, and became the first corporation to earn over a billion dollars in annual net income."

Then it cites a note 18. New York Times, February 3, 1956.

Well, if the Supreme Court can consider things of that fashion, it seems to me that perhaps the lower court can, too. So I am considering this evidence to reflect upon whether or not there was a probability of a substantial lessening of competition.

Mr. Coyle: I can well appreciate your Honor's position. The only problem that I see with this is that you do get into this position where one might get into the position where the government has to more or less show an actual lessening of competition between——

The Court: No, I don't think that is required at all. For example, let's assume, just assume, that after 1960 the government would have been able to show that Safeway had jumped to 80 percent of all dollar sales in the Los Angeles area, do you mean to tell me that you wouldn't have offered that in evidence?

Mr. Coyle: We wouldn't have been able to show it. I don't know what we would have done. I think the gov-

ernment can go beyond its burden. But to permit the [fol. 2653] defendants to go beyond the government's burden, then you get to a point where they are trying to rebut something we didn't attempt to prove.

The Court: Counsel, you do at times make answers that do sound a little bit like the State Department. That answer doesn't give me any information to speak of at all.

What I am asking you is, wouldn't you have, if you had been prosecuting this case, introduced into evidence, if the court had allowed you, the fact that by 1964, say January 31st, say up to the date of the trial—let's forget after the trial—that it suddenly developed that several of these companies had faded out, gone, and Safeway was left with 85 per cent or 80 per cent of all dollar sales—do you mean to tell me you wouldn't have tried to put that in evidence?

Mr. Coyle: If I put that into evidence I would be assuming a burden that I wouldn't have to meet.

The Court: That isn't what I asked you, what you would be assuming. Wouldn't you have tried to put that in evidence?

Mr. Coyle: I might have, your Honor.

The Court: The probability would be that you would have.

We will stand recessed.

(Whereupon at 12:00 o'clock noon a recess was taken until 2:00 o'clock p.m. of the same day.)

[fol. 2654] Los Angeles, California, Tuesday, March 24, 1964; 2:10 P.M.

The Court: All right, Mr. Coyle.

Mr. Coyle: If your Honor please, I have gone through this list of questions that you asked and have found only a few that we didn't touch on this morning, and I will go through those as quickly as I can.

The Court: Very well.

Mr. Coyle: The court mentioned that the government presented 18 witnesses who entered the business since

1948. My observation on that is that during the same period many more left the industry than those who entered. Also, many or a number of these entrances by the 18 witnesses amounted to one of the witnesses taking over an existing store, it was not a complete entrance as if he opened up a new store, he just took over an existing store, and somebody else left the business at the same time.

Also, some of these chain store officials who have been referred to as men who entered the business as private businessmen, actually took over an existing store and somebody left the business at the same time as they entered the business.

The Court: I think that's probably true. I think the evidence indicates in some cases that was true. As a matter of fact, I think, if I remember correctly, in one [fol. 2655] instance they took over a place that wasn't doing so well, and it turned out it did very well.

Mr. Coyle: Yes, the chain sponsored them to go in there and gave them financing, and so forth.

The Court: I don't remember that.

Mr. Coyle: One of them did. I don't know which of these witnesses——

The Court: I didn't remember the financing part.

Mr. Coyle: I think one of them did, yes.

The Court: I see.

Mr. Coyle: Now, there is no question that single stores have a harder time getting into the shopping centers than chains.

The Court: No question at all. That just follows as day follows the night. If a man has enough credit and can make a lease—let's assume that you want to open a store in a new shopping center; now, first of all, what draw do you have to sell other tenants? Wouldn't you think it would be better to have a Kresge or one of the Five and Tens? Or let's think of some of the other stores that are well known throughout the country. When you go—let's face the facts. When a shopping center is put up, it is put up by a person who is promoting that shopping center. He goes out and buys the land, and then he goes and usually often gets the government or someone to [fol. 2656] finance him, and he builds a shopping center.

Now the first thing he wants to do is to make it desirable for tenants to move in there and take a long-term lease. Isn't that right?

Mr. Coyle: That is correct, your Honor.

The Court: Would he rather have Mr. Coyle or Judge Carr in there, who is not known at all in the grocery business, or would he rather have Von's or Safeway or somebody who has a name, and who, furthermore, has pretty good financial standing? I think this is just an economic fact that you can't avoid. So what happens? They go around and say, "We have one place left out here, we have got Safeway, Kresge, we have this, we have that, we have the Bank of America, so we have got a great shopping center."

Mr. Coyle: That's correct, your Honor.

The Court: So I think it is conceded that the clains have a better opportunity to get into the new shopping centers than, generally speaking, the individual would have.

Mr. Coyle: That is correct, your Honor.

Then Von's and Shopping Bag prior to the merger both had the financial stability to get into a shopping center, they both had the trade names, and the consumer acceptance in the area, which is one of the things——

The Court: I don't know that there is any evidence on that score. Is there?

[fol. 2657] Mr. Coyle: I think there is, yes, as to the consumer acceptance.

The Court: May I interrupt a moment?

Mr. Alsup: There was evidence that prior to the merger both Von's and Shopping Bag were able to and did get into shopping centers, yes.

The Court: Yes, I believe I remember that. That was by Mr. Von der Ahe?

Mr. Alsup: Mr. Von der Ahe and Mr. Hayden.

The Court: Yes, I do recall it now.

Mr. Coyle: Various of the industry witnesses mentioned that, too.

The Court: I don't think it would be subject to doubt, anyway. They would certainly be able to get in. Although I can say this, that it may well be that someone might prefer some other chain.

Mr. Coyle: That is correct, your Honor, It might also be that someone might prefer a chain with a trade name or a reputation whom that particular tenant felt was more desirable.

The Court: I think the building promoter likes the stability of the 25 or 30-year lease, where he can get, as they call it, net business, net-net-net, and not bother about anything, be sure it will be paid every year come high water or else.

[fol. 2658] Mr. Coyle: That's right. I think it is also true, as we stated in one of our briefs, that the combined Von's and Shopping Bag will even have more financial resources, and even have more——

The Court: I think that follows, too.

Mr. Coyle: They would have even a better opportunity to get in.

The Court: I think you are right about that.

Mr. Coyle: Now, the court asked why did the president of Certified testify that he doesn't anticipate any lessening of competition——

The Court: Not why he testified. I didn't ask you why he testified. I asked you how you meet that?

Mr. Coyle: I meet it just like I meet all this other testimony as to a legal issue. He is not competent to testify as to legal issues.

The Court: He isn't testifying to a legal issue. He is testifying to the fact that people can purchase, if they want to purchase groceries, they can join his organization——

Mr. Coyle: I didn't understand that question, then.

The Court: I am talking now about the anti-competitive features. In other words, suppose I open up a store out here and put in it—which would be an awfully [fol. 2659] big inventory—say a hundred thousand dollar inventory, I imagine that would be a pretty substantial inventory, and I wanted then to buy my groceries from Certified, I could do so by joining up with them, couldn't I?

Mr. Coyle: If you were a member of Certified.

The Court: All I have to do is to join up.

Mr. Coyle: You have to deposit money. And I suppose the Board has to approve your joining.

The Court: I assume so. But I don't think there would

be any problem about it if you make the deposit and apply. They want the business.

As a matter of fact, I think at one time Certified would sell to other than members during this period, wouldn't they?

Mr. Coyle: It might be. I don't know, your Honor.

The Court: One of them did at one time sell to other than members. Was that Orange Empire?

Mr. Alsup: Yes.

Mr. Coyle: One of them had a cash and carry business.

Mr. Vaughn: Orange Empire had and still does have a cash and carry.

The Court: There is no evidence in this record that there is any discrimination in price between the members, the people who purchase from Orange Empire, there [fol. 2660] is no discrimination as to price, there is no evidence, is there?

Mr. Vaughn: There is no evidence and I know of no information.

Mr. Coyle: I know of no evidence either way.

The Court: What I am getting at is the freeness of the market.

Mr. Coyle: Orange Empire—this may be a side issue—Orange Empire, I think, also is a wholesale grocer, or A. M. Lewis is also a wholesale grocer. I think there may be evidence in the record, or it may be a fact, that the members purchase as members and they get a rebate on their purchases, and non-members do not.

The Court: I don't know whether it is a rebate or not, but I imagine they may get a slight discount.

Mr. Coyle: I think it may be in terms of a premium at the end of the year. I am not sure.

The Court: There is a big difference between a rebate and a discount. One of them might be legal and the other might be illegal.

Mr. Coyle: I was thinking of a premium on the products.

The Court: That's what I understand, they might as participants participate in some way, as the Automobile Club, you don't get the profits in cash, but you get a [fol. 2661] reduction in your policy of a certain amount by driving in this traffic here without an accident for a few years, which is remarkable if you do it.

Mr. Coyle: Getting to the discount, your Honor, and the cooperatives——

The Court: Counsel, what I am getting at—pardon the interruption—what I am inquiring to find out is how unfree, to put it ungrammatically, is this market or was this market at the time we are talking about, during the pendency of this suit? How unfree was the grocery market? What restraints were there?

I am not talking about anti-Sherman or Sherman Act restraints. I am talking about what economic restraints were there on this grocery business?

Mr. Coyle: The approach I would take to this question is that the continual growth of the chains and the decline in the market share enjoyed by the smaller chains, the growth of the larger chains and the decline of the market share of the smaller chains and the independents, the decline in the number of stores operated by these smaller chains and independents, and the increase in the number of stores and the market share of the chains, when you consider these at the same time, indicate that the smaller grocer is having a harder time getting by, and the chains are accounting for a larger and larger percent-[fol. 2662] age of the total business in the area, and this results from the advantages of the chain operation.

The Court: Of course if we are going to level everything off and make everything equal, you might just as well close shop and everybody go back to the days of the sticks and stones, because you can't level everybody off. One man works longer hours, he is more proficient, he is a better advertiser, he senses public relations, many thing enter into these factors.

Furthermore, counsel, don't overlook the fact that many of these small businesses that closed, closed to open larger stores.

Mr. Coyle: But they all didn't, or there would be just as many stores. That would be a closing and an opening.

The Court: Supposing he closed three stores and opened one big one?

Mr. Coyle: That would be a decline in the number of stores.

The Court: But suppose the volume of that store outranked the volume of the three stores ten for one.

Mr. Coyle: If that were generally happening, then the market share of the independents would have gone up instead of down over this period.

The Court: I think that the market share is important, but I think you place too much emphasis on [fol. 2663] market share, that is, in the relevant line of industry here in the commerce, because we are only dealing with 43 per cent of the commerce here.

Mr. Coyle: In the ten largest chains.

The Court: 43 per cent.

Mr. Coyle: But 43 per cent compared to the percentages in Brown, for ten firms to have 43 percent, compared to the percentages——

The Court: What per cent would be considered reasonable? Give me some idea.

Mr. Coyle: It is not a question of what per cent would be considered reasonable. When you have 43 per cent and that per cent has been growing, you do have a trend toward increasing concentration. I don't think the word "reasonable" should get into it, though.

The Court: There ought to be some yardstick or some lines of demarcation somewhere. I feel sorry for the lawyers that have to advise clients nowadays. They are up against a real problem. Because whoever is in the antitrust department in Washington at the particular moment may disagree with them. Then the next 6 years from now or 6 months another man might say, "Well, it is a different situation."

There must be some elasticity, but where is the norm here, where is the standard to guide men in their [fol. 2664] business affairs? That's a problem.

Mr. Coyle: We just have the two cases, Brown and Philadelphia, and we have to try to gauge our norms from them right now.

The Court: That's what we are trying to do and we are having a rather difficult time as far as I am concerned.

Mr. Coyle: It is a hard job, I would agree. But I think when you have the third and the sixth largest firms in an area such as this, and when you have this movement toward increasing concentration in terms of market share, and when you have this prior history of mergers in this market, then I think that the third and the sixth,

representing combined 8.9 per cent, and the ten largest having 43 per cent, and the 20 largest having 56 per cent, I think that's on the side of the norm that establishes an illegal merger.

The Court: You see, another thing, counsel, completely overlooked by the courts, generally speaking, they never give any thought to management. And believe me, management is an important thing in any business.

You can take the finest business in the world and let a father run it for 40 years and make it a huge success, and then turn it over to a ne'er-do-well son and he can break it in 2 or 3 years. Management is so important in [fol. 2665] these things, and finding management today is much more difficult than people realize.

I might give you an incident. About 7 years ago, 8 years ago, I had a call from a gentleman who said, if I could find him an executive in a certain line between the ages of 38 and 43 he would start him off at 50,000 a year, and after 3 weeks we found none available.

Mr. Coyle: Yes, your Honor.

The Court: So there is a problem. Management does enter into these circumstances.

I don't know who managed the stores for Safeway up in New York, but whoever he was if I were the Chairman of the Board he wouldn't have stayed as long as he did. Not because he may not be a fine fellow, but the results were pretty bad from the standpoint of the stockholders. And that's why you are supposed to be in business, to earn money for the capital investor.

Mr. Coyle: Yes. The problem with that, of course, in terms of this Act, is that you couldn't possibly enforce an Act like this on the basis of business motives, which is what this amounts to.

The Court: I am not talking about business motives; I am talking about the equation. One of the problems in these cases is the effect of management, whether this increase—how much of this increase is the result of [fol. 2666] management. I suppose you might think that's irrelevant.

Mr. Coyle: I would probably think that's irrelevant. Certainly you have the increase, you have the trend towards concentration. It might be that we would get the best

management in the United States if we had one company controlling the automobile business. Maybe if we could combine Ford and General Motors it would be a better management.

The Court: Well, they did one good thing, apparently. They did take one man out of the automotive industry that apparently has been doing a rather sensational job with the government. They need more of them. So maybe the experience that he had has been rather helpful in government. We could use more of it.

I am just pointing out to you one of the problems. All of these problems come to me, because I can't help but approach it from some practical point of view. I can't eliminate the practical viewpoint entirely. And the trouble with all these formulated rules coming down from the higher courts is that there is nobody wise enough to formulate all the rules to cover man's activity from now on out. You have to sort of meet them as they appear on the scene. It is like going hunting. If you went hunting with a gun and you met an Indian, in those days in the wild west, who has a gun, you stop hunting and fight the [fol. 2667] Indian. It is the circumstances that you have to meet.

I am wondering in this case if the picture is as clear as you think it is. Why this change in the circumstances or in this area, why has this change come about? I am wondering if it is as simple as you think it is. In other words, there are so many factors that come into play that I am wondering if we haven't overlooked some of those factors.

Mr. Coyle: I don't believe that the criteria are the factors—are all the factors that may have contributed to this increase in concentration. The thing we look at is there has been this increase in——

The Court: Now I have finally gotten you pinned down, I think. In other words, you are now at the point that I think you have been contending all along, that it is mere concentration alone that is the whole thing.

Mr. Coyle: No. It is the increasing concentration, the history of mergers, which have contributed——

The Court: That is concentration. I am not talking

about lack of concentration. More concentration is the thesis of your case, is that right?

Mr. Coyle: And the fact that we have a merger between two significant competitive factors in this general competitive market, namely, the Los Angeles Metropolitan Area, and that they have merged, and as a result of that [fol. 2668] merging, concentration has further increased, Shopping Bag has been eliminated as an independent firm, the purchasing and the conduits and the whole operation, the distribution, the warehousing, the advertising of the two firms has been combined into one, and that one firm has 8.9 per cent of the total business.

The Court: Now I think you have finally laid it on the line. I think your case now has been summed up rather clearly in your last statement. In other words, what you are saying, in effect, as I understand you, is that in this area, in this relevant area, which is the Metropolitan Area, there has been an increase by the more substantial—you call them significant companies—in the dollar volume, in the percentage, and thus now in order now in this early incipient stage to be sure it doesn't happen in the future, stop it now.

Mr. Coyle: Between these two firms. One factor you left out, your Honor, is that there have been prior acquisitions in the area which have contributed to this increase.

The Court: I think that is inherent in the case. Some of it, at least, is attributable to that.

Mr. Coyle: I think we said 73 per cent, your Honor, of the increase in concentration.

The Court: In other words, this is an effort—[fol. 2669] the Supreme Court says, if I remember correctly—let me see my notes on the Brown Shoe case just a moment. This really is where I run into trouble. The court says: "Section 7 requires a prognosis of the probable future effect."

This is like having a doctor listen to your heart now and tell you how long you are going to live. That's about what that amounts to.

It may be ticking beautifully for the moment, and 30 minutes later after an e.k.g. you walk out on the street and drop cold dead.

This is what the court is saying. It requires a prognosis of the probable future effect.

You agree with that, don't you?

Mr. Coyle: That's what the Supreme Court said, yes.

The Court: Well, it makes it rather difficult for a man who is as earthy as I am, to look into the future, the crystal ball, and see what it is going to be, from the facts before this court.

Mr. Coyle: I think the facts before this court are the facts that were before the court in Brown Shoe, and the facts before the court in Brown Shoe as it related to the horizontal phase of the case, the facts that were before the Supreme Court, or the court, in the Philadelphia Bank case.

The Court: You may well be right, counsel, because [fol. 2670] in the final analysis the Supreme Court has the final say on this matter.

Without saying that I have decided yet, I may decide contrary to your views and I may well be not upheld by the Supreme Court, but that isn't bothering me in the slightest, not the slightest, as long as I do what I think I should do here.

Frankly, I have a difficult time with this case, and with the Philadelphia Bank case, in discriminating—if that's a bad word I am sorry I used it—in discriminating between dicta and holding. That is the great problem I have in those two cases.

I assume things said in the Supreme Court decision can be dicta, as well as what is said in the District Court decisions. I have great difficulty in trying to arrive at what is dicta and what is not in these two cases.

Don't you have that problem somewhat, counsel?

Mr. Coyle: Yes, your Honor.

The Court: I mean no disrespect to any particular gentleman of the Supreme Court, but I say it because I have studied these cases and studied them, and you would think with long study that somewhere on the clear blue horizon would come a light. But up to now the light hasn't completely hit me, and I am concerned about the case, still [fol. 2671] concerned about it, about the proof in the case.

I say these things to let you know that with all the study that I put into it, it is like reading a book that

you don't know who is the hero, and you join the hero for a while, the man you think is the hero, and it turns out to be the villain, and you change over, and the first thing you know you have to change back again.

In reading these cases I have that problem. I am surprised that you lawyers haven't that problem. I try to lay these things on the line so that you can take my thinking, analyze it, and maybe throw it back to me and maybe change my thinking, or maybe enlighten me.

I think your statement is rather clear-cut now, and I think I rather fully understand your position. And I think it could be that that's the theory of the Supreme Court decision. Whether it is the holding, I am not too sure.

Do you follow me?

Mr. Coyle: I don't follow the distinction between the theory and the holding——

The Court: The theory can be nothing but conversation and dicta. For example, I can mention one case, without naming it, in which the Supreme Court laid down the rules [fol. 2672] to follow in the future. To me that is pure dicta, because there was nothing pending before the court as to what would happen in the future in those particular matters. And I don't know how you can lay down the law on something that is not pending before you.

Mr. Coyle: I think that case probably laid down the rules that the Supreme Court has been following ever since, though.

The Court: I am talking about a criminal case in which they enunciated the rules that the District Courts would follow in the next 20, 30, 40 years, until a new change came along. That's what I mean. I think that's probably dicta.

Mr. Coyle: All right.

The Court: But I want to say this thing to you. I think this afternoon we have come to grips, that I now understand your position much better than I have heretofore.

Mr. Coyle: I am sure I understood what you said, that you understand what my position is to be now. I am sorry I didn't make it clear.

The Court: I don't mean to be criticizing. It may be my fault.

Mr. Coyle: It seemed that our brief said that.

The Court: It may have.

Mr. Coyle: I wonder, though, if your Honor [fol. 2673] could possibly explain for my own benefit how you think that the proof that we are offering differs from the holding of the Supreme Court in Brown——

The Court: It is a big enough job for me to try to decide this case; for me to enter into that, I might be here a week and still not finish. I don't think I will attempt that.

Mr. Coyle: Another point raised, I think, was the statement that the record shows that the consumer will only drive up to three to five miles to purchase groceries.

I think the record showed that Von's and Shopping Bag consider the over-all draw area of its stores to be five miles; that the average customer in the Los Angeles metropolitan area is willing to drive for at least ten minutes about four miles in order to do grocery shopping; and that between 10 and 35 per cent of all customers of Von's and Shopping Bag stores come from outside the immediate trading area o fthe Von's-Shopping Bag store.

The Court: I don't think there is any dispute about the testimony. I think what I said was—I don't remember what I said, except that I believe I said that generally the area was three or four miles, three, four or five miles.

[fol. 2674] Mr. Coyle: A lot of customers come from outside that area. 10 to 37 per cent.

The Court: 10 to 37 per cent?

Mr. Coyle: Yes.

The Court: For example, no one can tell me why a person would go to—let's say that you lived in a city where they had two Safeway stores and your house was located exactly halfway between the two stores, what do you think would prompt a person to pick one of the stores over the other Safeway store?

Mr. Coyle: Choosing between one or another of the Safeway stores?

The Court: Yes. Assuming that they are identically distant in miles and traffic signals and to get to and from.

Mr. Coyle: I suppose there would be so many variables, even in addition to those. It might be that the woman had a friend working in one of them, or she liked the produce display. I don't suppose both Safeway stores would be equal in their produce displays. Or she might—even though driving was almost the same, there were the same number

of traffic lights, for some reason or another she would decide to go to one or the other.

The Court: There would be many, many reasons. [fol. 2675] It may be that when you asked the butcher to cut the meat thin, and he cut it thick, you took a dislike to him and went to the other place because he would cut it right. Is that right?

Mr. Coyle: Any number of things.

The Court: It is as variable as the whims and fancies of a human being. That's about the situation?

Mr. Coyle: I would think so.

Then I think the court raised the point that some evidence or some exhibit indicated that only six of the Shopping Bag stores were serving the same areas as the Von's store prior to——

The Court: I think I saw somewhere where there were six or seven, only those that were actually in competition with each other. Why? Do you disagree with that?

Mr. Coyle: I think Mr. Von der Ahe, or the defendant Von's in answering an interrogatory stated that seven of the Shopping Bag stores competed.

The Court: Let's take it at seven.

Mr. Coyle: There was additional evidence. One of the studies introduced by one of the defendant's expert witnesses indicated that there were four additional Shopping Bag stores that competed with Von's stores. And there was testimony that 20 of the existing Shopping Bag [fol. 2676] stores were located within ten minutes driving time or approximately four miles distance of the Von's stores.

The Court: I don't think that matter is too crucial in the case, frankly.

Mr. Coyle: I don't either, because we have this other stipulation, this other thing about the general competitive pattern.

The Court: It is the general competitive pattern which, as I understand it, is the thing that counts.

Mr. Coyle: I would agree with that, your Honor.

Another point that was raised was an exhibit proposed by —introduced by the defendants, which showed that in 1953 there were ten chains of more than ten stores, and that by 1962—I think it was 1962—there were 24 chains of ten or

more stores. However, the exhibit also showed that during the same period of time the chains of four to nine stores declined from 30 chains to 22 chains. So basically this was chains of four to nine stores increasing into chains of ten or more stores. So there was a decrease in the number of chains of four to nine stores of eight, and an increase in the chains of ten or more stores of fourteen.

The Court: In the stipulation I notice—that is on page 2, [fol. 2677] paragraph 3—it says: "The following table shows the breakdown of the concerns operating in the Los Angeles metropolitan area in 1962."

Mr. Coyle: Yes.

The Court: There were ten or more—those with ten or more stores were 24, and four to nine stores 22.

Mr. Coyle: Yes.

The Court: Two to three stores 104.

Mr. Coyle: Yes.

The Court: I suppose it is a natural inference that these are all growth situations. They didn't just start out with ten stores or nine stores.

Mr. Coyle: Except you do have this one factor; that the four to nine stores, as a matter of fact—incidentally, this stipulation came from one of the defendant's exhibits to which we have objection, so we didn't stipulate to the first half of the exhibit, that is, the 1953.

The Court: You had what objection? This is the first time I heard it.

Mr. Coyle: We raised objection when this exhibit——

The Court: Did you specifically point out to the court wherein it was objectionable?

Mr. Coyle: We have in these comments we made on [fol. 2678] their exhibits and testimony, your Honor.

The Court: Well, I am afraid in the normal course that isn't the way to make an objection, counsel.

Mr. Coyle: We objected at the time it was admitted, as to this exhibit, your Honor.

The Court: You did?

Mr. Coyle: Yes.

The Court: Did I rule on it?

Mr. Coyle: I am not sure.

The Court: I must have been out of the courtroom or something was wrong, because I don't remember.

Mr. Vaughn: Your Honor, this was not an exhibit; it was the affidavit of Godfrey Lebhar in which all of these statistics were set forth.

I remember specifically handing that affidavit to your Honor separate and apart from all other affidavits and stating to your Honor that this is what I regarded as the most important expert witness testimony in the case.

I do not remember any objection to it.

Mr. Coyle: This man was deposed, your Honor. The deposition was introduced.

The Court: I know that. That is perfectly proper. But I just was wondering if you are now objecting to something that was not objected to during the time of [fol. 2679] the trial.

Mr. Coyle: It may be our position went to the weight.

The Court: I think that's what it did.

Mr. Coyle: At least we didn't want to stipulate as to this prior study for the year 1953, because we did have these questions of weight.

The Court: I understand your position in that regard.

Mr. Coyle: There is no question, also, that we do agree there has been an increase in the total number of chains in the area. We just couldn't agree that this man made an accurate count.

The Court: I understand that. I don't think there is any dispute in the increase in the number of chains, if you mean ten stores or more, or four to nine stores or more, or even his three stores.

Mr. Coyle: His figure showed the four to nine stores had gone down from 30 to 22.

The Court: Well, I haven't paid any attention to that, because there is no substantiation. But I notice that your ten or more store situation is 24.

Mr. Coyle: That is correct. The chains are growing. There are other exhibits in the record that indicate the growth of the chains.

[fol. 2680] The Court: Do you consider two or three stores a chain?

Mr. Coyle: It is a matter of terminology.

The Court: I know it is, that's why I am asking it.

Mr. Coyle: I would consider it a smaller chain, yes, your Honor. I wouldn't consider it one of the——

The Court: It is better to be bound, if I want to go free, by a small chain than a large chain; isn't that what you are saying?

Mr. Coyle: No. I am just saying it is a smaller chain. I consider two or three stores a chain.

The Court: Aren't these small, as you call them, chains an integral part of the competitive factors in the market?

Mr. Coyle: Yes.

The Court: A very influential factor in the market, these two and three-store smaller chains?

Mr. Coyle: Yes.

The Court: Well, there are 104 of them in this relevant trade area.

Mr. Coyle: That's right, your Honor. I don't think we have any problem with respect to this.

I may not understand your Honor's point.

The Court: I think you do, and I think you have [fol. 2681] answered me. I believe you have.

Mr. Coyle: I was going to point out some of the other matters with respect to these chains.

In 1953 there were 704 chain grocery stores in the Los Angeles metropolitan area, and by 1962 the total number had increased to 1,085. In 1953——

The Court: Now, that includes of course the smaller two and three-store operation?

Mr. Coyle: That's right.

This next figure, then, in 1953 there were seven hundred —I am sorry—in 1953, chains of ten or more stores accounted for 57 per cent of all chain grocery stores in the Los Angeles metropolitan area. And by 1962 they accounted for 68.2 per cent. That's about 11 per cent more, of all chains in the Los Angeles area. In 1953, the 40 chains with the most grocery stores operated 574 stores. By 1962 the 24 chains with the most grocery stores operated 739 stores. So you had 24 firms in 1962 operating more stores than the 40 largest chains, in terms of stores, operated in 1953. So you do have this more and more stores coming under fewer and fewer chains.

The Court: I suppose I am not supposed to weigh the benefits to the public, am I? It would be better to go back to the good old days when they kept the fish without [fol. 2682] ice, salt mackeral in the salt barrel, and the cheese out on the counter with a knife handy to cut it when

you came in and a fly swatter. That's the old days. So that was the individual grocer as I remember him. Of course, he may have to stop while making change to swat a fly, and maybe even hit you.

Mr. Coyle: I don't think we have to choose between those alternatives in the context of a merger case. It would only stop a merger of two large chains; it wouldn't destroy either of the large chains. They would still be there if they didn't merge.

The Court: Of course, we haven't come to the time yet, but if I should rule in your favor there would have to be some kind of remedy, and I suppose what the Government would want would be to have them dispose of the stores that they had acquired. I suppose the purchaser, just as an aside for a moment—suppose the seller says, "I don't want them back," can I order him to take them back?

Mr. Coyle: The seller has long gone, your Honor. The seller is a dissolved corporation.

The Court: That's what I say. So when it comes to the relief time——

Mr. Coyle: Relief is a problem. But we will have to face it.

[fol. 2683] The Court: Would it be all right if Kroger came in and took them over, or what's the new concern that just came in?

Mr. Knight: Jewel Tea?

The Court: What was the new one—Kroger?

Mr. Coyle: Kroger, yes.

The Court: I am sure you would object to that, wouldn't you?

Mr. Coyle: I am sure we would, too. That would be a merger between Alpha Beta and——

The Court: Who is not in here that could come in? What national chain would be available to come?

Mr. Coyle: I don't know, your Honor. I am sure what we would ask would be to restore the status quo. Four years have elapsed. In other words, set up two separate chains.

The Court: Who would operate the other one—the Government?

Mr. Coyle: We would have to face that problem. I am sure that our position on relief—we couldn't answer in a

vacuum—our position on relief would be realistic. It would have to be.

The Court: I suppose in these cases, according to what the Supreme Court indicates, you should decide the question of [fol. 2684] legality first, and then get out your charts and pencils and try to find out what to do next.

Mr. Coyle: That's correct, your Honor.

The Court: In other words, build a scaffold and then locate the man to hang.

Mr. Coyle: No. I think you should find out whether it is legal or illegal transaction.

The Court: I agree with you that it has to be decided. You don't think the court should give any consideration at this time to what should be done or could be done?

Mr. Coyle: No, I don't, your Honor.

The Court: All right. Go ahead.

I think somewhere along the line in this world of ours today we are going to have to wake up and become realistic, work out some kind of a system that at least requires if a company is going to merge, require notice to be given to someone, and then at least have a hearing, before waiting until this time and then attacking the concern and leaving people with all the financial problems, the tax problems that exist.

You wouldn't unwind the tax problem here for the next 25 years in this situation. I wouldn't be a bit surprised to see them in the courts for the next, at least ten years, over tax problems.

[fol. 2685] Mr. Coyle: I can't really answer this in a vacuum. There might be an easy way to divest. I don't know. I will have to look into it.

The Court: I guess we don't consider that now. But I couldn't help having it run through my mind.

Mr. Coyle: I am sure we have to face this problem ourselves. The unfortunate thing is that there have been so few final litigations thus far. It takes so long to get them litigated.

The Court: As I said before, probably the original jurisdiction ought to be in the Supreme Court on these cases. It would save a lot of wear and tear, wouldn't it? It would on me, I will tell you.

Mr. Coyle: This is one of the few cases where we intervened prior to the acquisition.

The Court: Of course I am in this situation, counsel: You will recall—I believe one of our judges, Judge Mathes, had this case, and I think he had the hearing on the matter originally, and, of course, in all fairness to him, this, too, was before the Brown Shoe case came down.

Mr. Coyle: That's right, your Honor.

The Court: What effect that may have had on Judge Mathes I can't say. But he certainly acted, and acted after [fol. 2686] a hearing, and then the parties proceeded to go forward. I have forgotten when it was that the Brown Shoe case came down. What date was it?

Mr. Coyle. June 25, 1962.

The Court: And I think Judge Mathes acted in 1960, or was it '61?

Mr. Coyle: 1960; March 28, 1960.

The Court: Then I believe the case was transferred to another judge, this is because of the condition of the calendar here, and finally it landed with me, and here it is.

Mr. Coyle: The only other matter that I think is listed, at least in my listing of the questions that the court raised, is I think Government's Exhibit 36, which is one of the Marshall exhibits, State Board of Equalization exhibits. This exhibit showed that there were 119 multiple outlet openings in 1960, and 128 single outlet openings.

The Court: I have made so many notes, counsel, that they are almost as voluminous as the record in the case, so I have to go back and find it. I wrote that down somewhere.

At any rate, go ahead. I wrote those figures down.

Mr. Coyle: I just want to point out that the same series [fol. 2687] of exhibits—this is a series of exhibits prepared by the State Board of Equalization—it shows that there were many more closings by single outlet firms than by multiple outlet firms; and other exhibits show that of the 29 stores obtaining permits to open—of the firms obtaining permits to open stores doing two million or more a year business, of the 29 of those permits, 18 were taken by the ten largest chains and 7 by the next ten largest chains. Which means 25 out of the 29 were taken by the 20 largest chains.

Exhibit 39 in this same series shows that the bulk of the discontinuances of permits—I mean 77 per cent of all dis-

continuances of permits during this period was by the stores doing under $500,000 a year.

The Court: Counsel, I wonder if it enters into this picture—I don't believe there was any evidence, but I think one has to use some common sense in these things, now we are living in an age where the whole trend is toward volume, as I mentioned here before, everything is volume, even if you are losing money. Volume. Well, if you are going on the theory of volume, low prices—this is not new, this was even advocated during the days of the NRA, the idea was to increase the efficiency of the workers, increase the volume and to lower the prices. And generally speaking this is sound business, because if you can run a [fol. 2688] concern and do a hundred million dollars a year business gross volume and make a million dollars profit, why, you are still in business, but if you do one million dollars, you cannot make anything like a million dollars, on a ratio of 1 per cent. 1 per cent on a million dollars is practically nothing. These concerns, I am afraid, are largely running on volume.

I think there was some testimony, maybe it was from Mr. Von der Ahe, I think I asked him the question, what was considered in the business today the going earnings, what they considered coming out with. If I remember correctly I think he said around 2 per cent. I think his concern did a little better than that, if I recollect. But I am sure around 2 per cent on volume is about what the average would be.

Am I wrong about that?

Mr. Alsup: You are correct, your Honor. I think he testified that his percentage was 2.2. Most of the chains actually are between 1 and 2 percent.

The Court: That's what I thought.

Mr. Alsup: There are studies which indicate the single store operators do get a higher percentage, because they don't have the overhead.

The Court: They have to. That's what I am pointing to, they have to because of lack of volume. Sometimes this [fol. 2689] results in them having to get a little better price. So it may be that that is one of the features that enters into this competitive situation. Although it is hard for me to believe that a person—I guess it is true, though, the old saying is that some of the housewives will spend

five dollars in gas and oil and wear and tear to save ten cents.

Mr. Coyle: It is also probably a fact, as one of the defendant's witnesses said—we quote from him in our brief—even though the chains might not be selling for less money than the independents, housewives think they are and for that reason they go to the chains. They just have that consumer image.

The Court: This image business has come into vogue in the last few years, and I guess it is nothing but advertising.

Mr. Coyle: That's right, your Honor.

The Court: So if we are going to believe advertising, we can be influenced to most anything.

I remember, even, when one of the cigarette companies was advertising that cigarettes would aid digestion.

Maybe some people believe it. I can't conceive of it. But I think it is possible, I guess.

Mr. Coyle: I think this pretty well answers your questions.

[fol. 2690] The Court: One thing we accomplished, counsel. I think I more fully comprehend now exactly your position.

Before you leave the lectern I would appreciate it if you could restate exactly the same statement you made just a little while ago. Did you write that down?

Mr. Coyle: I didn't. But I think we said it in our brief.

The Court: I don't think you said it quite in that fashion, because I read your brief. Give me the page so I can re-read it. I will need to re-read it.

Mr. Coyle: I will have to find it. I think if you look at pages 11 and 12 of our brief, which we filed last Friday, our memorandum dated March 19, 1964, and entitled Government's Memorandum on the Issues Presented——

The Court: I have it before me. That was filed March 20th, I believe.

Mr. Coyle: It was dated March 19th.

The Court: That's right.

Mr. Coyle: Start at page—line 28, page 11.

"This merger united under one control and management two of the largest and most important separate competitive entities in the relevant market area. It ended"—

[fol. 2691] The Court: Let's stop there. Let's assume that

to be true for the purposes of this discussion. Now go ahead.

Mr. Coyle: "It ended the independent existence of an expanding chain of 38 supermarkets with annual sales in excess of $84,000,000."

The Court: I don't know whether that is true or not. Because the evidence showed, as I recollect, that there was some concern about the progress of that company. You are speaking now of Shopping Bag?

Mr. Coyle: That's correct.

The Court: There was some evidence of the owner that he was concerned about that the volume was increasing but the profits were not.

Mr. Coyle: But they were still making profits.

The Court: Counsel, making a profit is one thing, but—it is like the talk about inflation, you hear every day, and I notice it even in some of the fine writers, saying that stocks are a hedge against inflation. Well, there is nothing that could be more erroneous, because they are not a hedge against inflation, unless the earnings are increasing. If your volume is increasing and your profits are not increasing, it is usually a bad sign. Something is wrong.

Mr. Coyle: This statement says: "It ended the independent existence of an expanding chain of 38 super- [fol. 2692] markets with annual sales in excess of $84,000,000."

The Court: Right. But what I am talking about is the interpretation of expanding. You know you can expand—it is like a balloon, you expand it and it comes to a point where it pops.

Mr. Coyle: There was no evidence that I know of that this was near the popping——

The Court: No, no. But there was evidence in the case that the management was concerned about the progress of the company.

Mr. Coyle: They would have to jack up the management then.

Mr. Coyle: That is not easily done. You can't just call a coffee break and do that. You have to get the management.

Mr. Coyle: I am sure it wouldn't be a defense in a Section 7 case to say that, "This looked like the best business step for us to take."

I think the defense would have to be a lot tighter than that.

The Court: We start out on ice and end up on water. I am not saying it is a defense. I am merely pointing out to you in connection with this expanding situation, there was evidence to the effect that this expansion was creating concern with the management, because the profits were [fol. 2693] not accompanying the expansion of the volume. That's all I am pointing out.

Mr. Coyle: All right.

The Court: These economic factors are things that I think the court should consider and have the experience to consider. But I am afraid too often they are not considered.

Mr. Coyle: I think you have to look at the history of the corporation. It seems to me, as I remember it—I don't have all the exhibits before me—as I remember it, the history of the corporation was that its profits hit an all-time high in 1958. That's Shopping Bag. There was a strike in 1959. Their profits went down. Their profits were also down in '60. I think that's the fact. It may be that the profits hit an all-time high in '57, went down in '58, went down further in '59, which was the strike year; but this was not a firm that had much of a history of decline in profits.

The Court: I am not saying they had a history of decline in profits. Who was the man who testified, what was his name?

Mr. Alsup: Mr. W. D. Hayden, former president, your Honor. W. R. Hayden.

Mr. Coyle: He served an affidavit and——

The Court: Counsel, let's not be too technical. The affidavit, which is considered here, is testimony, and [fol. 2694] that's what I read, in which he said that he was concerned about the progress of the company. That's all. It isn't a decisive point, but it is one of the economic factors that is apparently skimmed over in these cases. You can increase volume and go broke. You probably won't remember, but one of the great companies of America, one of the truly great packing companies of America, lost a million dollars a day for 90 days back years ago, and it was at the top of the ladder in distribution of meat products. What do you think happened to the company? The volume

may not have decreased, but they made the wrong buys at the wrong time. They went broke.

You are probably surprised to hear that a company would lose a million dollars a day for 90 days.

Mr. Coyle: That's a lot of money.

The Court: I would say it is considerable. Go ahead.

The first part we agree, I think for the purposes of discussion, that the statement is true. The second part I am merely pointing out a variable that might come into play.

Mr. Coyle: Then on line 32:

"It increased concentration and resulted in a single corporation controlling 8.9 percent of all retail grocery distribution in the economically signficant Los Angeles Metropolitan Area."

[fol. 2695] The Court: I don't think there is any dispute on that.

Mr. Coyle: Then, following, the next paragraph. I suppose we should skip the first sentence, because that's argument. Then starting line 4, page 12—

The Court: Here is the whole statement of your case, it is coming right now, that's right.

Mr. Coyle: "A merger of this magnitude, occurring in this market, which has a definite history of prior mergers and increasing concentration, cannot be reconciled with amended Section 7."

The Court: We understand each other thoroughly. That's your case. In other words, you are saying that because this is—whatever "magnitude" means—that because of a merger of this significance, magnitude, that it is inconsistent with and the Act was intended to stop it.

Mr. Coyle: That's correct, your Honor.

The Court: I think I fully understand your case and I am much better off in the understanding, but I have not yet made up my mind.

Mr. Coyle: Maybe the brief is not clear.

Then we undertake, after that, to discuss, and we think rebut these various matters that——

The Court: I have been all over that, counsel.

I suppose we ought to take a recess. How much [fol. 2696] time do you want? Will we be able to finish by 4:00 o'clock?

Mr. Alsup: I think we will.

I think in response to the court's question I sounded

smug and complacent. It came out differently than I intended. I certainly have been around enough in these economic matters that you can't be smug and complacent, and that's true in any lawsuit. But I don't think we will need more than a half hour to an hour, your Honor.

The Court: All right. We will take——

Mr. Coyle: If your Honor please, I would like to call attention to the quotation from Judge Hand in the Aluminum Company case, which occurs in Footnote 28 of Brown Shoe. It says:

> "Throughout the history of these antitrust statutes it has been constantly assumed that one of their purposes was to perpetuate and preserve for its own sake, and in spite of possible cost, an organization of industry in small units which can effectively compete with each other."

The Court: Well, with all due respect to Judge Learned Hand, he was indeed a great judge, but I can't understand how he gets the privilege to decide that this country should be cut up in small units.

Mr. Coyle: I think he was saying that Congress had decided.

[fol. 2697] The Court: Frankly, I don't think Congress has intended that. And maybe I am in error. Maybe the Supreme Court will say entirely differently.

I don't think it is so much a question of small or large, necessarily. It is a question of what is the competitive situation, what effect? Is it probable that it is going to suppress the competition, which in turn results for the benefit of the public, the consumer?

Mr. Coyle: We can't get over to making the public benefit the test. That is the Sherman Act when you get over there.

The Court: Do you think I have to eliminate that entirely from this case? If it develops in this case from all the evidence that it was absolutely certain beyond per-adventure of a doubt that a combining of two concerns would result in great betterment to the competitive situation, that I still would have to rule that it was contrary to Section 7 of the Clayton Act?

Mr. Coyle: If it developed in this case that a merger

of great benefit to the public also would substantially lessen competition or tend to create a monopoly, you would have to rule that it violated Section 7 of the Clayton Act.

The Court: Counsel, you have added on to my question. What I am trying to says is, let's assume that two [fol. 2698] companies—let's take another field where there are not so many. Let's say some field such as the sale of bread, that two companies got a hold of 50 per cent of the bread in this community, and the evidence showed clearly that it was redounding to the benefit of the bread eaters of this community to such an extent that prices were reduced, that distribution was aided, that the quality of the bread was increased, that the public's benefits were greatly increased—now, 50 per cent is certainly an enormous part of the market, isn't it?—would you be able to say just from the 50 per cent alone that that would be contrary to the proscribed things in Section 7?

Mr. Coyle: You would also have to look at the market structure——

The Court: The competitive situation?

Mr. Coyle: But the consideration would be whether the merger would or might lessen competition or tend to create a monopoly; not whether it would benefit the public.

The Court: I understand that. But, counsel, you veer off every time I use the words "competitive situation." The purpose of these laws is to keep virile and vigorous competition, is that right?

Mr. Coyle: To prevent concentration that might destroy competition.

The Court: I think the Congress was trying to [fol. 2699] make one step beyond the Sherman Act, of course, and trying to say here where it becomes clear that there is a possibility—not a possibility, but a probability that there is going to be a substantial lessening of competition, then the courts should act. But I am wondering if inherent in that whole definition, which is not a very clear-cut definition, is the competitive situation.

What was the competitive situation when this case was being tried, and prior to that time, what was the competitive situation, and what did this merger do to the competitive situation? If it increased competition, you certainly would say it was not in violation of the Clayton Act, is that right?

Mr. Coyle: I would have to retreat, to resort to the

statement we just read from our brief, that if the factors which we rely upon in our brief occur, the probability is that this merger will lessen competition or tend to create a monopoly. When we meet that burden of proof, we—

The Court: Suppose the court concludes from all the testimony that it is not probable that this merger would substantially reduce competition, but on the contrary from all of the evidence it indicated that it might increase, substantially increase the competition in the relevant trade area; now, assuming that that factually could be sustained, wouldn't I be compelled to rule against you?

[fol. 2700] Mr. Coyle: I think that the two alternatives are really alternatives. If the court could conclude from all the testimony that competition would not be lessened, then we would not have established the other points that we allege in our brief.

The Court: That's what I am saying exactly.

Mr. Coyle: But I think that we would lose, not because of what the other side put in, but we would lose because of our failure to make our proof as to those elements which we have in our brief, and which we just read into the record.

The Court: What I am saying, it seems to me, Mr. Coyle —I think I fully understand you now, and I think that your statement was probably even more clearcut than that enunciated in your brief on page 12, which begins at line 4. But I think that carries the message, as they say in patent law, that has the teaching of your case in that one sentence. That is, a merger of this magnitude occurring in this market, which has a definite history of prior mergers and increasing concentration, a fortiori violates the Act. Right?

Mr. Coyle: Yes. Of course that embodies, also, this other paragraph, line 28 through line 2, starting on page 11.

The Court: But this is the teaching of your theory right [fol. 2701] here, isn't it?

Mr. Coyle: I would say the two paragraphs, your Honor.

The Court: Which paragraph is that?

Mr. Coyle: Starting on page 11, line 28.

The Court: Oh, yes. We have taken that for this discussion to be true.

Mr. Coyle: Yes.

The Court: But this is really the theory of your case

right here, beginning on line 4, "A merger of this magnitude"—is that right?

Mr. Coyle: Yes, sir. I would say both paragraphs, but I think we are quibbling.

The Court: We will take a recess until 3:30.

(Recess taken.)

ARGUMENT ON BEHALF OF THE DEFENDANTS

The Court: All right, counsel. Let's see. You are Mr.——

Mr. Vaughn: Vaughn.

The Court: I believe that's correct.

Mr. Vaughn: Judge Carr, there is one aspect to the government's argument, which was repeated on many occasions, and which they ended up on, as a matter of fact, that I think is worthy of comment, and that is the test that the government seems to think is applicable in a Section 7 case. That test has been repeated by the government on [fol. 2702] several occasions and seems to have to do with the fact that these are two substantial concerns in an economically significant market area. In that connection I would like to invite the court's attention to Footnote 38 in the Brown Shoe opinion, which reads in part as follows:

> "Statistics reflecting the shares of the market controlled by the industry leaders and the parties to the merger are, of course, the primary index of market power; but only a further examination of the particular market—its structure, history and probable future—can provide the appropriate setting for judging the probable anti-competitive effect of the merger."

The Court: What is that page, counsel?

Mr. Vaughn: Again, I have the Law Edition, I am sorry to say——

The Court: That's all right. I will find it.

Mr. Vaughn: Footnote 38. And the court, also in that connection, had of course said that each merger had to be functionally viewed in the context of its particular industry, and an industry that had to be by necessity unique in every case.

In that same footnote and right after the sentence which I have just quoted, the court cites, with apparent

[fol. 2703] approval, Pillsbury Mills, a case decided by the Federal Trade Commission.

I think there is some very significant language in that decision, which I would like to read to the court.

The Court: Before we do, let's take a moment. Let me re-read what you just read. I have read it before but just one second.

Mr. Vaughn: Yes, your Honor.

The Court: All right. Go ahead.

Mr. Vaughn: In Pillsbury Mills the Federal Trade Commission states as follows:

> "Competition cannot be directly measured; No single set of standards can be applied to the whole range of American industry. No single characteristic of an acquisition would of itself be sufficient to determine its effect on competition. For this reason it would not be sufficient to show that an acquiring and an acquired company together control a substantial amount of sales, or that a substantial portion of commerce is affected."

The court, then, or the Commission then has a Footnote No. 29, and that footnote reads as follows:

> "The attorneys supporting the Complaint suggest the following test for Section 7 cases."

[fol. 2704] Parenthetically, this is the test which the Commission rejects, and which in this case the court in Brown Shoe refers to. Here is the test which the government suggested:

> "Where a leading factor in the relevant market having a substantial share of that market, acquires another factor in that market also having a substantial share of that market, the inference arises that competition may be substantially lessened in the lines of commerce involved."

That was the test rejected in Pillsbury.

To my thinking it is the same line that the government is suggesting to the court in this case.

The Court: By the way, let's see what is the date of the case and who was on the Supreme Court.

Mr. Vaughn: This case was decided in 1955. It was cited with approval in Brown Shoe in 1957, which—I beg your pardon—1962.

The Court: That was 1955?

Mr. Vaughn: That was decided in 1955.

The Court: What is the citation?

Mr. Vaughn: Federal Trade Commission——

The Court: I have it right here. But I mean the Supreme Court ruled on that, didn't it?

Mr. Vaughn: No. This was never taken to the Supreme Court. The Pillsbury case was decided within the [fol. 2705] Federal Trade Commission and never got any further. But, as I pointed out, it was cited with apparent approval in the Brown Shoe opinion, suggesting that this mathematical test which the government suggests, which is really no more than just a per se test, is rejected by the Supreme Court.

The Court: That's the question. That's the trouble here.

Let's go now and refer to what brings us to Footnote 38. It says—may I just read that?

Mr. Vaughn: Yes.

The Court: Quoting on page 322 of the U. S. Reports. It says:

> "That is, whether the consolid. 'ion was to take place in an industry that was fragmented rather than concentrated, that had seen a recent trend toward domination by a few leaders or had remained fairly consistent in its distribution of market shares among the participating companies, that had experienced easy access to markets by suppliers and easy access to suppliers by buyers or had witnessed foreclosure of business, that had witnessed the ready entry of new competition or the erection of barriers to prospective entrants, all were aspects, varying in importance with the merger under consideration, which would properly [fol. 2706] be taken into account."

That is one of the statements in the case that I, without directly referring to it, have been talking about. All of these factors. Then Footnote 38. I hadn't placed much em-

phasis on the Pillsbury case, but I do note, as you point out, that they do cite it, and in so doing they say:

> "Subsequent to the adoption of the 1950 amendments, both the Federal Trade Commission and the courts have, in the light of Congress' expressed intent, recognized the relevance and importance of the economic data that places any given merger under consideration within an industry framework almost inevitably unique in every case."

I don't know just what that means. Then going on:

> "Statistics reflecting the shares of the market controlled by the industry leaders and the parties to the merger are, of course, the primary index of market power; but only a further examination of the particular market—its structure, history and probable future—can provide the appropriate setting for judging the probable anti-competitive effect of the merger."

[fol. 2707] Well, this is, without knowing it, what I have been talking about. I didn't realize it. I remember now having read it. Maybe I got the germ of thought there.

Mr. Vaughn: Yes, your Honor. It seems to me, if I may, that the Government has isolated just a few factors, not all of them, and has erected a per se test based on those factors, which is precisely the test that was rejected in the Pillsbury case.

The Court: I don't know whether the words "per se" fit it, or not, but it comes somewhere in that area that the Government—as I understand Mr. Coyle, he is saying that on the assumption—I think for the purposes of the argument we conceded that the merger did unite under one control and management two of the largest and most important separate competitive entities in the relevant market area. I don't think you dispute that, do you?

Mr. Vaughn: No.

The Court: There we jump over to the next step, and that is: "A merger of this magnitude, occurring in this market"—you notice the word "this" in both cases—"which has a definite history of prior mergers"—and

there certainly is a history of prior mergers here—"and increasing concentration"—I think there is some increasing concentration——

Mr. Vaughn: I think I would take, maybe, some exceptions to the Government's position with respect to those.

[fol. 2708]

The Court: Maybe as to degree, but I am talking about there has been some concentration. What brought it about there is great dispute.

Mr. Vaughn: Yes, your Honor. And I think there is some dispute as to whether or not there is concentration.

The Court: Then it says: ". . . cannot be reconciled with amended Section 7."

So in some respects it almost amounts to a per se test.

Mr. Vaughn: I think so, your Honor.

And I would like to return to the question of increasing concentration and the mergers in this market, but I would next like to point out to your Honor that the Philadelphia Bank case, following the Brown Shoe case, did seem to erect a near per se test in cases where there was what the court called an undue market share controlled by the two companies that had merged. And in that particular case they seem to indicate that unless there was some mitigating factors, some clear evidence to the contrary, that a 30 per cent market share would violate the Act.

The Court: Did they say 30 per cent?

Mr. Vaughn: Yes, they did.

[fol. 2709]

The Court: The share there was 36 per cent.

Mr. Vaughn: They went on to say, however, that the test applied in Philadelphia Bank and applicable to the facts in Philadelphia Bank lightens the burden of proving illegality only with respect to mergers whose size makes them inherently suspect, in light of Congress' design in Section 7 to prevent undue concentration.

[fol. 2710]

The Court: As a matter of fact, I think I made a note of that when I read the case.

Mr. Vaughn: So unless this case is one inherently suspect, or involves undue concentration, Philadelphia Bank really isn't applicable here. And I suggest to your Honor that a case involving 8 per cent market share does not have those characteristics, and I would like to refer to the decision of the three-judge court, consisting of Judges Pope,

Sweigert and Zerpoli in United States vs. Crocker-Anglo National Bank, recently decided. That was a bank merger case of which your Honor is aware, I am sure. In that case the court said, after discussing Philadelphia Bank and the percentages involved there:

> "Here, in contrast, the proposed merger bank, Crocker-Citizens would have but 9.7 per cent of the deposits in the relevant area and 9.3 per cent of the loans and discounts. As the above figures indicate, the increase in Crocker-Anglo's percentage of deposits, now 7.2 per cent, would be only 2.5 per cent through the addition of the deposits of Citizens. In view of these statistics, and in view of the size and extent of the other banks listed in the foregoing tabulation, there can be no inherent likelihood that competition [fol. 2711] will be substantially lessened, for it is readily obvious that the merger will not produce a bank controlling an undue percentage share of the relevant market, and will not result in a significant increase in the concentration of banks in that market . . ."

If 9.7 per cent is not——

The Court: I have forgotten; is that one of the cases on appeal?

Mr. Vaughn: It is not. This is a decision on a motion for a preliminary injunction to prohibit the merger.

The Court: What happened to the case finally, what is its progress?

Mr. Coyle: It is still pending. No appeal was taken on the preliminary injunction. We appealed one preliminary injunction, and the court found it didn't have jurisdiction over a preliminary injunction, so we didn't appeal the Crocker-Anglo.

Mr. Vaughn: It seems to me, then, in light of those decisions, they form a framework that we might well apply to this case, and it seems to me that this is not an appropriate case for the sort of per se test that was used in Philadelphia Bank. It is one where all of the economic factors must be considered, where the government cannot just take a few isolated factors and throw them in here and say this causes a violation; but, instead, must go ahead

[fol. 2712] and meet their burden by showing all of the economic facts which actually demonstrate a reasonable probability of a substantial lessening of competition. And I submit, your Honor, that they have utterly failed to introduce any proof beyond the few considerations that they have placed before your Honor, which would show this lessening, and I don't believe those considerations show any lessening of competition. They don't show any competitor who went out of business by reason of this merger.

The Court: They don't have to show that, of course.

Mr. Vaughn: That is only one thing that they could possibly have shown that they did not show. They have not shown any members of the public——

The Court: The evidence is no different from any other case. It may be more difficult, but you still are required to show by the evidence produced in court that there is a probability of substantial lessening of competition.

Mr. Vaughn: Yes, your Honor, I believe that's so.

The Court: Now, the question is whether or not the government has proved that in this case.

Mr. Vaughn: I agree with that wholeheartedly, and I also would submit to your Honor that they could not. The government has talked about——

The Court: Before you move on, counsel, I would like [fol. 2713] to ask you, if it won't hurt your argument any; I am sure it won't, any more than it did Mr. Coyle's——

Mr. Vaughn: I invite your Honor's questions.

The Court: You asserted at one time in this argument that you felt that the competition, the competitive situation, had increased. I would like for you to more or less give me a little further information of what your thinking is on that.

Mr. Vaughn: I think that I said that I thought that competition had increased since the merger. I don't necessarily attribute that to the merger. Although I will state one basis on——

The Court: Never mind whether it it attributable to the merger. Since the merger, I am talking about the date of 1960, while this suit has been pending, what can you point out to me that would indicate, from the evidence of

course, that this situation instead of substantially lessening competition, or the probability of lessening it, it has in fact increased it?

Mr. Vaughn: Let's take the one thing I can think of that is perhaps directly attributable to the merger. There is testimony in the record that as a result of the merger the Shopping Bag Stores, which are still competing in the individual communities where they are located, have actually been upgraded, they are better competitors now.

[fol. 2714] That is reflected in the testimony of several witnesses.

I think that——

The Court: You had better watch out, counsel; you may say now that they are such powerful competitors that they are running the other people out of business.

Mr. Vaughn: I don't think they are. They are making the other people run a little faster.

There is no evidence in this record that a single store next to Shopping Bag, or within shopping distance of a Shopping Bag store, has gone out of business or has lost a nickel. There is no evidence as to that. And I know of no information indicating that. But it may be that that is one function of the merger, that it has increased competition in that it has upgraded the Shopping Bag Stores as competitors.

I am completely convinced that the independent can outcompete a chain. I have heard it said so many times, I have seen it reflected in these affidavits, and I have seen the reasons why they can, that I am absolutely convinced, as Mr. Von de Ahe said, that if he wanted to make—that many chain executives, as your Honor has noted, have gone out of their high-paying jobs to open up a grocery store, always in competition with a chain, and have succeeded——

The Court: I don't know how high the pay was. Maybe that was one of the inducements.

[fol. 2715] Mr. Vaughn: I always go back to Mr. Goldstein who was the executive vice president and general manager of Food Giant. He saw that chain rise, from 1958 to 1962, from 19 stores to 59 stores or 52 stores. Shortly after he left they added seven more. He must have been making pretty good money, I don't know what is was, but

he went out and he took a Food Giant store that was bound to lose money in competition with a brand spanking new Von's Store right across the street, and he took that opportunity to get back into the retail grocery business, and he says that he has made as much money, if not more, than Food Giant ever made out of that store long before the brand spanking new Von's Store that was put across the street.

I am convinced that any chain operation is not as efficient and cannot really keep up with an experienced, able, hard-working independent who has greater flexibility, who has greater control of his business, who can charge the same prices, because he can buy as cheap, if not cheaper than any chain, and who can afford to his customers that magic ingredient, which not being in the grocery business I don't fully understand, this magic ingredient of personal touch which seems to attract customers, and which all of these retailers say is the secret to their success.

The Court: Counsel, there isn't any doubt about it, but the personal touch can be important, and it sometimes dis-[fol. 2716] appears from the chain operation.

For example, I remember driving into a filling station, I believe it was down in Alabama, where I have never seen such service in my life. You felt like you didn't want to leave the station. The thing was in absolute white, it was clean, I have never seen such a clean place in my life, I have never seen such efficiency and such courtesy, and I noticed that they had 40 pumps, and I thought to myself how can—it was in Mobile—how can a concern run a station like this and make money? So I asked one of the chaps what was the secret. He said, "The secret is that the boss is over here about 12 hours a day and if somebody doesn't live up to the standards, he is fired immediately." But, he said, "The people come from far and wide here to get this service, because we will do everything, even wash their car if it is necessary, to get their business."

So I do admit that the personal service angle is great. But, on the other hand, a person has to have a volume if he has a big store, to meet the expenses, to pay the help and the costs, and to still make enough money to consider himself as having a good living wage. Isn't that right?

Mr. Vaughn: That is correct, your Honor. It seems to

me that these independents are proving that it can be done. [fol. 2717] The Court: Some of them are, I think, but not all.

Mr. Vaughn: As long as some of them are, if there are some who are making money in the grocery business, who are successful, who are able to expanded their businesses, add new stores, then it is quite obvious, it seems to me, that it can be done.

Now there are some——

The Court: I think that perhaps that does follow, counsel, that the proof that some reasonable number have done it tends to show that it is not just some one exceptional person that is doing it.

Mr. Vaughn: That's right. And it is the people with training and experience and ability, and who are willing to work hard. I imagine it is hard work in that grocery store if you have to get down to the early produce market at 6:00 o'clock in the morning and your store doesn't close until 9:00. That's hard work.

The Court: Any man that loves work will usually make a success, counsel, but they are coming fewer all the time, those that love work.

Mr. Vaughn: I think that the grocery business over the years has attracted a lot of people who are not competent, not able, not experienced.

I would like to read you just a little something, one sentence from the affidavit of W. R. Hayden who started [fol. 2718] this business with one little store and developed the Shopping Bag chain.

"Ambition and money are not enough to succeed in the grocery business, or in any other business, in my opinion. The principal requirement is sound management."

The Court: I think you have to have sound management, but usually if a person has money and ambition, he has the prerequisites to work, and work is the secret of most everything.

Mr. Vaughn: I agree with that wholeheartedly.

The Court: The great lawyers who talk about their great ability, it comes from work. The great surgeons, the great businessmen, I think you will find in 99 cases out of a hundred that they were hard workers, long hours and devotion to work.

Mr. Vaughn: The grocery business has traditionally been one that was fairly easy to get into. Your Honor will recall the instance of the young man 24 years old, his name was Lester Eaton, he was a witness for the government, after working six months in a grocery store he bought it for $1,000. That's all he had in the world, was a thousand dollars. Now, he happened to be ambitious and intelligent, an able young man. Within a few years he had bought a plot of ground across the street with the profits he had made out of the grocery store for the sum of $30,000, on [fol. 2719] which he plans to build a supermarket.

It was easy to get into the business for this young man, and he will no doubt be a great success. There are others for whom it is just as easy, who aren't going to be successful, who aren't going to be as able or as experienced, and they are going to lose out. And perhaps this is the reason for the decline in certain grocery stores.

The Court: This young man, as I remember, had worked in a grocery store first.

Mr. Vaughn: He worked for six months in the grocery store he bought.

The Court: That isn't too much time.

Mr. Vaughn: Maybe he was lucky and he worked awfully hard. And I think probably he did. But there are others who aren't going to work that hard.

In any competitive business—I would be surprised if there was any competitive business in which there were no failures. That is just one consistent with the idea of competition.

The Court: Well, a lot goes into making a choice of location, picking the right area, the right community, and most of that comes from previous experience. A man who has been in the grocery business long enough may come from Timbuctoo, but he knows what brings people into a grocery store. And the same bee that eats the same honey [fol. 2720] in Africa or Asia will probably eat the same honey here. The question is that experience teaches you how to be in the right place to meet those customers and serve them. So experience has a lot to do with it.

[fol. 2721] I think one of the things that stands out in this case is the fact that these people who have gone out from these operations and have made successes have done so

mainly because they have had great experience in the business.

Mr. Vaughn: Yes, I think that's right.

The Court: I don't think it is to be expected that someone who has absolutely no experience should be able to open up a grocery store or a restaurant, or anything else, and expect to be successful. It takes some understanding of the business.

I believe the average life of a restaurant, I am told, is two weeks.

Mr. Vaughn: Is that right?

The Court: I think that the average person thinks that he can step in and throw on an apron, get a skillet out and cook something that the public will like. It only takes them about an average of two weeks to find out he is wrong. I was told that, whether it is true or not, that the average life is two weeks.

So the human equation has to enter into it. Go ahead. I interrupted you.

Mr. Vaughn: Not at all, your Honor. I invite your interruptions, because as you have indicated, I would like to know what is on your mind and hopefully be able to [fol. 2722] answer the questions that are on your mind.

Absent any question at the moment, I would like to turn to the question of the definite history of acquisitions, which the Government has talked so much about. They had a Dr. Mueller with the Federal Trade Commission, sitting back in Washington, sit down with a group of statistics and tell us how many mergers there had been here. He listed the mergers, the acquisitions by firms, such as Mayfair, Alpha Beta and Thriftimart, in the period 1949 to 1958. He neglected to state however—and the evidence now shows—that those three concerns sold more stores than they acquired in the same period of time. There was a net loss in number of stores for those concerns during that period of time.

Dr. Mueller also told us about the mergers that Fox, McDaniels and Yor-Way had accomplished.

Each of those firms in 1960 failed, and it is generally attributed to the fact that they expanded too rapidly with too little capital. They acquired too much, in other words, too quickly.

The Court: Those three were Fox, Yor-Way and what?

Mr. Vaughn: McDaniels.

The Court: Yes.

Mr. Vaughn: Each of those concerns went out of busi- [fol. 2723] ness. Most of their stores went to smaller concerns, independents. 18 of Fox's more than 40 stores were acquired by Food Fair, not by reason of any merger, really, it was by order of the United States District Court in a bankruptcy proceedings that Food Fair entered this market. That also, it seems to me, is significant, because each of those firms were in the top 20 in 1958, the year the Government continues to talk about. By 1960, however, by the end of 1960, or perhaps by the end of 1961, they were bankrupt, they were out of business. And that, almost necessarily, if you add together their percentages in 1958, means that after 1958 there was a decline in the share of the market of the top 20.

The Court: How many stores, right offhand, did Fox, McDaniels and Yor-Way represent, counsel?

Mr. Vaughn: I can give you that information as of 1960, your Honor.

The Court: That's what I mean.

Mr. Vaughn: I have trouble reading my own exhibit. Just a minute. Fox had 39.

The Court: 39?

Mr. Vaughn: Yes, your Honor.

The Court: All right. Go ahead.

Mr. Vaughn: McDaniels had 17, and Yor-Way had 19. [fol. 2724] The Court: How many does that total? 78?

Mr. Knight: 73.

Mr. Alsup: I have got 75.

The Court: Give it to us again. Maybe I got the wrong figures as we went along. It was, first, 39——

Mr. Vaughn: 39 for Fox.

The Court: 19——

Mr. Alsup: 17 for McDaniels.

Mr. Vaughn: 17 for McDaniels, and 19 for Yor-Way.

The Court: That's where we made our mistake. That's 75 stores, is that right?

Mr. Knight: 75

The Court: We have no evidence as to the volume of business, do we, on those stores?

Mr. Vaughn: Yes, we do.

The Court: I don't recollect it.

Mr. Vaughn: As of 1960 Fox had 4.2 per cent of total grocery store sales in the Los Angeles Metropolitan Area.

The Court: Fox did have, that's right.

And the next one, 17 stores?

Mr. Vaughn: McDaniels had 1.1 per cent.

The Court: And the other one had 1.1, approximately? [fol. 2725] Mr. Vaughan: No. Yor-Way had .7 per cent. It was 19th in 1960.

The Court: May I see that exhibit for a moment? Is that our exhibit or your copy?

Mr. Vaughn: It is our copy.

Mr. Coyle: I think you have my copy of that exhibit some place.

The Court: Do I? You are right. Thank you. I thought I had given it back to the clerk.

Go ahead, counsel.

Just taking a quick look, as I remember, this exhibit sets out the sales in dollars, doesn't it?

Mr. Vaughn: Yes, it does, in thousands of dollars.

The Court: Well, thousands of dollars, yes.

Now, Von's at that time was $85 million in 1960, is that right, approximately?

Mr. Vaughn: Your Honor, this, I should add, for all of these concerned is projected on the basis of six months' figures, which is all we had available. This was collected in major part by the FBI.

The Court: Now, let's take the Fox Markets. How many at that time do we have? It shows 48 here, doesn't it?

Mr. Vaughn: Maybe I misspoke myself. Just a [fol. 2726] moment.

The Court: Am I looking at the wrong column?

Mr. Vaughn: Yes. I am sorry. I gave you the wrong information. I am sorry. Fox Markets does have 39 stores, but it only had 3.6 per cent of the market, it is the eighth one down on the list, and had sales in 1960 of $41,430,000.

The Court: In other words, what I was coming to, it had about half the volume of Von's, approximately——

Mr. Vaughn: Yes, your Honor, that's correct.

The Court: —with 48 stores, as contrasted with Von's of, what was it at that time?

Mr. Vaughn: After the merger it was 64——

The Court: No, I mean Von's before.

Mr. Vaughn: Before the merger they had 27, or 28, I beg your pardon.

The Court: 27 as against 48, and you have about—27 stores doing a little better than two times the volume of Fox Markets; right?

Mr. Vaughn: Yes.

Again, I misspoke myself. Those 1960 sales figures are only for the first six months, and not projected out for the year.

The Court: I don't see how that could possibly be. Do you mean all of them?

[fol. 2727] Mr. Vaughn: All in 1960, that's correct.

The Court: The 85 million of Von's, in other words, is only for the six months?

Mr. Vaughn: That's right. That is after the merger, that includes Shopping Bag's figures.

The Court: And the twenty million is for the six months, also—I mean the 41 million?

Mr. Vaughn: That's correct, your Honor.

The Court: It still would be on a projected basis about a little over two times?

Mr. Vaughn: That's right.

The Court: The other one was, in addition to Fox—I want to look at McDaniels. McDaniels had nine stores, as I remember; is that right?

Mr. Vaughn: No. I think it had 17.

The Court: Let's look again. I think McDaniels had——

Mr. Vaughn: It is the sixth one from the bottom. That would be 17.

The Court: Yes. I have 16 here.

Mr. Vaughn: I don't know how that happened.

The Court: And I have the figure of 10 million 248—rather 12 million 357.

[fol. 2728] Mr. Vaughn: Are you sure you are not looking at the 1958 column for number of stores?

The Court: I am looking at—I think you are correct, counsel. I am looking at the '58 column of stores and the '60 sales volume. I am sorry.

Mr. Vaughn: That is not the clearest exhibit ever introduced in evidence.

The Court: It is a little difficult reading, but we will do the best we can.

17 stores and the figures is $12,357,000, is that correct?

Mr. Vaughn: Yes, your Honor.

The Court: So McDaniels was doing a little more than half—their volume is only 1/7th of Von's, is that right?

Mr. Alsup: Your Honor, as of that time you have to consider the Von's-Shopping Bag merger had taken place, so you are really talking about 64 Von's-Shopping Bag stores, not the 28.

The Court: That's true, that is correct. You should divide that by almost a half, by 2?

Mr. Alsup: Yes.

The Court: So it would be about ¼?

Mr. Alsup: Yes. And they had roughly about ¼ the same number of stores, and did roughly about——

[fol. 2729] The Court: A fourth of the business in volume. Yet they went broke on it.

We have just looked at—was that McDaniels?

Mr. Vaughn: Yes. Yor-Way would be the next to last on the exhibit.

The Court: So they had 19 stores in 1960, and they did about $7 million. So their volume is only about 1/7th. And that would mean the volume per store would be about three hundred some-odd thousand a store, wouldn't it?

Mr. Vaughn: You are faster than I am. But that is only for half a year, however.

The Court: That's what I am talking about. If you carried it out it would be about six hundred thousand a store.

Mr. Vaughn: I think that's right, your Honor.

[fol. 2730] The Court: I see. There you had volume to a certain extent, and—there is no evidence why they went broke.

Mr. Vaughn: I think there is in the affidavit of Mr. Engleman.

The Court: I remember that. That was a little bit speculative, though, wasn't it?

Mr. Vaughn: He was pretty intimately involved with the Yor-Way stores. He was with the Credit Managers Association, which took over and managed those stores for the creditors. He is of the opinion, and he is a man that has been in this business——

The Court: He has had a lot of experience, that is true.

Mr. Vaughn: He was of the opinion that all of these chains had over-expanded on bad capital. And another factor, had chosen poor locations sometimes at exorbitantly high rents.

The Court: It is probably the over-expansion as much as anything. At least that was the indication.

Mr. Vaughn: I think so. If you wish me to, I can go on with this.

The Court: I don't think so. While I may not have exactly every factor in mind, I think the general trail of this evidence I am fairly familiar with.

Mr. Vaughn: Actually, I have been referring to and [fol. 2731] reading from our proposed finding No. 86. I really think in our proposed findings your Honor will find our version of this case.

The Court: I am just wondering whether this experiment has been tried—maybe this is a good case to try it out—I don't think it will shock the legal profession or the judges: I might just suggest, just thinking aloud now, that each side proceed to write an opinion for me. I don't mean by that that I am going to adopt the opinion. Then I will sit down with those two opinions—I will tell you what I have in mind. When you try to write something in the form of an opinion you sometimes find that your logic fails you.

Mr. Vaughn: That's right.

The Court: You can think something and think it ever so strongly, but when you try to put it in writing, it sometimes comes up short. I wonder what you gentlemen would think about the idea. I have put you to a lot of work in this case. I don't know whether you would be willing to undertake such a problem or not.

Mr. Vaughn: I don't think we would have any difficulty writing an opinion, the type I would suggest.

Mr. Alsup: Our opinion would follow right along with the findings of fact we have filed.

The Court: There is more than are in your findings. [fol. 2732] I have suggested more today.

Mr. Alsup: Yes, you have.

The Court: It would require footnotes or discussion. I am not going to insist that you do it, but I thought maybe this would be an opportunity to do an eloquent job

on your position and might show me where the strength lies. I grant you findings are very helpful and these findings have been most helpful from both sides in reviewing this case, because from time to time I have gone back to them; that with the pretrial order.

I will tell you this: There is no substitute for a pretrial order, particularly in this type of case. It has been most helpful.

What do you think, Mr. Coyle? Does this sound ridiculous to you?

Mr. Coyle: I have always wanted to be a judge, your Honor——

The Court: I am not sure that your opinion will be adopted, nor am I sure that other counsel's will be. Maybe Mr. Knight will dissent with what you write.

Mr. Knight: I will concur.

The Court: Do you think it is asking too much?

Mr. Coyle: Anything that would help the court.

The Court: I can decide the case within a reason-
[fol. 2733] able time.

Mr. Alsup: We will be glad to do what your Honor wishes——

The Court: This is not asking you to write an opinion that I am going to publish, but it may well be—I had a law clerk recently write an opinion and he did a splendid job, except I wrote a completely opposite opinion when I wrote mine, and his opinion and mine were diametrically opposed. But his opinion was most helpful to me in guiding me to that conclusion.

Mr. Alsup: The only concern that I have in the matter, and I feel obligated to mention it, certainly this is not any fault of your Honor, it has been before three judges, we have written briefs, two or three briefs for each judge, and the cost and expense of litigation of this type is just terrible——

The Court: It is terrible. Probably I am asking you too much.

Mr. Alsup: We certainly will do anything if you think it will be helpful.

The Court: I am sure you wouldn't find it possible to do it in one evening.

Mr. Alsup: That's right.

Mr. Vaughn: Both Mr. Alsup and I have a habit of writ-

ing out in longhand. That takes a long time.

[fol. 2734] The Court: I will tell you. I have learned one thing. To cope with a machine, sometimes it is pretty difficult to learn to talk to a machine. Some people can do it, but I have found great difficulty in sitting down and thinking into a machine. I begin to wonder what the machine is going to say back to me.

Mr. Alsup: I have the same reaction, your Honor. I can't do it.

The Court: What is your idea, Mr. Coyle, about this?

Mr. Coyle: I am agreeable.

The Court: Do you have a lot of time on your hands?

Mr. Coyle: I don't have time on my hands, but I will find time.

Mr. Alsup: I am afraid it would take some time, your Honor. I am being harassed by the government on some problems for the Blue Chip Stamp Company, and I know Mr. Vaughn is. It is a question of how long your Honor would want to delay the decision.

The Court: I don't want to delay it too long. I think I will have to, frankly, go back—this is the trouble in a District Court. You cannot sit down and work continuously on a matter. If you could do that, I could probably have had this case out of the way. But each time I get about [fol. 2735] just on the findings one or two pages along, then I have to go to a trial, and the first thing you know I have a problem in that trial and I have to stop, and my law clerk and I have to research the problem and think it out. Then I go back to the case and start again and the first thing you know I have three problems on my hands.

Mr. Alsup: And you have the problem on the weekends, as was perfectly apparent yesterday, your Honor, with all of those matters.

The Court: It has been almost impossible to do any work on the week-ends because of the heavy motion calendars I have on Monday.

Mr. Alsup: You had any number of matters yesterday.

The Court: It just was a suggestion. I can see how it might be a heavy burden.

Of course, I don't want to put any burden on you gentlemen that I can assume myself.

Mr. Alsup: Your Honor did plan to write an opinion in this matter?

The Court: I don't know whether I will or not. I noticed in one of the cases, I have forgotten whether it was one of the Supreme Court justices or the appellate court, where he said, seemingly, he was shocked because, "We note there is no opinion in the case."

[fol. 2736] Mr. Alsup: There was no opinion in the case decided by Judge Thurmond Clarke. It was all findings of fact and conclusions of law.

The Court: What case was that?

Mr. Vaughn: The Bliss & Laughlin case. There was no appeal by the government there. That was true, also, in the Ling-Temco case, decided in Texas. Strictly findings of fact and conclusions of law, and no opinion, and no appeal.

The Court: Well, the appeal doesn't bother me. The only thing is, if it is appealed, I would like to have it go up in such condition that it can be readily understood without too great an effort on the part of the higher court.

Mr. Alsup: So do we, your Honor.

The Court: It may be that I will not write an opinion. I don't know. I haven't made up my mind yet. There are a lot of matters that probably could be touched upon that you would not necessarily touch upon in findings.

Mr. Alsup: Yes.

The Court: Comments of various kinds.

Mr. Alsup: And reference to other cases.

The Court: That's right.

Are you finished, counsel? I think the day is about finished.

Mr. Vaughn: Your Honor, you know me, I could go [fol. 2737] on forever on this case that we have lived with for about four years; but unless your Honor has any specific question, I think that I am through.

The Court: There is one other question and I am finished. You may not have finished on what the competitive situation was after the merger.

Mr. Vaughn: The increase in competition?

The Court: Yes.

Mr. Vaughn: It is very easy to list out a few things right off the bat, as I tried to do yesterday.

Discount houses. There is a completely new development. Milk depots is a new development. The sale of food and related products through other types of outlets, a relatively

new development. All of these things increasing competition. The entry into this market of the third, fourth, and sixth largest concerns in the nation that weren't here in 1960. Then, and really the most important aspect of the increase in competition, is the plain everyday competition provided by other conventional grocery retailers in every area in this metropolitan area.

Your Honor, there isn't one single household in Los Angeles or Orange Counties that does not have available to it many grocery stores, and I mean "many" seriously. This isn't just a generality. Four or more, every single household, and these people are competing every day for the [fol. 2738] patronage of that housewife.

Another indication, I think, of the competition here, and this may provide you, your Honor, with something to look at, which would indicate our position here, and which would give your Honor some insight into the increasing competition. From Food Mart News, dated March 6, 1964, there is an article wherein Mr. Joseph Goldberg, one of our witnesses, has a lot to say about competition in his particular area, which adds up to what is already in his affidavit and more or less brings up to date a lot of his remarks, and if your Honor would like to look at this——

The Court: No, I don't want to look at it, but give the substance of it. I can't treat it as evidence. I will treat it as nothing more than argument. I certainly am not going to be influenced in the decision of the case by it. If you want to summarize it for me, you can do it.

Mr. Vaughn: This is the man in Whittier who has a small or smaller store than any of his immediately surrounding competition. There is a Safeway a hundred yards away, and a Food Giant a hundred yards away. There are three supermarkets beating at each other on one corner in Whittier. Mr. Goldberg is an independent. He operates the King Cole store. It used to be a chain and Mr. Goldberg used to be an executive in that chain. It disbanded and he operates that store as an independent. He is able to out-compete his [fol. 2739] chain rivals 100 yards away. He has increased the sales of that store from slightly over $2,000,000 to almost $3,000,000.

The Court: I believe a good part of that is in his affidavit.

Mr. Vaughn: That is correct.

The Court: Did he testify or was it an affidavit?

Mr. Vaughn: It was an affidavit, your Honor.

The Court: That's what I thought.

Mr. Vaughn: He is of the opinion, as he stated in his affidavit there, that the independent can succeed. And he says in this article, your Honor:

"'Sound hard,' after describing his operation? 'You bet' he grinned. 'That's why there are fewer independents today. But those that are in the field are making money. And, after all, they deserve it, they are working harder for it."

The Court: In other words, what you are saying is, as I understand it, that the evidence indicates to you that this merger has not brought about the probability of a substantial lessening of competition?

Mr. Vaughn: No question about it.

The Court: The area is still open, competitive persons being competitive opening up and succeeding?

Mr. Vaughn: Absolutely. I don't believe there is any question about it.

[fol. 2740] The Court: Don't you have to concede if we apply the test that is contended for by counsel for the government——

Mr. Vaughn: That we have to apply that test?

The Court: No. Don't you concede if that test is applied, that your merger would be contrary to Section 7?

Mr. Vaughn: Your Honor, I believe that these two concerns are, quote, substantial factors in a, quote, substantial and significant economic market.

If that's all you have to prove to show a violation of Section——

The Court: No. He goes a step further. He says—you remember, you made the argument about the Federal Trade Commission case, and he then goes one step further and says if his test is correct——

Mr. Vaughn: This business about increasing competition——

The Court: I will read it to you right now. He adds onto that now: "A merger of this magnitude"—I think you have to concede this is a merger of some magnitude in the market—"which has a definite history of prior mergers"—which there have been prior mergers——

Mr. Vaughn: There have been prior mergers, but as I tried to indicate to your Honor, none of them has been significant. I can trace through every one of those mergers and show your Honor how they can be offset by consider-
[fol. 2741] ations which Dr. Mueller back in Washington didn't take into consideration.

The Court: This is the point, though, that I am making: He doesn't say what kind of mergers. He says a "history of prior mergers."

Mr. Vaughn: There have been some prior mergers.

The Court: ". . . and increasing concentration . . ."

Mr. Vaughn: I deny it. I don't believe there has been increasing concentration. I will tell you why. Back in 1948 Safeway and Ralphs had 21.4 per cent of this market by themselves. There wasn't another concern, not one other concern that had as many as 30 stores, or as much as 3 per cent of the market. They were all small, local concerns who had begun locally with one store and were commencing to grow. Now in the next decade Safeway and Ralphs, despite the fact that they operated successfully in this area, and certainly Ralphs has been one of the most successful concerns that has ever operated grocery stores in this area, and despite the fact that they increased their dollar sales very significantly, their share of the market declined by 50 per cent down to less than 14—about 14 per cent, approximately 14 per cent.

Now, it seems to me in a concentrated industry, if the word means anything, that the market leaders don't get
[fol. 2742] knocked around by small concerns that grow; the market leaders are able, at least, to maintain their position and increase it. But these smaller concerns, the Von's, the Market Baskets, the Thriftimarts, came into prominence in this decade, until in 1952, take half-way through the decade——

The Court: Let me interrupt. What does he mean by "increasing concentration"? Does he mean that the 10 markets have a larger volume of business, or does he mean that more stores are concentrated?

Mr. Vaughn: I think that what Mr. Coyle means by that, he slips on a record I have heard many times, and that is that the top 20 chains had a greater share of the market in 1958 than they had in 1948. And the top 20 chains did—

which top 20 is the real $64 question. The top 40 in 1948 weren't the same as the top 20 in 1958.

The Court: Were there really 20 top chains in 1948?

Mr. Vaughn: I think you had to get down to pretty slim pickings.

The Court: That's the question I am asking. In 1948, talking about chains, I notice—these are the 20 we are talking about?

Mr. Vaughn: These are the 20 that were in existence in 1960, that's right.

The Court: I am talking about on the left side of the [fol. 2743] sheet here, 1948.

Mr. Vaughn: The only concerns listed here are the top 20 in 1960. We did not endeavor to set forth the top 20 in 1948, because that's different.

The Court: What I'm trying to find out is what does the record show? Were there 20 top chains in 1948?

Mr. Vaughn: I don't think there is any question, if you adopt Mr. Coyle's definition of a chain.

The Court: I understand, but I am asking that question for you, what is your contention?

Mr. Vaughn: Our contention is that there were 20 concerns operating two or more stores, if that's a chain, more than 20 in 1948, yes, your Honor.

The Court: Now answer this question, please, if you can: How many of those 20 operated five or less stores? That may be sort of an unfair question at this time on account of it requires the memory of——

Mr. Vaughn: It not only requires memory, it asks for information which I, frankly, do not have.

The Court: What figures can you take—5, 4, 6, 3, or whatever it is, and tell me what percentage, approximately, would fall—how many of those chains are four stores or less?

Mr. Vaughn: According to my best information, I think this is probably the best I can do for your Honor, the [fol. 2744] only chains that I am aware of in the Los Angeles Metropolitan Area in 1948, who had 10 or more stores, were Safeway, Von's, Shopping Bag, Ralphs, Market Basket, Alpha Beta, Mayfair, McDaniels, and A. & P.

The Court: Did Alpha Beta have more than 10 in 1948?

Mr. Vaughn: It did. It had 18.

The Court: These figures on this Exhibit AN that are listed over on the left side of the page under 1948, they don't contain all of the 20 that you consider the top in 1948, do they?

Mr. Vaughn: Would you just hold up AN so I can see it?

(Court indicating.)

Mr. Vaughn: That is AM, not AN.

The Court: These are apparently fastened together. It is AM, then. The thing that would save me a lot of extra work in going back to determine is what were the so-called 20 chains, by name, in 1948.

Mr. Vaughn: Your Honor, I don't know that we can give you that information. Some of the statistics as to market share in 1948 were derived from the Bureau of Census, which will not reveal the names of the chains in the top 20. They will give you the percentage share of the market in the top 20, but they won't give you the names of the chains.

[fol. 2745] The Court: To me it is important to know—I guess it can't be known—what is the chain and what kind of chain it is.

Mr. Vaughn: I agree with your Honor, and I wish I could provide you with the information. But the FBI went out at the behest of the government and checked a lot of information and simply was unable to come up with some of the information that would fill in these blanks.

I can tell you this, that in 1960, of the chains that were in the top 20 then——

The Court: Well, that I know, counsel. I am pretty sure about that.

Mr. Vaughn: (Continuing): Eight of them, all but 12, were not in existence, or at least did not have anything of the market in 1948.

The Court: I am familiar with that.

Well, the one thing that is missing, so far as my coming to grips with some of the things in this case, is: What was that change that took place in there? And I don't have it in the case.

Mr. Vaughn: I think you do have it in the case, your Honor. In 1952—or 1948, this area was characterized by two large chains, a group of small chains, and a lot of independent stores. In the succeeding years those two

large chains have experienced a decrease in market share, [fol. 2746] they have lost business. Why? The smaller chains of the late 1940's, in addition to which there were independents operating then, and concerns that weren't even thought of in 1948, have come along and despite the predominant position of Safeway and Ralphs have acquired a larger and larger share of the grocery business. This has resulted, the growth of these small concerns into medium-sized concerns, has really resulted in the sort of growth in the market share of the top 20 which the government is talking about. This does not indicate to me an increasing concentration of power. It really shows that the market leaders aren't able to hold onto their advantage. And when you get big enough, the small aggressive merchant who has a few stores, and his eye on a few others, can get those stores, acquire more business, and take a more predominant position in the industry.

The Court: Has Ralphs lost in its total sales since 1948? They have gone up, haven't they?

Mr. Vaughn: They have increased their total sales, and so have Safeway, but their share of the market has declined.

The Court: That is what I was coming to. You say their share of the market has in fact declined?

Mr. Vaughn: That is correct.

The Court: Whereas the share of the market of the so-called independents or smaller chains of 10 stores or [fol. 2747] less have increased?

Mr. Vaughn: That is correct, your Honor.

The Court: Do you dispute that, Mr. Coyle?

Mr. Coyle: The market share of the other chains have increased. Some of them with over 10 stores, their market share has increased, too.

The Court: I understand that.

Mr. Coyle: I understand that Safeway's Market share has decreased between 1948 and 1958. And I am not sure that Ralphs market share has decreased. Not very much. Their market share has remained about constant.

Mr. Vaughn: I think that is a fair statement.

Mr. Coyle: The market share of everyone else has increased, every other one of the top chains.

The Court: I see.

Mr. Coyle: It is only Safeway that has really gone down.

Mr. Vaughn: My point is, your Honor, that you would expect in an economy where there is concentration, if that word means anything—I guess it is a bad word in this case—if it means economic dominance, which I suppose the government says it means—if you found that, you would not find small concerns growing and taking an increasing market share. It just would not be possible. Within any practical and meaningful contention, concentration has de-
[fol. 2748] creased, not increased, in the Los Angeles Metropolitan Area.

The Court: I wonder if maybe in your argument it wouldn't be a better word to use to say it spread?

Mr. Vaughn: I think that's right. And it is spreading even today.

The Court: "Increasing," "decreasing" is one thing, but I think "spreading" is something else.

Mr. Vaughn: I think that's right.

I don't think "concentration" has any place in this case. It is an essentially meaningless phrase when applied to this case.

The Court: The problem is inherent in the case, but whether there is concentration in the sense that is intended is another matter.

Do you think you have had your say, counsel?

Mr. Vaughn: I think I have. I ought to ask Mr. Alsup if he has anything to add.

Mr. Alsup: No, your Honor. Yesterday morning I heard you remark to the young lady who was here being sentenced that she should choose her associates well, and I think we have done that, I am pleased with Mr. Vaughn.

ARGUMENT ON BEHALF OF THE GOVERNMENT

Mr. Coyle: If your Honor please, I would like to make two points.

The Court: All right. Come forward and let's do it. I don't think you can complain you haven't been heard [fol. 2749] in this case.

Mr. Coyle: No, that's true.

The Court: But whether you have been understood is another matter.

Mr. Coyle: In setting forth the basis of our case on pages 11 and 12, line 28 through line 7 on page 12, I just

want to point out the language is: "A merger of this magnitude, occurring in this market, * * * I think the word "this" should be underlined.

The Court: Don't you remember, I did?

Mr. Coyle: We didn't take a per se approach. We take the approach described by the Supreme Court in Brown Shoe. That is why we have been talking about this market business. That's the first point I want to make.

The second point I would like to make is that this spreading of concentration, as the court put it, in the period——

The Court: I am not calling it that. I just merely——

Mr. Coyle: I will call it that. The spreading of concentration only spread down to the top 8. When you got down to the top 8, the top 8 increased their total market share in the period between 1948 and 1958. So the other 7 members of the top 8 made up for the losses that Safeway had, so it is not as if it were spreading to the top 20. [fol. 2750] If I have made my point.

The Court: Yes, I understand.

Mr. Coyle: The third point I would like to make is that these various chains that have gone out of business or have financial difficulties, like Fox, Yor-Way and McDaniels, didn't sell all of their stores to independents. Many of their stores went to other members of the top 20.

The Court: There is no doubt about that. The record so shows.

Mr. Coyle: And the Fox Markets also were held intact to some extent and are now operated by Food Fair.

The Court: Didn't Fox go through receivership?

Mr. Vaughn: 18 of a total of more than 40.

Mr. Alsup: I think Food Giant took over 9 of the McDaniels Stores out of bankruptcy, and I gather there are hearings going on now, Food Giant would like to get rid of them.

Mr. Coyle: It is not as if they went out of the top 20.

Finally, I would like to say that this footnote 38 of Brown Shoe does mention an FTC opinion, and counsel has referred to a particular footnote in the FTC opinion as interpreting the opinion of the Supreme Court. I think that's going far afield to interpret the Supreme Court by a footnote in the FTC opinion.

[fol. 2751] The Court: It may shed light on what the court is trying to say.

Mr. Coyle: I feel the language is clear on that page, and the footnote itself. And that is the footnote we have been relying upon, your Honor.

The Court: You must concede in the sentence that cites footnote 38, the court makes a full statement—let me find it here. Without reading the whole thing again, the court, beginning at the top of the page, goes on to say: "... whether the consolidation was to take place in an industry that was fragmented rather than concentrated ..."

We will go on. Then it goes on to say: ". . . had experienced easy access to markets by suppliers and easy access to suppliers by buyers or had witnesses foreclosure of business, that had witnessed the ready entry of new competition or the erection of barriers to prospective entrants, all were aspects, varying in importance with the merger under consideration, which would properly be taken into account."

Mr. Coyle: That's correct, your Honor.

The Court: So the footnote is merely in support of that statement.

Mr. Coyle: That's correct, and I am referring to the FTC case cited in the footnote, which counsel seemed to be citing.

The Court: I think you must concede, counsel, in making [fol. 2752] a decision I have to anticipate, or try to, the probable future. Is that right?

Mr. Coyle: That is correct. There is no question but what this is controlling. This language on page 322 is very important, and we feel this is the thing we have been meaning all this time. When we use the expression "occurring" in this market," we intend to take into consideration whether the industry was fragmented, rather than concentrated, or whether there has been a trend towards merger, and whether there were more firms in the industry coming in than going out, or whether there were more going out than coming in. That is what "easy access" means.

The Court: Let me ask you one other question. This may be a sort of almost a trick question: Would you say that the relevant area that we are considering is more fragmented or concentrated?

Mr. Coyle: I would say that it was fragmented, it is still fragmented, but there is a trend toward domination, which

means a trend away from fragmentation. That is what "increase in concentration" means.

The Court: In other words, your position—it goes back to what you said a while ago, fragmentation is departing and concentration is increasing?

Mr. Coyle: That is correct, your Honor.

The Court: For that reason you think that the [fol. 2753] Act applies?

Mr. Coyle: That is part of the market structure analysis, and that's why we are not making a per se approach. That's what we mean on page 12 when we say ". . . occurring in this market, which has a definite history of prior mergers and increasing concentration."

The Court: All right, gentlemen.

ARGUMENT ON BEHALF OF THE DEFENDANTS

Mr. Alsup: May I make one remark. It will be short.

The Court: If it is a lawyer's remark, no; if it is a short remark, yes.

Mr. Alsup: It will be a short one.

The Court: All right.

Mr. Alsup: This amuses me somewhat. The government's theory is if a merger occurs in a fragmented industry, then you have to find it unlawful; and if it occurs in a concentrated industry, then obviously it is unlawful. Philadelphia Bank. And it really gets back to what Justice Cardozo used to criticize, the so-called tyranny of labels. Because they have to win, under their theory, under either set of facts. If it is fragmented, certainly they win; if it is concentrated, obviously they win. And obviously that is not what the courts have said.

The Court: "Obviously" of course is a label, too, isn't it, counsel?

[fol. 2754] Mr. Alsup: Yes, your Honor.

The Court: I quite agree with you in one respect, that we have arrived at an age of labels in everything, in business, in society, in everything we do, labels. And I remember trying many cases, particularly in accounting, and I always enjoyed it, because mathematics and accounting have no resemblance to each other whatsoever; one is a series of labeling, which is accounting, and the other is mathematics, which is an exact science. I don't mean to mislead you that

I have any knowledge of the two subjects, but I learned that much anyway.

Mr. Vaughn: Your Honor, would you like to have our volume of the Federal Trade Commission Decisions?

The Court: I think it is in the law library, counsel.

Mr. Vaughn: Fine.

The Court: Anything further, Mr. Coyle?

Mr. Coyle: No, your Honor, except to thank your Honor for your patience.

The Court: I have deliberately sort of gigged—I don't like to use that expression—both of you, to try to bring forth your thinking to help me in the process of determining this case. It may seem simple to you, gentlemen, on each side, but I sit in a position which supposedly is a little more objective, and I will tell you that the case has been of con- [fol. 2755] siderable more difficulty to me, and it has cost me a lot of time and a lot of worry, but I shall hope to have your decision within some reasonable foreseeable future.

The case will now stand re-submitted, and I am hoping within the next couple of months that I can give you an answer. Whether I will do it by opinion of findings—if I do it only by findings, I will probably want you to appear at a hearing to settle the findings. I will first go over them and may then call you to try to settle the findings. I have found that that is probably in the long run the simplest way to do it, do it right in court and settle the findings, as they used to do in the old days. So the case will stand submitted and I thank you for your arguments and the presentation.

Mr. Alsup: Thank you, your Honor.

Mr. Coyle: Thank you.

[fols. 2756-2758] IN THE UNITED STATES DISTRICT COURT

Honorable CHARLES J. CARR, Judge Presiding

No. 336-60 CC Civil

[Title omitted]

Transcript of Proceedings—December 7 and 8, 1964

Place: Los Angeles, California.

* * * * * * *

[fol. 2759] COLLOQUY BETWEEN COURT AND COUNSEL

(Other court matters.)

The Clerk: Item 11 on the calendar, Case No. 336-60 CC Civil, United States of America vs. Von's Grocery Company, for hearing on findings.

Mr. Alsup: Ready, your Honor.

Mr. Coyle: Ready for the government, your Honor.

The Court: Well I am not ready. I didn't find until Friday afternoon at 5:00 o'clock I had a heavy calendar this morning so I haven't had a chance to read them. I don't know what happened.

The Clerk: That was Thursday, your Honor.

The Court: Thursday, but I was in trial on Friday.

Mr. Alsup: They got mislaid, your Honor.

Mr. Alsup: It was a clerical mistake. Our calendar clerk, your Honor, took them up to serve them in the Antitrust Division. And Mr. Knight was away and Mr. Disney took the original and the court's copy through error and sent them to Mr. Coyle. And our calendar clerk brought back these other copies. It was a clerical error on our part, as Mr. Knight will concur.

We apologize to the court for the error.

[fol. 2760] The Court: Can you be here at 3:00 o'clock this afternoon?

Mr. Alsup: Yes, your Honor.

Mr. Coyle: Yes, your Honor.

The Court: I don't know why you want to make a record in this case—is that what you want to do?

Mr. Coyle: Yes, your Honor.

The Court: Well, I don't have to do that.

Mr. Coyle: That is up to your Honor, of course.

The Court: What is it?

Mr. Coyle: That is up to your Honor, of course.

The Court: I don't know why you cite the El Paso case, I don't know what bearing it has in this case. I am sure you disagree with my judgment in the case.

Mr. Coyle: I don't know what your Honor is going to do yet.

The Court: Well I can tell you one thing, I am going to stick to my judgment.

Mr. Coyle: I would presume that, your Honor.

The Court: Well, I will have to read them, I guess. Maybe I won't have any further hearings on the matter, I will just sit down and take a pen or pencil and go over the findings. The record will show I have already been over one complete set, spent hours and hours of effort on them. I am wondering if this case will ever terminate. [fol. 2761] What do you gentlemen wish? How long are you going to be here, Mr. Coyle?

Mr. Coyle: I will be here as long as your Honor wants me to be.

The Court: Well, I don't want you to have to come back at taxpayers' expense. You know, I am a taxpayer, too.

Mr. Coyle: So am I, your Honor.

Mr. Alsup: Judge Yankwich indicated, your Honor, in this case in the 5 Federal Rules Decisions that it was his practice to make full and comprehensive findings, since the Ninth Circuit had directed, but he would just go through and scratch out things——

The Court: That is what I usually do, but I usually have to stop and rewrite pages.

Mr. Alsup: Well, I thought if your Honor scratched, so chose to do, our office could retype them on the basis of the scratchings out.

The Court: I wonder if you could be here—what do we have, Mr. Clerk?

The Clerk: We have one sentence at 2:00 o'clock.

The Court: Yes. I hate to be in such a hurry. I don't think I can really read these between now and 3:00 o'clock.

How about tomorrow morning, gentlemen, how are you fixed tomorrow morning?

[fol. 2762] Mr. Alsup: That is fine, your Honor.

The Court: All right. Continue the matter until tomorrow morning at 10:00 o'clock. We have nothing set, do we?

The Clerk: No.

Mr. Coyle: If your Honor please, last Friday defendants served an additional paper on us. I don't know whether your Honor is going to read it or not, that certainly wasn't called for by the schedule. Maybe we would want to reply to that paper. I just got it this morning when I got in town.

The Court: I am sure it is nothing but a reply to your statement, I glanced at it.

Mr. Coyle: Well, we are objecting to defense counsel making the findings, your Honor——

The Court: Counsel, I want to tell you this here and now, no lawyer makes the findings in this court. I make my own findings. If you are trying to jockey me into a position—if you are trying to take the position that they took in the El Paso case, it doesn't happen to fit me.

I have already been over these findings at great length, and that is the reason for this further proceeding. And that is it. I requested defense counsel to prepare specific findings. I just don't adopt any lawyers' ideas in findings.

[fol. 2763] Mr. Alsup: That is perfectly apparent, your Honor. That is why we prepared the memorandum in opposition to——

The Court: You must be looking for error, counsel.

Mr. Coyle: Your Honor, I am here under procedure, that is all, provided for the Federal Rules.

The Court: This procedure has been in vogue in the federal courts since the beginning of time.

Mr. Coyle: It has been criticized by most courts of appeal and the Supreme Court.

The Court: Let them continue to do it, let them continue. I imagine Judge Skelly writes the most of them. He must have gone up now to the Circuit Court. So maybe he will enjoy these criticisms. They don't impress me at all, not at all.

We will set this matter for 10:00 o'clock tomorrow morning. At that time we will proceed to try to arrive at a settlement of findings. If I am not to have the assistance of counsel in the preparation of findings—any lawyer, any

judge who says that is erroneous just hasn't practiced law. He just doesn't know what he is doing.

10:00 o'clock tomorrow morning.

(Other court matters.)

[fol. 2764] Los Angeles, California, Tuesday, December 8, 1964, 10:00 A.M.

The Clerk: Case No. 336-60-CC Civil, United States of America vs. Von's Grocery Company, for settlement of findings.

The Court: Trying cases is one problem, but hours and hours with findings with you gentlemen is another problem, a bigger problem. And most of the higher judges who have never been around trial courts apparently don't comprehend what they are talking about when they recommend that judges draw their own findings. They don't realize, those who have never been in lower courts, that we have hours and hours and hours of work to do, paper work, and then trying cases day in and day out with all of the new law that is coming in, it is impossible, just impossible. I suppose those judges who are anxious to get promoted will go along with that idea, with such statements, but to me it is ridiculous, utterly ridiculous, the time I have spent on these findings.

Now, I am about to dispose of them without further ado. I have written an Opinion in the case on which I spent hours and hours and hours. This case has probably taken up all told several hundred hours of my time when I am trying cases on a calendar last year of over 250 cases. So what the upper courts may say in criticism of the lower [fol. 2765] courts doesn't concern me in the slightest, not in the slightest.

Now let's proceed.

I have read over the lengthy objections of the government. Now, Mr. Coyle, what is your main objection, other than what you have stated already, to the findings at this time?

Mr. Coyle: Your Honor, I think we have stated our

objections in writing. There is no main objection. We object to many of these findings.

The Court: I don't seem to find the basis of the proposition that the evidence is not in the record to support the findings.

Mr. Coyle: To some of the findings we do——

The Court: All right, let's seriatim go down the list, take the original—maybe you had better take a copy of the findings and conform it, conform the corrections as we go along. And then I will have counsel who are to prepare this —I am going to finish with this matter, I am not going to carry it on the rest of my mortal career in this world.

Mr. Alsup: Your Honor, would it be of any help to furnish you with a copy of the original findings, the changes which we——

[fol. 2766] The Court: I think I remember—the record should show that we spent at least an hour or so in chambers after I had gone over the original findings. And at that time I pointed out to counsel the various findings that I thought ought to be revised. I see that many of those have been eliminated.

Mr. Alsup: Every one your Honor objected to was eliminated or changed according to your Honor's suggestions.

The Court: When you get into the semantics or the economics of the Antitrust Division, it is almost like a patent case. Every statement you are dealing with semantics.

All right, let's start with the very first——

Mr. Coyle: Your Honor, there is one question that is puzzling me now. We are here pursuant to a letter from Mr. Figg which says that the date of hearing on the objections of plaintiff to defendants' proposed findings was changed from November 23rd to December 7th, and providing that the defendants are allowed to and including November 24, 1964, to lodge and serve a revised set of findings and conclusions and the plaintiff is allowed to and including December 3, 1964, to file objections to the proposed findings and conclusions as revised.

Now, I am unable to reconcile this letter with the [fol. 2767] approach suggested by defense counsel in the latest paper filed on plaintiff, as to why we are here.

The Court: You are here to settle findings. This has been in vogue, in practice in federal courts since before you were born, counsel. I have been doing it myself, either as a

lawyer or as a judge for 40 years, and the rules have never changed. And no judge is going to sit down and make a meticulous study or recommendations, except when he writes an opinion, to get up findings which can be done by counsel and save the court's time.

Mr. Coyle: It is our understanding that the findings we are talking about today are the work product of defense counsel. They are not the product of any conference or any hearing that the government——

The Court: That is an incorrect statement, erroneous, completely incorrect. It is part of the work product of my conference with counsel.

Mr. Coyle: I was not present, I was not notified in time to be there. There was a conference without a reporter in chambers between defense counsel and some representative of the Los Angeles office——

The Court: What are you trying to do, counsel——

Mr. Coyle: I am trying——

The Court: Recommend a dehors in chambers or something?

[fol. 2768] Mr. Coyle: No, I am just trying to find out where we stand.

The Court: You are here for one purpose, you are here for one purpose and that is the settlement of findings, settlement of findings.

Now let's come to grips with that problem and no more argument.

Mr. Coyle: All right.

The Court: Come to grips with the problem. I have said enough.

Argument Re Findings

Mr. Coyle: All right. Let's look at the findings——

The Court: We are going down seriatim, seriatim down the findings.

All right. Paragraph 1.

Mr. Coyle: Paragraph 1, our excerpt from the pretrial conference order which refers to this portion of the pretrial conference order, and I believe that the pretrial conference order paragraph should have been substituted for paragraphs 1 and 2. We submit——

The Court: Well, I am going to leave it as it is. If it is

true that Von's operated 28 grocery stores—if I remember the record, the record shows that Von's is a Delaware corporation.

Mr. Coyle: It doesn't state that Von's is a publicly owned [fol. 2769] corporation, which the pretrial conference order so states.

The Court: All right. Third, what is your objection to paragraph 3?

Mr. Coyle: It is very complex, very garbled, it is almost impossible to——

The Court: Is it incorrect factually in any place?

Mr. Coyle: Only that it is not explicit.

The Court: All right. No. 4.

Mr. Coyle: No. 4. Yes, No. 4—I don't know what No. 4 means. I think it is incorrect factually, but

> "For the most part, Von's Stores were located in the southern and western portions of the Los Angeles Metropolitan Area."

That is meaningless, a meaningless statement.

The Court: It isn't to me. It is exactly what the evidence shows.

Mr. Coyle: What are the southern and western portions of the Los Angeles Metropolitan——

The Court: All right. No. 5.

Mr. Coyle: This is part of the same series they revised and distorted. The pretrial conference order——

The Court: This court is not obligated to incorporate verbatim the pretrial conference order.

[fol. 2770] Mr. Coyle: Your Honor, there is no point in entering into these orders if——

The Court: I don't care to hear any argument on that point. What is wrong factually with 5? Is there any incorrect fact set forth in 5?

Mr. Coyle: No, your Honor, but it is not good——

The Court: All right. No. 6.

Mr. Coyle: It is part of the same scheme.

The Court: Is there anything incorrect in the statement:

> "As of March 25, 1960, Shopping Bag Food Stores was a California corporation operating 36 grocery stores in Los Angeles and Orange Counties, California, and two grocery stores in San Bernardino County, California."

Mr. Coyle: That is not our objection to 6. Our objection to 6 is that it is cumulative with certain findings that counsel have drawn up and that the court apparently is going to adopt mechanically here——

The Court: Counsel, I don't appreciate your characterization. If I were you, I would desist. The word "mechanical" doesn't apply to this judge and I don't appreciate those statements. I advise you not to use them any more. I have spent hours and hours going over these findings, working on these proposed findings here. There is nothing [fol. 2771] mechanical about it. These findings are the result of conferences with me and instructions as to proposed findings.

All right, proposed finding No. 7, what is your objection to No. 7?

Mr. Coyle: We have the same objection to 7 as we have to 6, your Honor.

The Court: Any factual misstatement there, anything that isn't true?

Mr. Coyle: I don't know.

The Court: All right. No. 8.

Mr. Coyle: The same objection as to 7 and 6.

The Court: Is there no evidence in the record to support that statement?

Mr. Coyle: There may be some testimony by one of the officials. I am not even certain of this. It certainly has no relevancy to the case.

The Court: No. 9.

Mr. Coyle: It is the same garbled argumentative type of finding.

The Court: No. 10.

Mr. Coyle: No. 10 is like No. 4. And I would like to discuss No. 4 and No. 10 together.

4 sets forth:

"For the most part, Von's Stores were located in the [fol. 2772] southern and western portions of the Los Angeles Metropolitan Area."

10 says:

"For the most part, Shopping Bag Stores were located in the northern and eastern portions of the Los Angeles Metropolitan Area."

If I understand these two findings, your Honor, you could revise the names of the firms to say the same thing, when you talk about the northern and eastern portions, you are talking about three-quarters of the Los Angeles Metropolitan Area.

The Court: As I remember the evidence, one ran toward the south and one ran toward the north, and if the Shopping Bag——

Mr. Coyle: I think south.

The Court: And the other was more or less in the opposite direction.

Mr. Coyle: That isn't what these findings say.

The Court: All right.

Mr. Coyle: 4 and 10 just don't make sense, your Honor.

The Court: You can argue that to the Supreme Court. No. 11—you can try to convince the Supreme Court of that, it is all right with me. I haven't the slightest concern after this case leaves my hands.

[fol. 2773] Mr. Coyle, Your Honor, do you want to make a more specific finding than 4?

The Court: I am not about to.

No. 11.

Mr. Coyle: All right.

The Court: I have played games with your Antitrust Department about all I am going to. I am going to play no more games in this court, counsel.

Now No. 11.

Mr. Coyle: No. 11 is just not complete enough. We have objected previously to No. 11——

The Court: Anything factually incorrect?

Mr. Coyle: No, your Honor.

The Court: No. 12.

Mr. Coyle: No. 12 is factually incorrect for several reasons.

One. it attributes the reason for the merger to Von's, not Shopping Bag. They are two corporations. Now Mr. Von der Ahe——

The Court: I distinctly remember evidence in the record to the effect that Mr. Hayden was concerned about the lack of executive material developing in the company, he was concerned about the volume of business increasing but profits going down.

Mr. Coyle: That might be true, that might be true, Mr. [fol. 2774] Hayden——

The Court: Do you disagree with that?

Mr. Coyle: ——might be the reason Von's and Shopping Bag found it desirable.

The Court: I don't see it.

Mr. Coyle: You see, for many reasons on line 4——

The Court: Maybe we are looking at a different thing. It says:

> "12. Von's and Shopping Bag found it desirable to merge for many reasons——"

Mr. Coyle: That's right, and I say the word "reasons"——

The Court: That doesn't mean that they had the same reasons. One had certain reasons and the other had difference reasons, a different set of reasons.

Mr. Coyle: We are talking about a corporation. Corporations don't have reasons——

The Court: They are operated by an executive board of directors.

Mr. Coyle: They operate through a shareholders' board. These aren't reasons advanced by the shareholders in the SEC prospectus——

The Court: All right, take up 13.

Mr. Coyle: Does your Honor——

[fol. 2775] The Court: No, I am not going to listen to that kind of argument about reasons of a corporation—I am not going to waste time when I have as much to do as I have to do, I am not going to sit here and listen to that kind of argument.

If you want to advance some argument that has something to it, but to tell me a corporation can't have a reason, it sounds ridiculous to me.

Mr. Coyle: All right, your Honor. Let's look at Proposed Finding 7—no, Proposed Finding 12(a), commencing at line 7.

> "The operations of the two chains complemented each other with little overlap in the geographical areas each served."

The pretrial conference order says in paragraph 20 that the large trade area in which the defendants operated prior to the merger was the Los Angeles Metropolitan Area consisting of Los Angeles and Orange Counties. That is the trade area they operated in. That is what the pretrial conference order says——

The Court: All right. I will pass on to something else. If you have got some real problems where the facts are not supported here, I want to see them.

Mr. Coyle: This isn't supported in our——

The Court: Anything else on 12?

[fol. 2776] Mr. Coyle: Yes.

The Court: Might as well get it on the way to the Supreme Court.

Mr. Coyle: 12(b) says:

> "Prior to the merger, W. I. Hayden was almost solely responsible for all of Shopping Bag's business affairs * * *"

This was a publicly held corporation with a board of directors. Maybe Mr. Hayden was on the board of directors, but I am sure Mr. W. I. Hayden was solely responsible for the operation of Shopping Bag——

The Court: I can tell you one thing, counsel, there is usually one man on the board that practically runs the show. If you don't have that experienced man—I have consulted with many corporations, there is usually one man that does the work.

Mr. Coyle: He is not——

The Court: I think we are playing with semantics. I will just take the word—strike out the word "solely" and put in——

Mr. Alsup: Your Honor, may I suggest striking out "almost solely" and put "primarily"——

Mr. Coyle: That is the same thing.

Mr. Alsup: Yes. Where it reads where the court ordered dissolution of the merger of the three companies and [fol. 2777] entered a decree that the president of the three companies could not thereafter serve following 1960 because he was the primarily responsible person for running the three corporations, and they felt that this executive could no longer work for the company, it was found to be a violation of the antitrust laws.

The Court: I suggest, counsel, somebody go to a bank and try to borrow $5,000,000 and see if you get it. It won't be some stockholder. If it were, the company would probably be broke in six months.

Mr. Coyle: I am sure that is not one of the main troubles, your Honor——

The Court: All right. I will label "Prior to the merger, W. I. Hayden——"

Mr. Coyle: He was president of the company, your Honor.

The Court: We have got presidents of companies, counsel, that don't know what is going on, they couldn't read a profit and loss statement—I served as president of a corporation once. I directed it only to do a client a favor, because I was a lawyer, but I expected the corporation to be run by other men, other officers. All I did was sign checks and collect my own salary and enjoy a vacation each year. You have to be realistic in these things.

I am going to say "was the most actively responsible [fol. 2778] person——" Rather, I will put it "officer and stockholder carrying on the affairs of Shopping Bag's business."

Have you got it?

Mr. Alsup: Yes, your Honor.

The Court: All right. What is next, counsel?

Mr. Coyle: All right, even this line 15:

> "By 1959 it was apparent that Shopping Bag's earnings and profits were declining——"

The Court: That is as obvious, it is right in the record as clear as crystal.

Mr. Coyle: "Shopping Bag's earnings and profits were declining even though its sales were increasing."

Their earnings and profit were declining for one year or for a number of years, one straight year, or two years? I don't think that is the court's conclusion that they were declining. They could have declined for two years and gone up the next year.

The Court: All right. I am going to make that finding. Is there anything further in 12?

Mr. Coyle: Yes, paragraph (c):

> "After more than 30 years in the grocery business Mr. Hayden wanted to become less active, but he was

concerned about what would happen to the Shopping [fol. 2779] Bag——"

That is not Shopping Bag. That may be Mr. Hayden——

The Court: It doesn't say it is Shopping Bag, it just says in plain English here that he was concerned about what would happen if he got out of the business. That is what it says.

Mr. Coyle: Referring back to subparagraph 12:

"Von's and Shopping Bag found it desirable to merge for many reasons——"

The Court: Counsel, the Supreme Court can take the Opinion I wrote—it seems to me to be clear enough, it may not be a great document but it is clear enough for the Supreme Court to at least anticipate what I was doing.

Mr. Coyle: Yes, your Honor. I think the Opinion was clear. But I don't see any relevancy in that finding.

The Court: Well, the rules require findings, although they do permit the court to indicate that the Opinion may stand in place of the findings. But there are many facts that probably should go in the findings that I didn't include necessarily in my Opinion. In writing an Opinion you don't cover quite so wide a scope as you do in findings.

Now this may sound strange to lawyers or judges who have never spent any time in trial courts, I don't know—and I am not particularly concerned, frankly. I have come [fol. 2780] to the point where I think the more experience you have the greater detriment it is in the world. And to serve on this bench, if you are a really experienced lawyer, you have got problems.

All right, what is the next?

Mr. Coyle: This is paragraph (e), subparagraph (e) of paragraph 12.

"Prior to the merger, the Von der Ahe family owned 80 per cent of Von's stock and the Hayden family held 60 per cent of Shopping Bag's stock."

Again this is the Von der Ahe family's reasons and the Haydens' reasons. It is not the reason for the merger.

The Court: Well, it says so, it says just as a fact, that is what it is. Now you go on and it says——

Mr. Coyle: That's right.

The Court: "It was recognized that the death of any member of either family who held a large number of these shares might create estate tax problems——"

No question about that, no question about the matter, it would. You can't die in peace any more.

Mr. Coyle: This is not a business reason for buying Shopping Bag.

The Court: What is it?

Mr. Coyle: This is not a business reason for buying Shopping Bag, this was Von der Ahe's reason and Hayden's [fol. 2781] reason.

The Court: That is true, that's right. And that is what it says.

Mr. Coyle: Except that it all relates back to paragraph 12 which purports to list the reasons of Shopping Bag and Von's——

The Court: Counsel, if that is what is bothering you, we will just take care of that in one brush of the pen, we will take care of that.

All right. We will just put on line 3, paragraph 12:

"Many of the factors——"

Well, I think we will just rewrite 12 entirely, that is the first part of 12, those three lines:

"Many of the factors which affected the officers and directors in consummating the merger were:——"

Anything wrong with that?

Mr. Coyle: It is not relevant, but there is nothing wrong with it factually.

The Court: The only thing apparently that is relevant is that—I really don't know what is relevant in this case. There are a lot of peculiar economic factors—probably if you put a student of economics on the stand, or on the bench, who had never had any experience, you would get [fol. 2782] one reaction; if you put a practical man with some experience on the bench you would get another reaction. All I can do is use the little I have learned in the last 36, 38 years and hope it will be right.

So we will change it and make it:

"Many of the factors which affected the officers and directors in consummating the merger of the two corporations were:"——

You know, I always remember a famous statement made by a great boxer and fighter, and I think I have tried to follow it. That is, "Don't fight over something just to be fighting, and don't fight until you get in the ring, you might get knocked out." That is what I feel like this amounts to, you are fighting over things that are not really of any consequence.

All right, what is next?

Mr. Coyle: Let's go to No. 13. No. 13, it says:

"Shopping Bag had expanded rapidly through internal growth. However, it suffered from a shortage of qualified executive personnel"——

The Court: Well, that has been testified to.

Mr. Coyle: Shopping Bag was expanding, it was opening stores all over the area, it was a profitable corporation. I don't think that was sustained——

[fol. 2783] The Court: I remember a company back in 1929 that lost a million dollars a day when it was expanding, and went broke.

Mr. Coyle: Shopping Bag wasn't losing money, it was making money.

The Court: Well, the evidence showed that—I distinctly remember the evidence was to the effect—and it wasn't refuted—one of the problems they were having was they were trying to expand, were expanding, and they were not developing the executive personnel to take care of the business.

Mr. Coyle: But they were not suffering from it, Judge, they were expanding, they were making money.

The Court: I don't think there is a company in America today that isn't suffering from a shortage of qualified executive personnel.

Mr. Coyle: Perhaps they didn't——

The Court: All right, I am going to leave it, that is the evidence as far as I am concerned, and it is right in the record.

Mr. Coyle: Then it says:

"Moreover its earnings and profits had steadily declined——"

Those years from 1957 were their highest sales.

The Court: I will hear from other counsel on that steadily [folio 2784] declining.

Mr. Alsup: Perhaps your Honor——

The Court: Is that correct, is that correct, steadily declining?

Mr. Alsup: They declined in the years 1958, 1959, following a good year in 1957, your Honor.

The Court: Yes, but what happened, this merger took place in——

Mr. Alsup: March of 1960.

Mr. Coyle: 1959 was a good year, your Honor.

Mr. Alsup: Your Honor, the beginning of the decline, shown on page 6 of the findings, shows that in that same period Von's profit and net had gone up——

Mr. Coyle: Definitely——

Mr. Alsup:—during the same period of time that Shopping Bag's was declining.

The Court: That is true, Von's was far more efficiently operated from the evidence than was Shopping Bag.

Mr. Coyle: Yes, your Honor. I would say also your Honor refer to the profit figures on page 6.

The Court: I am just going to start with:

"Moreover its earnings from——"

What was that date, that year?

Mr. Alsup: 1957.

The Court: "—1957 had declined despite a steady increase [fol. 2785] in total sales."

I think that is now correct.

Mr. Coyle: You might also note that 1959 was a strike year, your Honor.

The Court: Was a what?

Mr. Alsup: It is reflected in Von's——

Mr. Coyle: That would reduce——

The Court: Look at Von's in a strike year, what happened then?

Mr. Coyle: Your Honor, I think we have to face the fact that Von's was an unusually profitable corporation. I am

sure that these percentages of net income, net profit to total sales, compare favorably, would compare favorably with Safeway. If I remember, your Honor, Safeway's profits are about 1 per cent of total sales.

The Court: Well, I am going to leave it that way, I am going to leave it.

Mr. Coyle: To get it clear, your Honor:

"Moreover, its earnings and profits——" what year did you say?

The Court: From 1957.

Mr. Alsup: Yes.

The Court: "Its earnings and profits from 1957 had steadily declined despite a steady increase in total sales." [fol. 2786] Mr. Alsup: Yes.

The Court: These findings, as I view them, are nothing more than to bring to the fore—to save the court, the entire court, if you go on, hours of digging through this record.

Mr. Coyle: Your Honor, if they had not been prepared by defense counsel, I would say that is so.

The Court: Do you think I am going to stop and prepare findings? Well, I will just tell you I will never do it.

Mr. Coyle: I think your Honor has prepared findings and these are not——

The Court: I am in complete total disagreement with Judge Skelly's fantastic concept that judges should always prepare findings, and I am not about to do it. And no busy trial judge—such as we have in this District—is going to do it. I suppose in patent cases the trial judge ought to sit down and spend hours and hours and hours on findings.

Mr. Coyle: Your Honor is referring to line 26 on page 7——

The Court: One thing you have convinced me, hereafter, as I have done heretofore, I will go over findings and I will amend and strike out——

Mr. Coyle: Yes, your Honor, that is fine, but these find- [fol. 2787] ings were filed in July of 1963 and the court didn't do that——

The Court: You know, I may terminate this any moment.

Mr. Coyle: That is your prerogative, your Honor, of course.

The Court: You have come in, since you have left this

case, with the attitude that you are going to do everything in your power to aggravate the court, and you are going to succeed if you keep on. This has been your attitude——

Mr. Coyle: Your Honor, this isn't the first time I have been here——

The Court: You have been around, counsel—all right, proceed.

[fol. 2788] Mr. Coyle: That is in paragraph 13——

The Court: I hope you will read this part to the court when you read the other part, about your antagonizing the court. Go ahead.

Mr. Coyle: Yes, your Honor. Line 26 on page——

The Court: I hope you will read one other thing, while I am thinking about it, and that is that you tried to revive an issue which you clearly waived, then you tried to revive it at the last minute after the case was disposed of?

You remember the issue, don't you?

Mr. Coyle: No, your Honor.

The Court: Of the wholesale situation, you don't remember that?

Mr. Coyle: I think I know what you are referring to. I certainly didn't waive any issue at any time and then try to revive it.

The Court: I found that you did.

Go ahead.

Mr. Coyle: Let's go to line 26 on page 7. "declined despite a steady increase in total sales."

That's not true. There was a decrease in total sales in 1959 as reflected on page 6.

Mr. Alsup: On the relative basis there was an increase, because that was the year we had the strike.

Mr. Coyle: There was a decrease. It is just not correct [fol. 2789] to state there was a steady increase.

The Court: I think I will just strike out all of the line—starting, "Moreover," until the end, strike it out. All right. 14?

Mr. Vaughn: To the end of the finding, or the end of the sentence?

The Court: I see no reason to put the other in. I am sure many did.

The thing we can't seem to separate, we can't separate the experienced merchandiser from the man who jumped in at the last minute with no experience.

It is now considered that anyone who has money can buy in and operate any kind of business, whether it is an automobile, airplane, or cotton gin. Those factors, of course, do not come into play in the great economics of these things, because they are not considered. But a company is no better than its management. If you talk to any experienced banker who starts to make a loan, the first thing he wants to know is about the management. That's the first thing he wants to know. And if they have poor management, you are not apt to get a loan.

Go ahead.

Mr. Coyle: All right. Down to 14, I think, your Honor. It starts out: "The parties have agreed and the court [fol. 2790] finds," and then it doesn't state what we agreed to.

We think what we agreed to we state correctly in proposed paragraphs 14 and 15, which we have submitted with our objections.

The Court: What is wrong with 14?

". . . finds that the relevant line of commerce in this case is groceries and related products taken as a whole."

That is almost verbatim what the pretrial conference order says, itsn't it?

Mr. Coyle: It doesn't say these products have peculiar characteristics and uses in the operation of r tail grocery stores which make them distinguishable fr.m all other products.

The Court: There is no issue in the case about the relevant—counsel, what do you accomplish by this? There is no issue on the relevant line of commerce here at all. There is only one issue, really, in this case. That is whether or not there is a probability that the competition will be substantially lessened.

Mr. Coyle: That's why we object to findings which only half state——

The Court: All right. Take up 15. I won't bother with it.

Mr. Coyle: We have the same objection to 15. We agreed [fol. 2791] to more than this. We agreed that this is the area of effective competition. They leave that out. We agreed that this is the relevant section of the country for determining the effect of this merger. All that is left out. I don't know why they left it out. They wrote 40 pages and they couldn't put precisely what we agreed to on the line of commerce and the section of the country.

The Court: Counsel, when you go to the higher court, do you have any problem other than one problem, and that is whether or not this merger will probably substantially lessen competition? Is there any other problem in the case?

Mr. Coyle: Or tend to create a monopoly. I think——

The Court: I can't believe that you are going to get up before the Supreme Court and argue this creates a monopoly. If you do, I will be astounded, I really would.

Mr. Coyle: I view it as you do, I view that as a basic issue, but I think these proposed findings are injecting all these little subsidiary issues as to whether this is the area of effective competition, which we have already disposed of in the Memorandum Opinion and in the pretrial stipulation. But these people won't put it in the findings.

The Court: Where is this inconsistent—let's take the pretrial order just so we can waste some more time.

Mr. Coyle: Look at paragraph—it starts at paragraph [fol. 2792] 20, I guess.

The Court: What page of the pretrial conference order?

Mr. Coyle: The copy I have, it is page 5.

The Court: Page 5?

Mr. Coyle: Yes, your Honor. At least in the copy I have. It is paragraph 20.

The Court: Well, there is more said about it than that.

Mr. Coyle: I say starting there. That's correct, starting there. That first sentence they leave out. "The relevant trade area in which the defendants operated prior to the merger was the Los Angeles Metropolitan Area, consisting of Los Angeles and Orange Counties."

The Court: Isn't that what they say here?

Mr. Coyle: I don't see them saying that.

The Court: Well, counsel for the other side, will you point it out to me? Maybe I don't understand what he is talking about.

Mr. Alsup: I don't understand, either.

We have agreed what the relevant section of the country is.

The Court: He said:

> "The parties have agreed and the court finds that the relevant section of the country in this case is the [fol. 2793] Los Angeles Metropolitan Area, which is defined as Los Angeles and Orange Counties."

Mr. Coyle: In which the defendants operated. Where these chains operated.

Mr. Vaughn: Where is that in the pretrial order?

Mr. Coyle: In paragraph 20. It is also in the memorandum opinion.

Mr. Alsup: Your Honor, we have pointed out in earlier findings that the 28 Von's stores were located in Los Angeles and Orange County, and 36 of the 38 Shopping Bag stores were located in Los Angeles and Orange County.

Mr. Coyle: Why beat around the bush?

The Court: Let him finish, will you please?

Mr. Alsup: I think counsel is nitpicking. We have got everything here that he wants out of the pretrial order.

The Court: All right. Pass on to something else.

Mr. Coyle: No. 16, it is not a finding, in the first place, and it is not true, either.

The Court: Well, I am going to leave it in.

Mr. Alsup: It is directly from the opinion, and the opinion is directly from the evidence.

The Court: In other words, my opinion—I can't pick out a finding from that and use it, is that right?

[fol. 2794] I am going to.

Mr. Coyle: This is a statement of what somebody says we have done. Which we don't agree we have done.

The Court: Well, that's my finding. And I don't know how you can come into court at this late date and contend otherwise. All you have to do is read your pretrial conference order.

Mr. Coyle: If they had stuck with the pretrial conference order, that would be one thing. But they are interpreting or amending it.

The Court: How do you interpret this, on page 12, lines 3, 4?——

> "The government assumes no burden of proof as to the relevant section of the country at the wholesale level since it intends to base its case on the probable effects of the merger in the relevant section of the country for grocery retailers, which is the Los Angeles Metropolitan Area."

Mr. Coyle: There is only one way to interpret it. It means what it says. It means we didn't try to prove what

the relevant section of the country was for grocery wholesaling. We have one section for wholesaling of meat, another section for wholesaling of dry groceries, and this would be an endless job.

[fol. 2795] The Court: All right. Take up the next one. I am going to approve that.

Mr. Coyle: This is very speculative, No. 17; it has these words "small," "usually," "typical," the word "if" in line 6. It is just a vague, argumentative finding, speculative——

The Court: There is nothing speculative about it. It is just about what I said in my opinion.

This used to be a city of, on the whole, small corner groceries. That is what it was. These stores, usually one man or one woman could operate them. Usually that was the case. They did have Safeway here, which the findings say in other places.

Mr. Coyle: What do you say when you say "usually one man or one company"?

The Court: I am satisfied with it, so I guess it will have to stand.

Maybe you can find a couple of good straw men in here somewhere and you can work on them when you get to the higher court.

Mr. Coyle: I am not looking for straw men.

The Court: All right.

Mr. Coyle: Well, we have the same objection to 18—19. It says: ". . . Safeway was by far the most prominent factor"——

[fol. 2796] The Court: I agree with you in one thing, the word "prominent" should come out.

Where do you see the word "prominent"?

Mr. Coyle: Line 25.

The Court: I will strike the word "prominent." Wait a minute. Let's put it, "During the 1930's Safeway"—I suppose you could say it was the leading chain, on the evidence, couldn't you?

Mr. Coyle: I suppose you could say that.

The Court: All right. It is said, ". . . the leading chain in the retail grocery business . . ."

All right. Proceed.

Mr. Coyle: Let's go down to 22.

The Court: 22?

Mr. Coyle: Finding 22. Page 10, line 18.

The Court: Yes?

Mr. Coyle: This statement "keeping pace with the population explosion"——

The Court: I don't find where you are talking about. On page 10?

Mr. Coyle: Page 10, line 20, your Honor.

The Court: ". . . keeping pace with the population explosion which this area was experiencing."

Mr. Coyle: Yes, that "keeping pace," I don't believe there was any evidence that the building of stores was [fol. 2797] keeping pace, was exceeding it, or not keeping pace.

There were a lot of supermarkets opened, and there was a lot of population explosion, but I don't think they were ever related.

The Court: I think from the evidence and from anyone who would just open his eyes you probably will find we have not only been keeping pace but going ahead.

Mr. Coyle: Then it is not keeping pace; it is exceeding the population.

The Court: Well, I am not going to change it.

Mr. Coyle: All right. Down to 23, over to page 11, lines 1 and 2.

The Court: Line 23?

Mr. Coyle: No. Lines 1 and 2 on page 11. Finding 23. "While the foregoing figures are not necessarily completely accurate, they appear to be the most reliable which could be obtained."

The Court: What is wrong with it?

Mr. Coyle: Well, ". . . are not necessarily completely accurate, they appear to be the most reliable which could be obtained"—I don't know that you can say that. I think it is an improper statement.

The Court: We will cut out "not necessarily completely accurate," and just say, "The figures appear to be the [fol. 2798] most reliable which could be obtained."

I don't know that that changes it, but I will strike it out. "The foregoing figures appear to be the most reliable which could be obtained."

That's the way it stands.

I don't know what that does or what mountain that takes down, but we will leave it that way.

You know, the thing that concerned me all my living career, I have been concerned with practical problems and getting things done. I think we are just picking away—there is an old famous saying—at carroway seeds.

We have got the roll in our hands and we are picking at carroway seeds.

Mr. Coyle: I couldn't agree more. I don't think these findings are necessary, and that's why——

The Court: Counsel, I am sorry to have to disagree with you, but I find it necessary.

What is next?

Mr. Coyle: No. 24. "The following are some of the reasons for the decline in the number of stores . . ."

The Court: Well, I have read them very carefully and if they are not in keeping with the record, then——

Mr. Coyle: There are a lot of other reasons, too.

[fol. 2799] The Court: What other reasons do you want to put in there? You are entitled to that, if you have some reasons that you want to add. What are they?

Mr. Coyle: Well, one reason would be because of the inability of small chains and independents to compete.

Another reason would be because of the shortage of acceptable sites in shopping centers for small firms and individuals.

Another reason would be the lack of financial reserves in small firms and independents.

The Court: I think we have covered that——

Mr. Coyle: I don't think——

The Court: —elsewhere.

It has been so obvious. It has been said that the larger concerns are usually favored because of their better standing and credit. I don't think there is any question but what these findings cover that.

Mr. Coyle: What I am objecting to is stating some of the reasons in this paragraph and not stating all of them. I don't see any reason in stating some of the reasons.

The Court: I don't think it is illegal, counsel, so I am going to leave it.

Mr. Coyle: It is not going to be too helpful, I don't think.

The Court: You mean to you it is not going to be too [fol. 2800] helpful.

Mr. Coyle: To anybody else.

The Court: I thought findings were supposed to be what

the court predicated its decisions on. Most of these things, as I find them, are the things that I took into consideration in deciding this case. And on the whole they have followed the outline, pretty much, of my Opinion, I think. They have filled in some details that I didn't feel I should put in the Opinion.

And I notice the Supreme Court in one case was rather critical that the material had not been sifted before it got to that court. Of course the sifting job is a big one. So I was trying in my Opinion to do that job of sifting.

Mr. Coyle: Yes, your Honor. And I have no quarrel with your Opinion; it is just coming here 90 days later to make some findings.

The Court: Be it 90 or 380, we are doing it, counsel, and we are going to continue.

Mr. Coyle: All right.

Going to Finding No. 25——

The Court: Unless you want me to open a night court. Perhaps that could be done. But I won't be here to serve it.

What is next?

[fol. 2801] Mr. Coyle: Finding 25.

"In 1948, Safeway operated a large number of stores . . ."

The Court: Well, I think they had, what was it, a thousand stores?

Mr. Coyle: Not in 1948. This is 1948. I think maybe they had a hundred and fifty or sixty stores, may one hundred eighty——

The Court: Isn't that a large number of stores?

Mr. Coyle: Not compared to the thousand they had back in the 1920's.

The Court: What is your contention as to why the thousand stores went out of business?

Mr. Coyle: Because they were small. Safeway was closing its small stores——

The Court: Your whole case here has been predicated on the theory that the number of stores started out with so many, population increased so much, and there are fewer stores today. The trouble with that syllogism is it starts out with a false premise, a false major premise and a false minor premise.

Of course you can draw any conclusion in the world on false premises.

Mr. Coyle: I am not here to re-argue the case, but——

[fol. 2802] The Court: I am sure you would if I would allow it.

Mr. Coyle: No. I am sure I wouldn't, your Honor.

The Court: I am sure you would be glad to.

All right. I will leave that stand.

What is next?

Mr. Alsup: On page 12, line 27, there is a typographical error. It says "three to ten." Your Opinion said "two to ten," and I didn't catch that.

The Court: What are the facts. I thought it was two to ten.

Mr. Alsup: I think the facts from Dr. Jensen's testimony and from others was three to ten, but your Opinion said two to ten, and that is perfectly acceptable to me.

The Court: I think I will just leave the "three" in.

The court might as well find a couple of errors in the Opinion. That would be healthy. If it were perfect, I wouldn't be satisfied. So we will leave it.

What else, counsel?

I know one thing. In working on this Opinion I had to do it between trials day in and day out, and it is quite a job to sit there with all the volume of exhibits and records [fol. 2803] and try to work on the case, with the interruptions, lawyers all day long, orders to sign, memoranda coming from every department of the government, cases to be tried day in and day out, motions all day on Monday. It is not very easy, believe me. I am not allowed to retire to the great sancrosanct chambers where quiet reigns at all times and I may have a dozen or so law clerks pile up the information for me. I have to do it all myself.

All of this has been done by me, counsel, not by any law clerk. No clerk has touched this case at all. So it hasn't been mechanical.

Take up the next item.

Mr. Coyle: All right. We are up to page 13, line 2.

"The market leaders, Safeway and Ralphs, were not able to maintain their pre-existing share of the total grocery store sales in the face of this increased competition."

The Court: I agree with that absolutely. The evidence proved that to me.

Mr. Coyle: Your Honor, Safeway's market share declined. Ralphs, in the period 1948 to 1958, went from 6.9

per cent to 6.5 per cent. I don't believe that is much of a decline——

The Court: Counsel, you must take into consideration that the Ralphs Stores were being closed and new stores [fol. 2804] opened——

Mr. Coyle: Yes, your Honor.

The Court: —and the volume of business——

Mr. Coyle: It is not true to say they weren't able to retain their pre-existing shares.

The Court: I will leave it stand.

Mr. Alsup: The specific facts are on line 14.

The Court: I will leave it stand.

Mr. Coyle: All right. Down to page 14. Paragraph 28, subparagraph (a), line 11. The word "opened"; I think that was acquired. They acquired that store. It was a pre-existing store.

The Court: I don't remember that. You will have to tell me, someone.

Mr. Alsup: The affidavit of Mr. Hughes, your Honor, stated that he was employed by Thriftimart, he had built this store and leased it to Thriftimart, when he left Thriftimart in 1952, I believe it was, he took over the lease on this store which he had owned which had theretofore been leased to Thriftimart.

Mr. Coyle: It was a store he had acquired from Thriftimart.

Mr. Alsup: And began doing business in the first Hughes Market.

The Court: I am not going to worry about it.

[fol. 2805] Take up the next matter.

Mr. Coyle: I think that same objection runs through a number of these findings, that they say "opened" when they mean "acquired," your Honor. I think there is a difference between opening a new store and acquiring an existing store.

The Court: Well——

Mr. Coyle: When you talk about opening, you are talking——

The Court: The opening or acquiring doesn't affect the over-all picture insofar as lessening competition, does it?

Mr. Coyle: I think that it does relate to this issue of ease of entry. Change of ownerships doesn't demonstrate

anything as to ease of entry. It demonstrates somebody sold out.

The Court: It demonstrated one thing to me. One of the clearest threads that ran through this case was that the people who left the chains and went out and opened one store, and from there built up a substantial business, in this great area that you claim there was a monopoly, yet these men of experience could step out into the area, leave the companies and open a business and prosper.

Mr. Coyle: I think the evidence shows they acquired stores. They didn't open a business; they acquired some- [fol. 2806] body else's business. Some people were selling out and some people were buying stores, but I think the evidence——

The Court: Would you say they acquired the first Hughes Market, for example?

Mr. Coyle: Yes.

The Court: It wasn't a Hughes Market.

Mr. Coyle: They acquired it from Thriftimart.

The Court: I will leave it stand.

I don't think the semantics are worth belaboring.

Mr. Coyle: Let's go down to No. 29, page 16. Line 11. "In 1922, fifteen of the smaller grocery retailers concluded that they could not effectively compete against some of the chains then doing business . . ." I don't think there was any evidence to this purport.

The Court: As a matter of fact, I shouldn't think the defendant would want that finding. I have a question mark on that finding, myself.

Well, they were competing effectively, so why am I going to make a finding that they couldn't?

Mr. Alsup: I think the affidavit of Mrs. Charles Von der Ahe and the affidavit of Campbell Stewart of Certified Grocers, your Honor, indicated that these smaller grocers in 1922, before there was a co-op like Certified, had to pay [fol. 2807] the wholesalers as much for their groceries as the chains were able to sell them at. And they had difficulty competing if they were close to one of these larger chains that could buy directly. That is what led to the organization of Certified.

I am really not concerned about whether or not it is in or not. I just thought it was part of the over-all history

which the Supreme Court has indicated is desirable in some of these cases.

The Court: The Spartan Grocery Company—of course, I happened to be living in the community when these things——

Mr. Coyle: This is 1922.

The Court: —developed.

I hadn't finished my sentence.

(Continuing) —when they developed and flowered. When the Great Depression of 1929 began, the two organizations, I guess, the Spartan and the Certified, had become grown, as far as I remember, and were doing a substantial business in this area.

Mr. Alsup: Yes. We have figures here, your Honor——

The Court: Grocerys were available to anybody at every street corner and were piled up and for sale, and a lot of them couldn't be bought.

[fol. 2808] Mr. Alsup: Part of that history is reflected in the affidavit of Charles Von der Ahe. A number of these smaller grocers who could not buy directly at that time and could not get their groceries in quantity from Certified, if you will recall——

The Court: I am going to change this and put it in more adept language, in State Department language, and put it: "In 1922, fifteen of the smaller grocery retailers concluded that they could more effectively compete . . ."

Mr. Coyle: Your Honor, my objection is that I don't think that anybody knows why these 15 smaller retailers did that. This is back in 1922.

The Court: That's my conclusion from the testimony in the case, the evidence.

". . . more effectively compete against some of the chains . . ."

What is your next?

Counsel, I believe the word is "Pyrrhic"—the victory you won there.

Mr. Coyle: I am not looking for a victory; I am trying to help in drafting these findings. I don't think these are good findings, but I don't think we are improving them very much. I am not seeking a victory here.

Your Honor, go down on page 17 to Finding 32, line 23. It says, "its members"—that is Certified's members—[fol. 2809] can buy these products through Certified as

cheaply as the larger chains can purchase them directly."

I don't think the evidence sustains that. There is no evidence as to what the larger chains paid for their groceries.

The Court: Well, I thought there was some evidence in the case—I think, as I remember it, one of the owners, maybe it was Mr. Von der Ahe, I don't know which one, testified that—not only there, but in some of the affidavits—maybe defense counsel can refresh my recollection as to what I am thinking about.

Mr. Alsup: Yes. Your Honor, it is in the affidavit of Joseph Hughes who is president of Certified and runs Hughes Markets; it is in the affidavit of Campbell Stewart; it is in the affidavit of Ted Von der Ahe; and it is in the affidavit of Albert Goldstein who, as you know, left Food Giant to go into business as a single store operator.

Mr. Coyle: I think this is what the court said in its Memorandum Opinion and the most the record sustains: That the government had not demonstrated that chains can buy on better terms than independents.

But this goes one step beyond and says that independents can buy as cheaply as the larger chains.

We don't know what A. & P. is paying for groceries or what Safeway is paying.

[fol. 2810] The Court: Well, you may be correct about that. I think I will change that.

"... its members can buy these products through Certified on a competitive basis with the larger chains."

Does that make sense, or doesn't it?

Mr. Alsup: Yes, your Honor. It is, in effect, what you said on the bottom of page 13 of your Opinion.

The Court: Does that suit you, counsel?

Mr. Coyle: I think it is better than it was.

The Court: Well, we can't get it quite up to what you want, so we will leave it there.

Mr. Coyle: All right.

Let's go to 34, if your Honor please, Finding 34 on page 18——

The Court: Of course we strike out the rest of that. "can purchase them directly." That is stricken out.

Mr. Alsup: Yes, sir.

The Court: All right. What is next?

Mr. Coyle: Paragraph 34 on page 18, line 10.

"The volume of Certified's purchases exceeds by a large measure the volume of purchases of any chain which does business in the Los Angeles Metropolitan Area, with the exception of large national chains such as A. & P., Safeway, and Acme Stores."

[fol. 2811] That results because all the large chains, I think the record shows, purchased from Certified.

The Court: All the large chains purchased from Certified?

Mr. Coyle: Except for A. & P., Safeway, and Acme Stores. I think the record shows that.

The Court: The implication you are giving me is they purchased most of their things from them; and I don't know that to be the fact.

Mr. Coyle: I don't think they purchased the most.

The Court: I think the record indicated to me they purchased some items from there, but I don't know how substantial they were in dollars and cents.

Mr. Coyle: I don't, either. But I don't think this finding has any meaning unless it reflects that.

The Court: I think from all the evidence in the case that it seems to me to lead me to that inference, that they certainly run far ahead of—all you have to do is take the volume of business of either one of these chains and compare it to what Certified does, and there you draw your conclusion.

Mr. Coyle: But these chains purchased from Certified. The whole is always greater than the parts.

The Court: I understand what you are talking about, but most of these chains—by "chains," of course, there again [fol. 2812] we are using a term that you can't define. You claim a chain is from two to three stores.

Mr. Coyle: I am not making any claim. I am just talking about this sentence here which says, "The volume of Certified's purchases exceeds by a large measure the volume of purchases"——

The Court: It is still a true statement. I think I will leave it. It is a true statement even though it may include, as you say, part of the whole.

All right. Next?

Mr. Coyle: Okay. Down to paragraph 36. Page 18, line 25. "The membership of Certified"——

The Court: Page what?

Mr. Coyle: Page 18. I am sorry. Line 25.

The Court: Isn't that a correct statement?

Mr. Coyle: "The membership of Certified is made up of mainly small grocery retailers which are the primary source of Certified's business."

I don't think the record sustains that. Certified has large chains and has small chains, and there was no evidence as to who constitutes the major part of Certified.

The Court: I don't agree with you, counsel.

Take up something else.

[fol. 2813] I am sure the Supreme Court can check the record and go through this with meticulous care and find out if all this voluminous evidence supports that conclusion. I welcome them the opportunity.

Mr. Coyle: All right. No. 37 on page 19, line 6.

"Many of this area's leading chains commenced business here with one store . . ."

Some of them did and some of them commenced with two, some of them commenced by acquisition.

The Court: It says "Many"; what is meant by the word "Many"?

Mr. Coyle: I think Food Giant—somewhere else in these findings the statement is that Food Giant started with two stores. I don't think this finding adds anything.

The Court: I think the finding could stand, perhaps, some dressing. I think we can eliminate the problem by striking out those names, can't we?

What is the advantage of those names?

Mr. Alsup: I think the last sentence could very well be eliminated, your Honor.

The Court: All right, it is eliminated.

Any time I find agreement in one of these cases I am so startled that I want to get it down quickly.

All right. Next, Mr. Coyle?

[fol. 2814] I think we could save a lot of time if we just turned all the business in the country over to the Antitrust Department, and they could operate these companies, and they would be broke in a year and we wouldn't have any problems. We could all work together in one great Socialistic impulse.

Mr. Coyle: Is your Honor through?

Line 15 on page 19:

"The evidence fails to support the plaintiff's claim that the large chains have a substantial advantage in the purchase of meat supplies or dairy items."

The Court: Well, does the evidence bring me to that conclusion?

Mr. Coyle: I don't know what "a substantial advantage" means. They either have an advantage or they don't.

The Court: If they had an advantage in the purchase of one brand, for example we will say Jones Sausage, would you say that that would change the picture?

Mr. Coyle: It would be an advantage. And these advantages might accumulate.

The Court: Or Yuban Coffee. Let's say they could get—I am not saying that is a meat. I really do know the difference. But let's just say—let's not take a coffee; let's take T-bone steaks, which apparently are going out of style in most places, Safeway still sells them and sells a lot of [fol. 2815] them—if Safeway had an advantage on T-bone steaks because of a specialty, would you say it would make that inacceptable?

Mr. Coyle: I think the word "substantial"—that might be a substantial advantage, I don't know.

The Court: Counsel, that is the only way I know how to word it, and that was the conclusion I came to from the evidence in the case. I am unable to split these things up into the lowest denominators.

When you get into this, it is not mathematics, you know; it is mostly semantics.

I am going to leave that as it is.

Mr. Coyle: All right. Down to 39——

The Court: Paragraph 39?

Mr. Coyle: Paragraph 39, line 19 on page 19:

"The merger with Shopping Bag did not give Von's any competitive advantage in the purchase of groceries and related products, including fresh meats, produce, and dairy products."

It did give them the advantage of getting the Shopping Bag warehouse and getting the Shopping Bag——

The Court: I had a question mark on the word "any." The word "any" or "every" always disturbs me. I sup-

pose the word "substantial" could be substituted there.

Mr. Coyle: I think it did give them a substantial [fol. 2816] competitive advantage.

The Court: You may think that.

Mr. Coyle: I think the record shows that.

The Court: That is your opinion; not mine.

Mr. Alsup: Your Honor is going to substitute "a substantial" for "any"?

The Court: What did I say in my Opinion, counsel, do you remember?

Mr. Alsup: You didn't——

The Court: I didn't put it that way.

Mr. Alsup: On page 14, line 4, of your Opinion, your Honor, you stated——

The Court: Page 14?

Mr. Alsup: Page 14, line 4.

The Court: Let's see.

"The government appeared to contend that the large chains had a substantial advantage in the purchase of meat supplies. However, the evidence failed to support this claim."

You see, I put it in a style that you can't cut through.

Mr. Alsup: Then earlier, your Honor, on page 13, line 29, you referred to products carried by the cooperatives, and you state: ". . . there can be little doubt that the single (store) operator or small grocer can compete effec- [fol. 2817] tively with the large chains or anyone else in purchasing such groceries."

The Court: Yes, that's right.

Well, I think that ought to be changed. I think Mr. Coyle is correct. The word "any" is too all-inclusive. So I think —I still prefer what is in my opinion. I think I will just put——

Mr. Alsup: Actually, your Honor, 39 is really covered by 38, it seems to me.

The Court: Well, then, why repeat it?

Mr. Alsup: That just occurred to me, your Honor.

The Court: Out it goes.

Mr. Coyle: If we eliminated all the repetitive findings here, we would eliminate about half of them.

The Court: I think you are right in one respect, they are prolix, and I am sorry that they are, but here they are so let's deal with them.

Mr. Coyle: Is 39 eliminated?

The Court: It is eliminated. It is out.

I am sure that an IBM machine couldn't do this.

Go ahead.

Mr. Coyle: Finding 40, your Honor, is inconsistent with the court's Memorandum Opinion, and I think it is also very loosely written and ambiguous and prolix in general findings and should be eliminated.

[fol. 2818] The Court: Well, I think most of it is in accordance with the evidence.

The thing that bothers me is that first sentence.

Mr. Coyle: The first two sentences, I think.

The Court: Well, it is a contest, all right, for the patronage of customers and this is one of the most competitive fields in all the world right here in Los Angeles in the grocery business.

Mr. Coyle: If I could call your Honor's attention to the language we propose as a substitute for paragraph 40. We propose putting it this way——

The Court: I have read that over, counsel. The one that is in your proposal?

Mr. Coyle: Yes.

The Court: I read that over. I prefer to leave it as it is with just, probably—I am concerned not so much about the first sentence, but the second sentence: "Competition exists between any two stores only to the extent that they vie for the patronage of the same customers . . ."

I think that may be a little contradictory, because we can't say just where the fine line of competition is. I think generally it is true——

Mr. Coyle: Your Honor, excuse me. We have this chain competition, also, which extends to the acquisition of new locations and the competition to build up an image, that [fol. 2819] the evidence dealt with, an image that will enable them to go into new areas and draw customers and have a well-known trade name, and all these other things, reputation for good service.

Mr. Alsup: Your Honor, we have got the network of competition in that same sentence.

The Court: That may take care of it.

Mr. Alsup: Your Opinion points out, your Honor, on page 16, that only a few of those of Von's and Shopping Bag's were in direct competition, since generally they were

in different localities.

Perhaps if we put the word "direct" before "competition," it would conform to your Honor's opinion.

Mr. Coyle: We have this general competition——

The Court: Let me find out where he proposes to put the word "direct."

Mr. Alsup: Before the word "competition" on line 26, page 19.

The Court: I think that does do it, counsel.

Mr. Coyle: Direct competition exists between two stores in other fashions than this competition for the identical customers. Competition to buy better, competition to distribute better, competition to build up an image.

Mr. Alsup: Mr. Coyle is talking about grocery concerns, instead of retail grocery stores.

[fol. 2820] Mr. Coyle: That is the problem, we have these two types of competition, and this finding speaks as if there is only one.

The Court: It will be revised to read as follows:

"Direct competition usually exists between any two stores only to the extent," et cetera.

Mr. Coyle: Competition between firms and chains is not confined——

The Court: I am talking about competition between stores; not as between firms. The findings very clearly set out there is an over-all competitive situation in the whole area between all the firms.

Mr. Coyle: But, your Honor, the first sentence in this proposed finding 40 says, competition in the retail grocery business in the Los Angeles area.

That's not talking about store competition; that is talking about over-all competition.

The Court: I am going to leave it as is, counsel. Take up your next matter.

I think the rule of law used to be, and still is, that if the evidence in the case supports the judgment of the court, the findings can be completely disregarded. So if the evidence in the case supports the court's decision here, it wouldn't make any difference, really, if I did make a few minor errors, or even some major errors, in the find-

[fol. 2821] ings.

Mr. Coyle: But the findings wouldn't be helpful to the Supreme Court, then.

The Court: All I can do is the best I can. What little erudition I may have, I am using it.

With my limited means we shall proceed.

Mr. Coyle: Your Honor, referring back to this 39, again, I think that the court found, and the evidence was clear, that the average customer in the Los Angeles Metropolitan Area is willing—I mean Finding 40—is willing to drive for at least 10 minutes, equivalent to about four miles, to shop. I think that should be in these findings in those words.

The Court: It is in here.

Mr. Coyle: No, it is not. It says, "In other areas the average customer . . ."

I think you should strike that "In other areas," and say, "The average customer . . ."

The Court: I think that's correct.

Why in other areas?

Mr. Alsup: May I suggest, your Honor, that our own exhibit, which was Exhibit AV, the evidence of the store managers is that the draw area may vary from a fourth of a mile up to two blocks, up to 10 miles in some areas.

The Court: That's right.

[fol. 2822] Mr. Alsup: What Mr. Coyle hopes to do by the reference to the evidence given by Dr. Jensen, and which your Honor felt was impeached during the trial, is to impeach your ultimate finding that very few Shopping Bag Stores competed with very few Von's Stores, and he is trying to take this 10-minute driving four-mile area to indicate 16 Von's Stores competed with 21 Shopping Bag Stores.

The Court: He can argue that if he wants to. If anybody wants to accept that, there is nothing I can do about it.

Mr. Alsup: I just didn't want the reference to the evidence to impeach the ultimate finding that actually few were in competition.

The Court: I think it is—isn't it rather clear from my opinion?

Mr. Coyle: He is talking about a witness who is impeached. This is a witness you relied on in your Memorandum Opinion.

Mr. Alsup: You said his chart was impeached.

Mr. Coyle: No, your Honor. Your Honor, I think this

man is putting words in your mouth. You admitted in evidence that chart, and——

The Court: I think I will strike out "In other areas." "The average customer . . .," I will leave it that way. I don't think it does any harm to the facts.

[fol. 2823] Mr. Alsup: I don't, either.

Mr. Coyle: It is a fact.

All right. Then down to this proposed Finding 42. The last sentence of Finding 42, we think, should read as follows——

The Court: You say the last sentence. What page?

Mr. Coyle: Page 21, line 5.

The Court: First point out what is erroneous about the sentence there.

Mr. Coyle: In the first place, this finding is taken verbatim from the pretrial conference order until it gets down to line 5. It is discussing general competition in the area. Then it says: "Competition between individual Von's and Shopping Bag Stores was limited to those instances . . ." We think it should be made clear that this competition is in contrast to the general competition.

We propose Language which would read——

The Court: I am going to leave that as is.

Mr. Coyle: Your Honor doesn't want to hear the language I propose?

The Court: Isn't that the language you had in your——

Mr. Coyle: Yes, your Honor.

The Court: I think I took a look at it, counsel.

[fol. 2824] Mr. Coyle: All right.

The Court: Why do you think I asked for the time since yesterday to go further, again? I told you even yesterday that I had read over your—mostly your arguments, I spent quite a little time reading your arguments before I got down to the proposed additional findings. All about the El Paso Gas case. As if that had any bearing here. I don't see that it does. So take up the next matter.

Mr. Coyle: Your Honor, I think this Finding 44, line 15 on page 21, I think it covers the same area as was covered by, I think, Finding 39, which was just eliminated.

The Court: I am going to leave that one. I think that's in keeping with what I found.

Mr. Coyle: Your Honor, Finding 45 speaks of some of

the successful firms operating in the area, but it doesn't mention the fact that there have been a lot of firms going out of business, also, in the area. I don't think it shows anything, really.

The Court: All right. Take up your next one. I am going to leave that as is.

Mr. Coyle: No. 46 on page 24, line 9, I think the language on lines 13 and 14, ". . . the capital requirements . . . are not great, and the chances of success for any experienced and qualified new entrant are good"—the chances of success aren't good, because more of them are going out of business [fol. 2825] than are coming in.

The Court: Well, there you go with that major premise again. Because the big stores have taken the place of 4 stores, your major premise is that they are being pushed out of business. And that is a major premise that I cannot accept. But I do agree with you I don't like that language.

". . . the capital requirements necessary to launch a enterprise for the retail sale of groceries is not great"—don't like that, either. They may or may not be great. It depends on the circumstances. "and the chances of success for any experienced and qualified new entrant are good." don't like the word "good." I don't like that.

In other words, the field is open, if you have sufficient capital and experience.

Mr. Alsup: Your Honor used the word "successful" on page 10 of your Opinion, and on page 19 you pointed out that competition is vigorous and open to anyone.

The Court: That is in keeping with what I found. I didn say it was "good."

You could take out a graduate from the Harvard Business School and put him in the grocery business with unlimited capital, and he probably would be broke within the year because it takes experience to operate the grocery business. At least it did when I was a boy and worked in grocery [fol. 2826] stores, and I don't think it has changed. In those days, I suppose, if you sold a nickel's worth of crackers and cheese combined, you were making a substantial sale, but still you had to know how to do it, you had to know how to mix crackers and cheese and come out with a nickel's worth.

I think, counsel, we will have to revise this.

Mr. Alsup: How about eliminating everything after the first sentence, your Honor?

The Court: It is all one sentence.

Mr. Alsup: I mean eliminate from line 11 to and including 14.

The Court: I shall do that.

Mr. Coyle: Then going up to the line that is left, "There are no substantial barriers . . . " There is that word "no substantial."

The Court: That is my finding.

I think, counsel, today in Los Angeles in the oil business, for example, you would contend that a man would have a hard time going into the oil business and being successful. That would be my guess, that that would be your contention. But I would be willing, if there were enough involved, to step down off of this bench and open a station on any corner in any city in this area, and in two years I would have a substantial business. And do you know why? Service. But it [fol. 2827] would be a night and day job, 20 hours a day.

This is the thing in a lot of the grocery businesses around here. You may not know it, but there are people who are loyal to their old-time stores and go back, sometimes, even when they move a mile or two or five miles away, for a while they even go back to their old stores to buy merchandise. Because of what? Extra service.

Mr. Coyle: But I don't believe that is what the first sentence says. It says: "There are no substantial barriers to entry. . . ."

There are barriers, and they are substantial. You have to get the location, you have to get the capital——

The Court: I don't consider that to be barriers. I consider that to be in the economic pattern.

If you don't have a nickel, there is no reason to talk about the grocery business. You can't say, "I am broke, inexperienced, uneducated, but willing to borrow and open a grocery store." Don't think anybody is going to take you up.

Mr. Coyle: By "substantial barriers" you mean there is no law against opening grocery stores. But there are problems and it is difficult.

The Court: All right. Take up the next item.

I am convinced if you can't convince the Supreme Court in this case that there has been no substantial lessening of [fol. 2828] competition, that you are not going to have any effective success in the case, anyway. It seems to me we are concerning ourselves with some awfully small problems

here, some of them. Go ahead, though. I will hear you out. The other litigants may wait.

Mr. Coyle: Your Honor, referring to 47 and 48, this excerpts part of the material from the figures compiled by the State Board of Equalization, and we propose that the tables, themselves, be made findings.

The Court: I think they are included in the findings, aren't they?

Mr. Coyle: No, your Honor. We propose them. We propose them as findings. Only parts of them are included here. In other words, these findings, if you refer to page 28 of our last objections——

The Court: I see in the morning paper there is a prediction that the punitive approach of the Antitrust Department is going to be curtailed. Do you have any comment on that, counsel?

Mr. Coyle: I wasn't aware that we had a punitive approach.

The Court: I just wondered.

Mr. Coyle: If we have one, it should be curtailed, your Honor.

Mr. Alsup: May I say with reference to 47, your Honor, [fol. 2829] it is taken directly from the Opinion, bottom of 11 and 12, and based on the Lebhar affidavit.

Mr. Coyle: I am not objecting to the Opinion, but the proposed findings, on the grounds that it doesn't incorporate all the statistics in these various exhibits.

The Court: I will let it stand.

The next matter.

Mr. Coyle: Go down to Finding 50 on page 25, line 3.

The Court: Page what?

Mr. Coyle: Page 25, line 3, Finding 50. I think it uses all these words, "many," "open," when it should say "acquired," "usually beginning with a single store"——

The Court: I am going to let that stand, counsel. I have read it over very carefully and discussed it with them at a previous time, and I will let it stand. I think the evidence supports that conclusion.

Mr. Coyle: It is very loosely written.

The Court: It may well be, but we can't all be an H. L. Mencken when it comes to writing.

Mr. Coyle: Proposed Finding 52 on page 25. It starts at

the bottom of page 25. "The merger of Shopping Bag into Von's did not materially change the competitive situation in the area."

[fol. 2830] It did change the competitive situation in the area; it united Von's and Shopping Bag. Where there had been two chains there was one.

The Court: I think that is inherent in the statement, counsel. We can't take it out of context and take just that one statement. Of course they did eliminate the competition between each other, such as existed.

Mr. Coyle: That is a material change in the competitive situation in the area. It is not a true statement to say it didn't change the competitive situation.

The Court: We are talking about lessening competition.

Mr. Coyle: Not there.

The Court: I will leave it stand.

The Clayton test—I thought the Senate Committee made it rather clear the original Clayton test was no longer the test.

Mr. Coyle: This is a finding of fact, your Honor.

The Court: I know. When you start to make findings, it takes an expert to distinguish sometimes between a combined conclusions of law and a statement of fact, conclusion of fact. It is pretty difficult.

It is too bad we are not back in the days when we had to draw bills of exceptions and had to be more exact. But the practice has now become a sort of rapid fire proposi-

[fol. 2831] tion.

So I think under the modern practice this is probably good. I will let it stand. I think it is in keeping with the evidence.

Mr. Coyle: I just don't think it is an accurate statement.

The Court: All right. You can argue that when you get to the higher court.

Mr. Coyle: I think 53 is a conclusion, maybe. It is not a finding of fact, I don't think.

The Court: It is a combination of both, but I will let it stand. I think it wraps the two in one. I think you have conclusions of law wrapped into it. But it also is a statement of fact.

Mr. Coyle: Page 26, line 13, Proposed Finding 54, is vague. It doesn't state anything. It states: ". . . in only

four or five limited portions of the entire Los Angeles Metropolitan Area." I think that is contrary to the evidence and it is meaningless, really.

The Court: I think I will put in the word "*actually* directly competing for some of the same customers in only four or five"——

Mr. Coyle: What were those four or five portions?

The Court: I haven't finished. Let me change it and [fol. 2832] then you may criticize it.

". . . in only four or five"—I suppose "areas" would be the word, wouldn't it?

Mr. Alsup: Or "communities," your Honor.

The Court: "Communities" I think would probably do it, or "areas."

Mr. Coyle: I don't know that there is any evidence of that. What is a community, your Honor?

The Court: I really don't have time to stop and define it, counsel.

Mr. Coyle: I think the findings should define it, and I think the findings are incomplete unless they do.

The Court: We will put it ". . . only four or five areas . . ."

Areas can be big, large, small or minute.

I think the facts in the case, taking them all as a whole, it is pretty clear what that means.

All right. Your next objection.

Mr. Coyle: Then what stores are we talking about?

The Court: The next objection, please.

Mr. Alsup: Your Honor, we used the word "communities" in line 18; since you have used the word "areas" there, perhaps you would like to use it here.

The Court: Yes, I will change it to "areas."

Mr. Coyle: Your Honor, 57, 58 and 59 are legal con- [fol. 2833] clusions. I don't think they are proposed findings. They are legal conclusions, outright legal conclusions. I don't think they are even mixed statements of fact.

The Court: I will leave them stand, counsel. They may well be, in part, legal conclusions, but how can you in an Opinion, for example, separate your legal conclusions from your ultimate statements of fact? Sometimes you can't?

Mr. Coyle: I think statements like this are proper in an opinion but not in findings.

The Court: We will let the court refer to the Opinion, then.

Mr. Coyle: All right, your Honor.

Proposed Finding 60. Again, it only presents the openings; it doesn't present the closings.

The Court: I will let it stand. I think it is supported by the evidence.

Mr. Coyle: But it is argumentative and distorted, unless it also shows the closings.

The Court: I will let it stand.

Your next objection?

Mr. Coyle: Your Honor, we also object to this footnote "Statistics with respect to store openings in later years have not been made available."

They are available. I don't know what this purports [fol. 2834] to mean, but they are available. They just weren't introduced into evidence. Nobody bothered to get them. The Board of Equalization has them.

The Court: I will let it stand.

Mr. Coyle: Your Honor, Proposed Finding 63 at the bottom of page 29, states, ". . . an increasing number of bantam stores or superettes . . . " I don't know what a bantam store is. I think the evidence shows they are small stores like a mom and pop. And they are decreasing in number instead of increasing.

The Court: I will let it stand. I think the evidence supports this. I don't think it has too much effect in the case, anyway.

Mr. Coyle: That may be so, your Honor.

The Court: I don't think it is decisive.

Mr. Coyle: The same with 64, it says, "Another development since the merger"—the top of page 30—"has been the opening of so-called drive-in milk depots."

I don't know whether that is before the merger or after the merger. I think they have been here for a good number of years, these milk depots.

The Court: I don't think the record supports that. There may have been a very few of them. But the ones they are talking about here are the ones opened in recent years.

[fol. 2835] I don't think it is of great concern, so take up something else, please.

Mr. Coyle: Your Honor, Finding 74 on page 32.

The Court: One moment, counsel. I have been revising the original and I shouldn't have done it. I suppose it ought to be done over, I don't know. I marked up the copy, and I have been trying to change the original. I think it will have to be done over.

Mr. Alsup: I think it should be, your Honor, and we will be glad to do it.

The Court: All right. Let me go back a moment. You are on what page now?

Mr. Coyle: I skipped some of our objections. I am over on page 32.

The Court: Let's go back to page 26. I think the statement carries the wrong implication in line 29.

"Also, it is only natural that the shopping center owner would prefer a company with good credit . . . "

That's not what they prefer. They prefer somebody with practically unlimited credit, and somebody who has a large corporation and a great deal of resources back of them. So I think that ought to be changed. That is on page 26. It carries the wrong connotation. Line 30.

They prefer more than just good credit.

Mr. Alsup: Yes, your Honor.

[fol. 2836] The Court: When they go out to peddle a lease, they want to say, "We have leased to a "Store So-and-So, they are a nationally advertised name." This 25-year lease or 30-year lease, whatever is back of it, Kroeger or Safeway.

Mr. Alsup: I think the way your Honor phrased it in the Opinion is preferable.

The Court: How is that?

Mr. Alsup: "It is only natural that the shopping center owner would prefer the company with the greater financial resources."

The Court: All right.

I have an original and a copy that I am working with, so it is rather difficult. You make that change.

Let's move along here. We have only 12 minutes left before the noon hour.

Mr. Coyle: Your Honor, Proposed Finding 74——

The Court: Don't skip over 72. I don't like the language of 72.

Mr. Coyle: I don't like lots of this language, your Honor.

The Court: I am going to change that.

"The effect of the merger is insubstantial."

I don't know. If you want to say "not substantial"——

[fol. 2837] Mr. Alsup: I think that's preferable, your Honor.

Mr. Coyle: That same thing is repeated in about 15 of these findings.

The Court: It is nothing more than a conclusion, I agree with you. I will leave it in.

Mr. Alsup: Change the words to "not substantial"?

The Court: Yes.

Mr. Alsup: Very good, your Honor.

The Court: I think you are right, it is a conclusion of law.

Mr. Coyle: About three of these pages are just argumentative conclusions.

The Court: I don't think they will do you any harm on the appeal.

Mr. Coyle: I don't think the findings will be helpful.

The Court: If you don't think they are, we are not helping the Supreme Court.

Mr. Coyle: I thought we would be able to get some better findings.

The Court: I am glad to know you have this great concern and want to help the court.

Mr. Coyle: Proposed Finding 74 on page 32, line 5.

[fol. 2838] "After the merger, Von's was operating a total of 64 stores—less than 1.4 per cent of the total number of stores in the two counties."

I think that is meaningless unless you show that Von's Stores had over $3,000,000 in sales.

The Court: All right. I will leave it stand.

What is next?

Mr. Coyle: Proposed Finding 75, your Honor, based almost entirely upon figures compiled by a man named Bouque, a witness Bouque, who was not called as a witness at the trial, who was thoroughly examined on his deposition and was discredited, and these statistics are just not reliable and not good statistics, these 1960 statistics. The court didn't rely on them in its Memorandum Opinion.

The Court: Are you speaking with respect to 75?

Mr. Coyle: Yes, your Honor.

Mr. Alsup: I might say that Mr. Bouque had actual sales figures for Safeway in 1960, which were furnished by Safe-

way to the government. I have a copy of the letter by which they were transmitted to the government. Mr. Bouque used the actual sales figures for Safeway and for Von's in 1960.

Mr. Coyle: Yes, your Honor, but he had no universe to compute these percentages.

The Court: All right. I will let it stand.

[fol. 2839] Mr. Coyle: Proposed Finding 76 says: "Von's market share decreased after its merger with Shopping Bag."

In the first place, that is not so, and there is no evidence in the record to support that conclusion. Von's market share almost doubled after its merger with Shopping Bag. That was the effect of its merger.

The Court: Counsel, how do you justify that statement?

Mr. Alsup: I think counsel has a point. I think the combined share of the market of the two concerns would be a more accurate way to state that.

That is based on the Bouque analysis and on the testimony of Mr. Von der Ahe, which you elicited, your Honor, at the trial.

Mr. Coyle: Your Honor, I don't think there was any real testimony of that. Market share was a percentage. There was no evidence of any percentage change after the merger. The merger occurred in March of 1960. Even Bouque didn't go beyond 1960.

The Court: Well, on this I am in doubt.

Mr. Alsup: Your Honor, if you are in doubt, let's eliminate it.

That was the testimony of Mr. Von der Ahe in response to a number of questions your Honor put to him.

The Court: I remember generally asking the questions, [fol. 2840] but it has been some time since the testimony, and this record is certainly voluminous.

Mr. Coyle: I am sure there was no testimony as to market shares—because nobody knows the market share unless you do a lot of research to do it.

The Court: I think that's true, I don't think we have the percentages. I think we had better eliminate 76, because I cannot say that that is really my finding.

Frankly, I don't think it is too great in importance.

Mr. Alsup: I don't either.

The Court: Let's eliminate it.

Mr. Coyle: Would you reconsider 75, your Honor? I think it has the same type——

The Court: Take up the next one.

Mr. Coyle: All right. Proposed Finding 77 says: "Both Von's and Shopping Bag were local concerns of local origin . . . "

Von's is still a local concern. I don't know what a local concern means.

The Court: I do. I will let it stand. If you don't, I do.

Mr. Coyle: Von's is traded on the New York Stock Exchange. It has——

The Court: Take up the next item.

[fol. 2841] Mr. Coyle: Subparagraph (a), the Great Atlantic & Pacific Tea Company. I think that concern is 80 per cent owned by one family. I think that is almost a family-owned corporation. At least it was until a few years ago. I think that ought to be specified if they are going to describe A. & P.

The Court: I don't think that is of any particular importance. I will leave it the way it is.

Mr. Coyle: I have one other problem with these figures. In these subparagraphs (a), (b), (c), (d), (e), and (f), I am not sure what year they are referring to. Is it this year or last year, 1960?

The Court: I don't know.

Mr. Coyle: I am sure that some of those stores—I feel sure——

The Court: I thought it intended to refer to the last year available.

Mr. Alsup: We had a specific series of exhibits on that, and it is my recollection that it related to 1962, but I can check it.

The Court: I think when you rewrite this you had better put in the year.

Mr. Coyle: I would suggest that they also show Von's sales and assets for the same year, because I believe this is for the purpose of comparison. It may be that Von's [fol. 2842] has sales that are greater than the Lucky Stores.

The Court: We have already stated those.

Take up the next matter.

Mr. Coyle: Your Honor, we have this "local" in quotations on page 34, line 28. I don't know what that means, or what those quotations are supposed to mean.

The Court: The word "local" just accentuates what it means.

Mr. Coyle: Is that different from the "local" up above?

The Court: Without explaining it, I will let it stand.

Mr. Coyle: Your Honor, this Proposed Finding 80 is very argumentative, and it says—refers to Plaintiff's Exhibit 8 by number and sets forth part of the exhibit. I think the whole exhibit should be set forth.

The Court: I will let it stand.

Mr. Coyle: Your Honor, I believe Proposed Finding 81 is very argumentative.

The Court: Well, I think it is in keeping with my findings. I will let it stand.

Mr. Coyle: Also 82 is very conclusory and argumentative.

The Court: I think in 82(b), "the most important chain" should come out, line 23. I think we substituted something [fol. 2843] a while back. You can use the same description there.

Safeway may think it is the most important, but others may not agree.

Next, counsel?

Mr. Coyle: Yes. Proposed Finding 83 refers to some of the prior mergers in the area, but it doesn't specify what those mergers are. We proposed some substitute language which would spell out the mergers which have been occurring in this area.

The Court: Well, I will let it stand. I think it is all right.

84 I have some question in my mind about.

Mr. Coyle: Yes, your Honor. I think that is very questionable.

The Court: That is, the first part of 84 there, where it says "is not an undue percentage share of the relevant market . . ." I don't think there is anybody alive that can tell what is undue and what is not.

I suppose the courts have taken upon themselves to decide these things, but what is an undue percentage share of a relevant market, it certainly presents a problem to me.

Mr. Alsup: It does to me, too, your Honor. The three-judge court in the Crocker-Citizens——

The Court: That is not a final decision, you know.

[fol. 2844] Mr. Alsup: That's right. They used that language——

The Court: You can't take any of these decisions until——

Mr. Alsup: I would be perfectly willing, your Honor, and suggest that we strike out "is not an undue percentage share of the relevant market," and leave in, "is not sufficient to warrant a finding . . ."

The Court: All right. I will do that.

Mr. Coyle: Your Honor, could I suggest that we consider eliminating using these two percentage figures in here?

Mr. Alsup: I think that would follow, your Honor, from what we agreed to before. I would suggest after the words "Shopping Bag" in line 8——

The Court: Strike out down to "is not sufficient to warrant"?

Mr. Alsup: Yes, your Honor.

The Court: I agree. So done.

All right. Next, counsel.

Mr. Alsup: I think these subparagraphs (a), (b), (c), (d), and (e) are very argumentative.

The Court: I think they are more or less in conclusion form and they do intertwine fact and the conclusions of law, [fol. 2845] but I will let them stand, counsel.

If we tried to separate conclusions of fact and conclusions of law, we would never finish this matter. Von's would probably by that time have got into another business. Maybe they would have merged with Eastman Kodak, or somebody.

Mr. Coyle: Your Honor, Proposed Finding 85, I think that that is the last one we objected to, that is also argumentative and conclusory, and I don't think it adds anything to the findings.

The Court: Well, I agree with that. It may be partially a conclusion of law, but I agree with it. I don't think there is any monopoly in this area at all, not at all.

Of course, I have heard the evidence and I have seen it with my own eyes, but maybe I am blinded.

Mr. Coyle: These findings, like Finding 85 and (a), (b), (c), (d) and (e) of Finding 84, I think they are part of this general argumentative advocate's brief style that the findings were drafted in.

The Court: All right. What is next?

Mr. Coyle: That's it, your Honor.

The Court: All right. Prepare the findings as they have

now been revised and present them to me and I will sign them.

There will be no further hearings on the matter.

[fol. 2846] Mr. Alsup: I will, your Honor.

May I just—perhaps your Honor doesn't want to bother with this, but on page 8, line 25 of the Opinion there is a typographical error which you might wish to correct.

The Court: What line?

Mr. Alsup: Line 25, page 8, there is a typographical error. It shows Von's sales at $98,000,000 when it should be $93,000,000.

The Court: That certainly ought to be corrected.

Mr. Alsup: That is from our Exhibit 5, Mr. Coyle.

The Court: I wonder how that got to be? It was just a typographical error, I suppose. What was that?

Mr. Alsup: $93,703,000.

The Court: Correct the original.

Mr. Alsup: There is a typographical error on page 3, line 6. I don't know whether you want to bother with this. It says "California corporation." Von's was a Delaware corporation.

The Court: What line?

Mr. Alsup: Page 3, line 6. "California" should read "Delaware."

The Court: That's right. It surely should.

Mr. Alsup: Line 32 of the same page, the "1933" should read "1930."

[fol. 2847] The Court: I don't see it at all.

Mr. Alsup: It should be "1930."

The Court: All right.

Mr. Coyle: You are changing this to "1930"? I am puzzled. This is the last line on page 3?

Mr. Alsup: Yes. It should be "since 1930."

Mr. Coyle: I am not sure. It says "1932."

Mr. Alsup: It said that as to Von's.

Mr. Coyle: It is a minor thing.

The Court: Anything further, gentlemen?

Mr. Alsup: Nothing further.

Mr. Coyle: Your Honor, I might suggest this. This thing is being printed. Maybe we should notify the printer?

The Court: Counsel, I have arrived at a point in this matter where I don't know whether it is humanly possible for the District Courts to carry on with the burden that is

being placed upon them by the higher courts. It seems we have come to an age in the thinking where a District Judge is nothing more than a clerk or servant, and the volume of work and the effort that is required in this job, I don't know how the District Judges are going to keep up, between the writs and the Constitutional problems, and the many, many myriad matters that are pouring in upon us from all directions, and with all these new laws being enunciated by the higher courts, and with the volume of business that [fol. 2848] they have, it is just getting to the point where we don't have time to breathe. So a case of this kind, with a calendar such as I have, it is a real problem. And beginning January 1st two of us take the criminal calendar with an expectation of about six to seven hundred criminal cases for a period of six months, together with the remaining civil cases that I shall have on the calendar, which are about 140. So when all these hours are taken up with this minutiae, you can understand how exasperating it becomes to a lowly District Judge.

We are now in recess.

[fol. 2849] Reporter's Certificate to foregoing transcript omitted in printing).

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT

Civil Action No. 336-60-CC

[Title omitted]

PLAINTIFF'S REQUEST FOR FINDINGS OF FACT AND CONCLUSIONS OF LAW—Filed July 8, 1963

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Plaintiff's Request for Findings of Fact and Conclusions of Law

Plaintiff, the United States of America, requests the Court to make the following findings of fact and conclusions of law:

Findings of Fact

Jurisdiction

1. This is an action brought by the Attorney General of the United States to prevent and restrain an alleged violation by the defendants of Section 7 of the Clayton Act (15 USC § 18).* (Order, Part I.)

2. Plaintiff is the United States of America. The named defendants are Von's Grocery Company and Shopping Bag Food Stores.* (Order, Part I.)

3. Prior to March 28, 1960 the defendants operated as separate corporations; subsequent to March 28, 1960 they have operated as a single corporation, under the name Von's Grocery Co.* (Order, Part I.)

4. Defendants Von's Grocery Company and Shopping Bag Food Stores were found and transacted business within the Southern District of California (Central Division), and the surviving corporation, Von's Grocery Company, is found and transacts business within the Southern District of California (Central Division). (Order, Part III., pars. 6, 11, 20.)

5. Prior to the merger both defendants were engaged in interstate commerce and were subject to the jurisdiction of the Federal Trade Commission. (Order, Part VIII, par. 1.)

6. The Court has jurisdiction to determine whether the merger of the defendants in this case violates Section 7 of the Clayton Act. (Order, Part VIII, par. 2.)

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Relevant Market

A. *Line of Commerce*

7. Groceries and related products consist of, but are not limited to, the following: groceries, meats, produce, bakery goods, dairy products, delicatessen products, frozen foods, fruits, vegetables, household supplies, drugs and sundries. They are the products taken as a whole which are generally distributed to the public by grocery stores and supermarkets. Taken as a whole these products constitute the relevant line of commerce in this case.* (Order, Part III, par. 17.)

8. Groceries and related products, taken as a whole, have peculiar characteristics and uses in the operation of retail grocery stores which make them distinguishable from all other products. (Order, Part VIII, par. 8.)

9. Groceries and related products are the relevant line of commerce for determining whether this merger violated Section 7 of the Clayton Act. (Order, Part VIII, par. 9.)

B. *Section of the Country*

10. The relevant trade are in which the defendants operated prior to the merger was the Los Angeles Metropolitan Area, consisting of Los Angeles and Orange Counties.* (Order, Part III, par. 20.)

11. Combined Los Angeles County and Orange County have also been defined by the Bureau of the Census as the Los Angeles Metropolitan area since, taken together, they meet the tests set by the Department of Commerce in terms of population and commercial interchange.* (Order, Part III, par. 21.)

12. Los Angeles ranks as the second largest metropolitan area in the United States in terms of population, income, and retail dollar sales.* (Order, Part III, par. 22.)

13. Approximately 6,750,000 persons reside in the Los

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Angeles Metropolitan area, and total retail sales in the area were approximately $9,100,000,000 in 1957, representing 42% of all California retail sales, 33% of total retail sales on the Pacific coast, and 25% of such sales in the 11 Western States.* (Order, Part III, par. 23.)

14. In 1960 only seven States in the United States had larger populations than the Los Angeles Metropolitan Area. (GX 2)

15. In 1960 the Los Angeles Metropolitan Area has a larger population than the combined populations of the 11 smallest States in the United States and the District of Columbia. (GX 3)

16. The Los Angeles Metropolitan area is more than a community. It is an appreciable trade area and a section of the country within the meaning of Section 7 of the Clayton Act.* (Order, Part III, par. 25.)

17. The Los Angeles Metropolitan area is the relevant section of the country for determining the effect of this merger. (Order, Part VIII, par. 12.)

C. *Trade and Commerce in the Relevant Market*

18. Sales of groceries and related products in the Los Angeles trade area are in the neighborhood of $2.5 billion annually.* (Order, Part III, par. 26.)

19. Such products are produced, manufactured, processed or packaged by numerous suppliers located throughout the United States.* (Order, Part III, par. 27.)

20. A substantial volume of groceries and related products originates outside the State of California and is shipped into the Los Angeles area where it represents approximately 51% of all retail sales of such products.* (Order, Part III, par. 28.)

21. These products are shipped by air, truck, rail, and sea transportation into the Los Angeles area and subsequently sold by the defendants and other retail grocery

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firms to consumers in the Los Angeles area.* (Order, Part III, par. 29.)

22. In order to maintain a supply of such products at all times, the defendants and other retail grocery firms in the Los Angeles area purchase and distribute, or cause the distribution to their stores of new products to replenish or replace products sold. In the course of such distribution some of the products handled by the defendants are warehoused in their distribution center and some are not.* (Order, Part III, par. 30.)

23. Some groceries and related products are perishable and must be sold to the ultimate consumer in a very short time.* (Order, Part III, par. 31.)

24. Annual turnover in all of Von's and Shopping Bag's stores for the year 1960 for each of the company's divisions and for all products combined was as follows: Grocery, 15.26; Meat, 72.33; Produce, 10.04; Delicatessen, 29.15 Liquor, 7.80; Drug, 5.57; Department Stores, 2.71; Fountain, 28.76; and all products combined, 17.06. (GX 9)

25. A number of chains in the Los Angeles area operate purchasing offices staffed by full-time employees who are in contact with suppliers located throughout the United States to secure and effect the shipment of substantial quantities of groceries and related products into the Los Angeles area from facilities located outside the State of California.* (Order, Part III, par. 32.)

26. The buyers of groceries and related products employed by some of these chains occasionally make trips to other States and foreign countries to arrange the purchase and shipment of groceries and related products into the Los Angeles area.* (Order, Part III, par. 33.)

27. As a result of their buying operations, substantial quantities of groceries and related products which are produced or manufactured outside the State of California are shipped to distribution centers operated by the supermarket chains from which points they are delivered in trucks operated by the chains to the chains' retail stores for sale to

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consumers in the Los Angeles area.* (Order, Part III, par. 34.)

28. Employees of Von's, both before and since the merger, have made a number of trips outside the State of California for the purpose of arranging for the purchase of various products for resale in Von's retail stores. (GX 10)

29. Since prior to 1958, Von's operated a distribution center at 2700 Garfield Avenue, Vernon, California, serviced by the Atchison, Topeka and Santa Fe Railroad. (GX 10)

30. Since prior to 1958, Shopping Bag maintained a distribution center at 10150 Lower Azusa Road, El Monte, California, which was and is serviced by the Southern Pacific Railroad. This distribution center is now operated by Von's. (GX 10)

31. Since prior to 1958, and until February 1960, Shopping Bag maintained a distribution center at 1825 East 27th Street, Vernon, California, which was likewise serviced by the Southern Pacific Railroad. (GX 10)

32. No records maintained by either company reflect the actual value, tonnage or carloads of products produced outside of California and shipped by rail to the distribution centers listed in paragraphs 29, 30 and 31 above. (GX 10)

33. Both Von's and Shopping Bag had received shipments by truck at the distribution centers referred to in paragraphs 29, 30 and 31 above. Hundreds of truck lines have made such shipments in the years 1958, 1959 and 1960. No records maintained by either defendant reflect the value, tonnage or truckloads of products produced outside California and shipped by truck to either company at any of said distribution centers. (GX 10)

34. Both Von's and Shopping Bag have occasionally in 1958, 1959 and 1960 received products produced outside California and shipped to California by air or sea transportation. No records maintained by either company reflect the value or poundage of such products. (GX 10)

35. Both Von's and Shopping Bag have occasionally in

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1958, 1959 and 1960 received products produced outside California which were delivered directly to retail stores operated by them. No records maintained by either company reflect the value or poundage of such products. (GX 10)

36. A substantial quantity, if not the greater percentage of products sold by Von's and Shopping Bag in their retail stores, were and are produced outside of the State of California. (GX 10)

37. Warehouse facilities are necessary to Von's operation in order to maintain inventory control. (GX 11)

38. Such control is necessary in order to maintain a consistent supply of merchandise in Von's stores. (GX 11)

39. In order to maintain inventory control, it was necessary for Von to operate a fleet of 33 tractors and 39 trailers prior to the merger. (GX 11)

40. Each Von store receives at least one delivery of produce daily. (GX 11)

41. Each Von store receives from two to four deliveries of dry groceries every week. (GX 11)

42. In addition to groceries and related products which pass through their own warehouses, the defendants and other retailers in the Los Angeles area also received from other sources groceries and related products which originate from suppliers located throughout the United States. (Order, Part III, pars. 35-40.)

43. Numerous retailers in the Los Angeles Metropolitan Area also receive from cooperatives groceries and related products which originated from suppliers located throughout the United States.* (Order, Part III, par. 35.)

44. These cooperatives maintain warehouses and distribution centers which receive direct shipments of substantial quantities of groceries and related products from producing facilities located in various states and distribute such products in trucks to the retail stores operated by their members, pusuant to orders from such members.* (Order, Part III, par. 36.)

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45. Such cooperatives also maintain full time buying offices which are in contact with suppliers located throughout the country to effectuate the purchase and shipment to the Los Angeles area of groceries and related products. Such products are generally sold in retail grocery stores operated by the members of the cooperatives, but some cooperatives sell to non-members.* (Order, Part III, par. 37.)

46. Numerous producers, manufacturers, processors and packagers of groceries and related products located outside the State of California are represented by food brokers and manufacturers representatives in the Los Angeles area who arrange for the distribution of their products to retail grocery firms in the Los Angeles area.* (Order, Part III, par. 39.)

47. These brokers and manufacturers' representatives secure the shipment of products from warehouses located either inside or outside the state to retail grocery firms, cooperatives or other wholesalers in the Los Angeles area.* (Order, Part III, par. 40.)

48. In the course of their business both defendants purchased, received at their distribution centers, and sold in their supermarkets a substantial volume of groceries and related products which were produced outside of the State of California, and which represented approximately 51% of all retail sales by the defendants.* (Order, Part III, par. 16.)

49. Von and Shopping Bag, prior to the merger, were engaged in interstate commerce and Von presently is engaged in interstate commerce.* (Order, Part III, par. 41.)

D. *Competition in the Relevant Market*

50. Consumer shopping patterns for groceries and related products in the Los Angeles Metropolitan Area are based upon a number of variables. (Corey Dep., pp. 10-11; Bouque Dep., p. 48; Jenssen Tr. 6/14/63, p. 412.)

51. Some of the factors which are taken into considera-

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tion by customers in selecting the store at which they shop are: price, general appearance of the store, size of the store, variety of brands, parking space, whether the store is in a shopping center or is a free standing store, general familiarity with the store's reputation, quality of meat, quality of produce, variety of produce, checkstand service and cleanliness of the store. (Jenssen Tr. 6/14/63, p. 412; Corey Dep., pp. 10-11.)

52. Grocery shoppers are willing to pass other stores in order to arrive at the store which best satisfies their shopping needs. (Jenssen Tr. 6/14/63, pp. 411-412; Corey Dep., pp. 57-59; Hayden Dep., pp. 5-6.)

53. Von-Shopping Bag considers the over-all draw area of its stores to be 5 miles. (W. D. Hayden Dep., p. 5.)

54. The average customer in the Los Angeles Metropolitan Area is willing to drive for at least ten minutes, about 4 miles, in order to do grocery shopping. (Jenssen Tr. 6/14/63, pp. 398-399.)

55. Between 10 and 37 percent of all customers of Von and Shopping Bag stores come from outside the immediate trading area of the Von-Shopping Bag stores. (Bouque Dep., p. 46; Von der Ahe, Tr. 6/13/63, pp. 240-246.)

56. Loss of a major part of the customers residing outside of its immediate draw area would be a serious problem and Von would be forced to increase its competitive efforts to regain this trade. (Von der Ahe, Tr. 6/13/63, pp. 240-246.)

57. Stores of the leading chains in the Los Angeles Metropolitan Area are so located that there is a network of competition between them. (GX 84; Order, Part III, par. 46; Brown Tr. 6/14/63, p. 335.)

58. The leading chains in the area, as a result of this network of interlocking competition, are a part of the same competitive pattern and the activity of one chain directly or indirectly affects the other chains. (GX 84; Order, Part III, par. 46; Brown Tr. 6/14/63, p. 335.)

59. This interlocking network of competition has resulted in the utilization of certain identical competitive practices by the chains such as the widespread adoption of trading stamps by all chains and the response of other chains to Von's efforts to eliminate loss leaders. (Brown Tr. 6/14/63, p. 335; Von der Ahe Tr. p. 320; Order, Part III, par. 46.)

60. Prior to the merger the 20 leading chains of supermarkets in the Los Angeles Metropolitan Area were all a part of the retail grocery competition in the Los Angeles Metropolitan Area and as such each of these chains competed with each other and with other corporations and firms engaged in the purchase, distribution and retail sale of groceries and related products in the Los Angeles Metropolitan Area. As part of the competition, the major chains as well as other grocers frequently responded to competitive practices originated by one of the other major chains.* (Order, Part III, par. 46, as amended.)

61. In 1958 the 20 leading chains of supermarkets operating in the Los Angeles area competed intensively with each other and with other corporations and firms engaged in the sale of groceries and related products in the Los Angeles area. (Answer of Complaint par. 6.)

62. The 20 leading chains of supermarkets referred to in paragraph 61 above competed in the following activities: (GX 12)

"(a) Competition to purchase supplies and merchandise on better terms than their competitors and to secure other purchasing advantages.

(b) Competition to distribute products cheaper and to secure advantages in the distribution of products to their retail outlets.

(c) Competition to increase the sale of groceries in their stores and to secure other selling advantages over each other.

(d) Competition in advertising and promotional activities.

(e) Competition to secure new store locations."

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Defendants

A. *Description of Von*

63. Defendant Von's Grocery Co. (hereinafter referred to as Von) is a publicly held corporation organized and existing under the laws of the State of Delaware. At the time the complaint was filed it maintained its principal offices in Los Angeles, California. Subsequent to the merger, Von moved its offices to the former Shopping Bag Headquarters at El Monte, California.* (Order, Part III, par. 6.)

64. Von is one of the leading chains of supermarkets in the Los Angeles area. It is the successor of incorporated and unincorporated businesses which have been engaged in the purchase, distribution, and retail sale of a complete line of groceries and related products since 1932.* (Order, Part III, par. 7.)

65. In the 1959 fiscal year, Von operated 28 complete supermarkets in the Los Angeles area which had total annual sales of approximately $85 million for an average of approximately $3 million in sales per store. All of the Von supermarkets are of the self-service, cash-and-carry type.* (Order, Part III, par. 8.)

66. Prior to the merger, Von also owned and operated a modern distribution center in a 216,000 square foot building located on a 20-acre tract of land in the Los Angeles area. Direct railroad and truck shipments were made to this distribution center which provided facilities to receive and distribute groceries and related products to Von's supermarkets throughout the Los Angeles area. Von owned and operated approximately 33 tractors and 39 trailers which it used for transporting merchandise from the distribution center to the various supermarkets.* (Order Part III, par. 9.)

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B. *Description of Shopping Bag*

67. Prior to March 28, 1960, defendant Shopping Bag Food Stores (hereinafter referred to as Shopping Bag) was a publicly held corporation organized and existing under the laws of the State of California and maintained its principal offices in El Monte, California. On March 28, 1960, Shopping Bag was merged into Von and the separate corporate existence of Shopping Bag was terminated on that date.* (Order, Part III, par. 11.)

68. Prior to its merger into Von, Shopping Bag was one of the leading chains of supermarkets in the Los Angeles area. It was the successor to incorporated and unincorporated business entities which had been engaged in the purchase, distribution, and retail sale of a complete line of groceries and related products in the Los Angeles area since 1933. In the 1959 fiscal year, Shopping Bag operated 36 complete supermarkets in the Los Angeles area which had total annual sales of approximately $79 million for an average of approximately $2.1 million in sales per store. All of the Shopping Bag Stores were of the self-service, cash-and-carry type.* (Ord., III, ¶ 12.)

69. Immediately prior to the merger, Shopping Bag also operated a substantial distribution center which was served directly by railroad and truck, and which received and distributed groceries and related products to Shopping Bag supermarkets. To facilitate distribution to its supermarkets Shopping Bag owned and operated a fleet of trucks, trailers, and automobiles comprising about 166 units in all.* (Order, Part III, par. 13.)

C. *Position of the Defendants in the Relevant Market*

70. Prior to the merger both defendants were competitive factors in the Los Angeles Metropolitan Area.* (Order, Part III, par. 47.)

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71. The order and importance of retail chains in the Los Angeles area can be found in various statistical tables. One such table appearing in Food Topics Magazine was used by the Government in preparing Government's Exhibit 8 for the hearing on the preliminary injunction and was introduced by the defendants as Exhibit A in that hearing. The parties agree that it is accurate in certain respects. However, both parties clearly understand that this table is an estimate and may introduce other statistics and figures which are at variance with estimates appearing in the Food Topics table.* (Order, Part III, par. 48.)

72. The Food Topics Magazine study was for 1958, the last complete normal year prior to the merger; in 1959 a four-week strike closed most stores of the leading chains and the merger occurred in March 1960. (De Silva Aff. GX 91, pp. 2-3; Von der Ahe Tr. 6/13/63, pp. 229-230.)

73. In 1958 Von ranked third and Shopping Bag fifth in terms of total sales by grocery stores in the Los Angeles Metropolitan Area. Von had approximately 4.1% and Shopping Bag approximately 3.9% of all grocery store sales in the Los Angeles Metropolitan Area, as reported in the Food Topics Magazine study, which is discussed below. Shopping Bag ranked sixth and Von eighth in terms of total number of markets operated in this area in the same year.* (Order, Part III, par. 14.)

74. On the basis of Food Topics Magazine combined Von and Shopping Bag rank second in terms of dollar sales and in terms of total number of supermarkets in the Los Angeles Metropolitan Area. Following the merger Von's total assets were approximately $42 million and it accounted for approximately 8% of all grocery store sales in the area.* (Order, Part III, par. 15.)

75. Information compiled by the Federal Bureau of Investigation from the defendants and in direct interviews with retail grocery chains in the area, and used by the defendants in preparing certain exhibits, demonstrates that

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the industry rank and percentage share of the ten leading grocery chains in the area were as follows in 1958: (GX 4)

Position of Von and Shopping Bag Among the Ten Largest Grocery Chains in the Los Angeles Metropolitan Area

	1958 Rank in Sales Before Merger	1958 Rank in Sales After Merger	Sales in Los Angeles Metropolitan Area	Percentage
			Dollars	
Total of Von and Shopping Bag	—	1	$177,867,000	8.9
Safeway	1	2	161,233,000	8.0
Ralph's	2	3	128,283,000	6.4
Von	3	—	93,703,000	4.7
Market Basket	4	4	88,806,000	4.4
Thriftimart	5	5	88,583,000	4.4
Shopping Bag	6	—	84,164,000	4.2
Food Giant	7	6	72,727,000	3.6
Alpha Beta Raisins	8	7	62,727,000	3.1
Fox Markets	9	8	56,438,000	2.8
Mayfair	10	9	39,360,000	2.0

76. The only material difference between the rank and market share percentages shown in GX 4 set forth above and the dollar sale and market share statistics shown by Food Topics is that the Food Topics' study indicated that the combined Von and Shopping Bag sales did not equal Safeway's sales. However, the defendants now accept the information obtained by the Federal Bureau of Investigation as accurate in this respect. (GX 4)

77. Prior to the merger both defendants competed effectively against Safeway.* (Order, Part III, par. 49.)

78. Prior to the merger Von and Shopping Bag both experienced substantial growth in the Los Angeles Metropolitan Area. (GX 5)

79. In the period between 1954 and 1958 Von's total sales in the Los Angeles Metropolitan Area increased from $64 million to almost $94 million and Shopping Bag's total sales increased from $55 million to $84 million. (GX 5)

80. From the beginning of 1955 to the beginning of 1960, the total number of Von stores in operation increased from 22 to 28, while in the same period the total number of

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Shopping Bag stores increased from 24 to 38. (GX 13, GX 14, GX 15)

81. As of March 28, 1960, Von planned to construct six new stores and Shopping Bag planned to construct one. (GX 16)

82. Between 1949 and 1959, both defendants expanded into new areas, increased the number of their stores in operation, and increased their total dollar sales.* (Order, Part III, par. 51.)

83. In 1946 the Shopping Bag stores were largely in the northeast part of the Los Angeles Metropolitan Area and the Von stores, in the southwest part of the Area (GX 79); by 1950 there was a movement of both firms out of their respective areas (GX 80); this movement continued to 1955 (GX 81); by 1960 both chains had expanded well out of the areas in which they were located in 1946 with the result that each chain had stores located throughout the Los Angeles Metropolitan Area (GX 82).

84. By 1960 the defendants admit that 20 per cent of the stores operated by Von and Shopping Bag were so located that they competed with each other for some or all of the same customers. The stores which the defendants admit competed with each other are listed below (Von der Ahe Tr. 6/13/63, pp. 203-212; DX AV):

(a) Von's store No. 27 at 15704 Whitwood Lane, Whittier, completely with Shopping Bag store No. 1 at 1611 West Whittier Lane, La Habra; the stores were 1½ miles apart.

(b) Von's store No. 27 competed with Shopping Bag store No. 21 at 1183 Quad Way, Whittier; the stores were 2½ miles apart.

(c) Von's store No. 29 located at 1000 East Valley, Alhambra, competed with Shopping Bag store No. 27 at 127 North Garfield, Monterey Park; the stores were 1½ miles apart.

(d) Von's store No. 4 at 2280 Atlantic Avenue, Al-

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hambra, competed with Shopping Bag store No. 27; the stores were 3 miles apart.

(e) Von's store No. 31 at 973 South Glendora, West Covina, competed with Shopping Bag store No. 28 at 15427 Amar Road, La Puente; the stores were 1 mile apart.

(f) Von's store No. 31 at 973 South Glen, West Covina, competed with Shopping Bag store No. 32 at 1170 West Garvey Boulevard, West Covina; the stores were 1½ miles apart.

(g) Von's store No. 26 at 12156 Brookhurst Avenue, Garden Grove, competed with Shopping Bag store No. 33 at 9922 Catella, Anaheim; the stores were 1 mile apart.

(h) Von's store No. 5 at 10001 Paramount Boulevard, Downey, competed with Shopping Bag store No. 35 at 9050 East Firestone Boulevard, Downey; the stores were 2 miles apart.

85. In addition to the competition admitted by the defendants, a study, based upon 2-mile draw areas, showed that the following Von and Shopping Bag stores competed for some or all of the same customers at the time of the merger (Bouque Aff., pp. 31, 32, 76):

(a) Von's store No. 4 at 2280 Atlantic Boulevard, Monterey Park, competed with Shopping Bag store No. 40 at 1201 West Whittier, Montibello.

(b) Von's store No. 29 at 1000 East Valley Boulevard, Alhambra, competed with Shopping Bag store No. 16 at 2200 West Valley Boulevard, Alhambra, as well as Shopping Bag store No. 11 at 2270 Huntington Drive, San Marino.

(c) Von's store No. 27 at 15740 Whitwood Lane, Whittier, competed with Shopping Bag store No. 22 at 9140 East Whittier, Pico.

86. Twelve existing Von stores and 20 existing Shopping Bag stores were so located in 1960 that both a Von and a Shopping Bag store would be within a 10-minute driving time, representing a distance of approximately 4 miles, of

the same potential customers. (GX 85; Jenssen Tr. 6/14/63, pp. 397-403.)

87. An estimated one million customers, representing an approximate annual food expenditure of $481 million were so situated in 1960 that they could shop at either a Von or a Shopping Bag store within a 10-minute driving time, representing a distance of approximately 4 miles. (GX 85; Jenssen Tr. 6/14/63, pp. 397-403.)

88. Defendants admit that the competition was intensive in those instances where a store of Von's and a store of Shopping Bag were so located that they could both compete for some of the same customers. (Order, Part III, par. 46, as amended.)

89. Subsequent to the merger Von cancelled plans to open a new Shopping Bag store at Mission Road and Belvoir Avenue in Grenada Hills because it would have competed with an existing Von store. (Von der Ahe Tr. 6/13/63, p. 218.)

90. Prior to the merger both Shopping Bag and Von were among the five chains listed in a widely distributed pricing service which carried an item by item analysis of the prices charged by the leading grocery chains in the area. (GX 21)

91. Subsequent to the merger, Shopping Bag was eliminated from the pricing study described in paragraph 90 above and was replaced by another grocery chain. (GX 22)

92. Prior to the merger Von and Shopping Bag watched each others advertising in the Metropolitan papers as well as the advertising of the other major chains. (GX 23, GX 24, GX 25, GX 26)

93. Prior to the merger, chains such as Von, Shopping Bag, Safeway, Ralph's Market Basket, Thriftimart and Food Giant checked the others prices. (GX 23)

94. Prior to the merger Von's Grocery Co. and Shopping Bag took into consideration the prices which the other charged, as well as the prices charged by the other leading chains, in the Los Angeles Metropolitan Area in determining prices to be charged. (GX 23, GX 24, GX 25, GX 26)

95. Such chains, however, did not customarily check the price of the so-called Mom and Pop stores (the smaller stores). (GX 23)

96. In 1959, the last full year prior to the merger, Von's

total advertising expenditures exceeded $738,000 and Shopping Bag's total expenditures exceeded $1,187,000. (GX 17)

97. Von and Shopping Bag were among the eleven retail grocery chains in the Los Angeles Metropolitan Area which did area-wide advertising prior to the merger. (GX 18)

98. Von and Shopping Bag were also among the relatively few retail grocery chains in the area doing radio and television advertising. (GX 17, GX 18, GX 19)

99. In 1959 Von received advertising allowances of approximately $227,000 and Shopping Bag, $304,000. (GX 20)

100. In the years 1957, 1958 and 1959, Von enjoyed profits of $3.9 million, $4.0 million and $4.1 million, respectively, before provision for Federal Income Taxes. (GX 27)

101. In the years 1957, 1958 and 1959, respectively, Shopping Bag enjoyed profits of $2.7 million, $1.9 million and $1.5 million before provision for Federal Income Taxes. (GX 27)

102. Both Von and Shopping Bag had experienced profitable operations in the three years prior to the merger. (GX 27)

103. For the years 1952, 1953, 1954, 1955, 1956 and 1958, the average income earned on invested capital, before taxes and interest, was as follows: Von, 42.0%; Shopping Bag, 28.1%. (GX 28)

104. On the basis of total sales, industry rank, percentage, market share, assets, advertising, promotion ability, expansion potential, earnings, financial stability, number of stores in operation, impact upon prices and consumer acceptance, both defendants in this case were substantial competitive factors in the purchase, distribution and retail sale of groceries and related products in the Los Angeles Metropolitan Area prior to their merger. (Order, Part III, pars. 6 through 52; GX 4, GX 5, GX's 9 through 23; GX 27, GX 29, GX 30, G 31, GX 32)

Relevant Market Structure

105. In the year 1948 the market share represented by the 20 leading grocery chains in the Los Angeles Metropolitan Area was 43.8 per cent; in 1958, it was 56.9 per cent. (GX 6, GX 7)

106. In the year 1948 the market share represented by the

16 leading grocery chains in the Los Angeles Metropolitan Area was 41.6 per cent; in 1958, it was 53.4 per cent. (GX 7)

107. In the year 1948 the market share represented by the 12 leading grocery chains in the Los Angeles Metropolitan Area was 38.8 per cent; in 1958, it was 48.8 per cent. (GX 7)

108. In the year 1948 the market share represented by the 8 leading grocery chains in the Los Angeles Metropolitan Area was 33.7 per cent; in 1958, it was 40.9 per cent. (GX 7)

109. The four leading grocery chains in the Los Angeles Metropolitan Area accounted for 24.4 per cent of all grocery store sales in 1958. The merger of oVn and Shopping Bag increased the market share of the top 4 to 28.8 per cent, based upon 1958 sales on a pro form abasis. (GX 8)

110. As a result of the merger between Von and Shopping Bag, the market share of the 4 largest chains in the store sales in 1958. The merger of Von and Shopping Bag based upon 1958 sales on a pro form a basis. (GX 8)

111. Since the beginning of World War II and particularly the last 15 years, Los Angeles has been one of the most rapidly expanding areas in the United States.* (Order, Part III, par. 24.)

112. In the last 20 years there has been an increase in the size of individual retail grocery stores in the Los Angeles area.* (Order, Part III, par. 42.)

113. Since 1940 there has been a decrease in the number of grocery stores in operation in the Los Angeles Metropolitan Area.* (Order, Part III, par. 44.) (Government Industry Witnesses.)

114. In the period between January 1, 1950 and January 1, 1963, the total number of grocery stores licensed to operate in the Los Angeles Metropolitan Area decreased by 1,673. (GX 33, GX 34, GX 35)

115. On January 1, 1950, the records of the State Board of Equalization indicate that there were 5,365 single outlet grocery stores and 856 multiple outlet grocery stores operating in the Los Angeles Metropolitan Area for a total of 6,221 stores. By January 1, 1961, the total number of single

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outlet grocery stores was 3,818 and the number of multiple outlet grocery stores was 923 for a total of 4,741. By January 1, 1963, the number of single outlet grocery stores was 3,590 and the number of multiple outlet grocery stores was 958 for a total of 4,548. (GX 33, GX 34, GX 35)

116. On January 1, 1950, there were 1.4383 grocery stores per thousand population in the Los Angeles Metropolitan Area; and on January 1, 1961 there were .6950 grocery stores per thousand population in the Los Angeles Metropolitan Area. (GX 33, GX 34)

117. Single outlet stores have been declining in numerical count and multiple outlet stores, particularly those controlled by the large chains, account for the bulk of the business done under newly obtained permits. (GX 33 through GX 43; Affidavit of John B. Marshall.)

118. In 1953 there were 704 chain grocery stores in the Los Angeles Metropolitan Area and by 1962 the total number of chain grocery stores increased to 1,085. (GX 74)

119. In 1953 chains of 10 or more stores accounted for 57.4 per cent of all chain grocery stores in the Los Angeles Metropolitan Area and by 1962 they accounted for 68.2 per cent. (GX 74)

120. In 1953 the 40 chains with the most grocery stores operated 574 stores; by 1962 the 24 chains with the most grocery stores operated 739 stores. (GX 75)

121. In 1953 chains of two or more stores accounted for approximately 12.7 per cent of all grocery stores in the Los Angeles Metropolitan Area; by 1962 they accounted for 23.6 per cent of all of such stores. (GX 76)

122. There is a very high percentage of discontinuance of permits by small, single outlet stores compared to a relatively small percentage of such discontinuances by the large chains. (GX 33 through GX 43; Affidavit of John B. Marshall.)

123. During the period between 1949 and 1958, 9 of the largest chains in the Los Angeles Metropolitan Area acquired 126 grocery stores from concerns outside the top 20 chains. (GX 44)

124. In 1958, 99 of the stores referred to in paragraph 123 were still operated by the acquiring chains and had sales of $192.9 million. (GX 45)

125. Without the acquired stores referred to in para-

graphs 123 and 124 above, the market share of the top 20 chains in the Los Angeles Metropolitan Area in 1958 would drop from 56.9 per cent to 47.3 per cent. (Affidavit of Willard F. Mueller.)

126. There were other significant acquisitions and mergers occurring in the Los Angeles Metropolitan Area which supplement those listed in GX 44 for the period from 1949 through 1958. (Defense witness Godfrey Lebhar, GX 78.)

127. There have been additional significant acquisitions and mergers (including Von's and Shopping Bag) within the retail grocery industry in the Los Angeles Metropolitan Area subsequent to the period of time covered by GX 44. (Defense witness Godfrey Lebhar, GX 78; Government's industry witnesses.)

128. It is recognized in the industry that there has been a decline in the total number of stores serving the area; the combined market shares of the large chains is increasing; consolidations and mergers have played an important part in increasing concentration; single store operators are at a disadvantage in attempting to compete with the major chains; and only the chains with triple A financial ratings are considered for sites in major shopping centers. (Government industry witnesses.)

The Merger

129. Sometime in the latter part of 1957 or the early part of 1958, Mr. Theodore A. Von der Ahe, President of Von's Grocery Company, approached Shopping Bag and initiated the merger talks which led to the subject merger. (GX 46)

130. Prior to commencing negotiations with Shopping Bag, Von's had discussed possible mergers with Kroger's and Alexanders Markets. (Von der Ahe Tr. 6/13/63, pp. 181-182.)

131. In 1957 when the merger negotiations were begun, Shopping Bag's profits were at an all time high. (Von der Ahe Tr. 6/13/63, p. 231.)

132. On March 28, 1960, the merger of Von and Shopping Bag was consummated. (Order, Part III, paras. 4, 11.)

133. As a result of the merger, Von and Shopping Bag

were united under a single management, subject to the control of a single board of directors and a single group of officers. The combined defendants have secured competitive advantages in that their warehousing functions are united in a single operation, their advertising is consolidated, the search for new locations is now the responsibility of one organization instead of two, the inventory in the stores has been adjusted with the result that the stores of both chains now carry the same lines and the stores are now known as "Von's Shopping Bag." (Order, Part III, pars. 4, 6, 10, 11 and 41; GX 9, GX 10, GX 11, GX 21, GX 22, GX 23, GX 27; GX 47 through GX 71; Von der Ahe Tr. 6/13/63, pp. 252-257; Government industry witnesses.)

Conclusions of Law

1. Prior to the merger both defendants were engaged in interstate commerce and were subject to the jurisdiction of the Federal Trade Commission.

2. Prior to the merger both defendants transacted business and were found within the jurisdiction of the United States District Court for the Southern District of California (Central Division).

3. The merger of the defendants in this case is an acquisition covered by Section 7 of the Clayton Act, as amended.

4. The Court has jurisdiction to determine whether the merger of the defendants in this case violated amended Section 7 of the Clayton Act.

5. Groceries and related products, taken as a whole, is the relevant line of commerce in which to determine whether this merger violated amended Section 7 of the Clayton Act.

6. The Los Angeles Metropolitan Area is the relevant section of the country in which to determine whether the merger violated amended Section 7 of the Clayton Act.

7. The effect of the merger of the defendants may be substantially to lessen competition or to tend to create a monopoly in the relevant line of commerce in the relevant section of the country.

8. The merger of the defendants in this case violated

amended Section 7 of the Clayton Act and plaintiff is entitled to appropriate equitable relief.

Respectfully submitted, /s/ James J. Coyle, /s/ John F. Hughes, /s/ Malcolm F. Knight, Attorneys, Department of Justice.

/s/ Margaret H. Brass, Attorney, Department of Justice.

Dated: July 5, 1963

CERTIFICATE OF SERVICE BY MAIL

(omitted in printing)

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT

[Title omitted]

Civil Action N. 336-60-CC

GOVERNMENT'S MEMORANDUM ON THE ISSUES PRESENTED—
March 19, 1964

(Omitted in printing)

* * * * * * *

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1965

No. 303

UNITED STATES, APPELLANT,

vs.

VON'S GROCERY COMPANY, ET AL.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CALIFORNIA

Volume V

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Defendants' Exhibits

A—Letter from John B. Marshall to Mr. William W. Vaughn, dated May 16, 1961 with table entitled "Number of Permits to Sell Tangible Personal Property Issued to Grocery Stores and Other Food Stores in Los Angeles and Orange Counties, 1947-1961" 2523

B—Form for Application for Seller's Permit and Registration as a Retailer and Department of Employment Registration as an Employer, State of California Board of Equalization, Department of Business Taxes—Sales Tax 2525

C—Form for Report on Close-Out of Account, State Board of Equalization, Department of Business Taxes, Sales and Use Tax 2526

D—Letter from John B. Marshall to Mr. William W. Alsup, dated September 7, 1961 2529

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F—Table A—Names and Addresses of Grocery Stores of Multiple-Outlet Concerns in the Los Angeles Metropolitan Area that were Closed Out (Discontinued Without a Successor) During 1960		2533
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M—A Survey to Determine Existing Competition Between Von's and Shopping Bag Markets, dated December, 1959		2574
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AA—Series of Lists entitled, "Names and Addresses of Customers Cashing Checks at Store Number ——"		2631

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AF—Report entitled "A Group of Supermarket Chains in the Los Angeles, California Area. A Report prepared by a Representative of the Kroger Company in August, 1957, Analyzing the Von's and Shopping Bag Stores and the Competition Each Faces in Its Particular Locality		2747

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AM—Table entitled, "Comparison of Sales From 1948 to 1960 of the 20 Largest Grocery Chains in the Los Angeles Metropolitan Area Using June 30, 1960 Ranking		2787
AN—Table and Graph entitled, "Percentage of the Total Grocery Stores Sales By Various Groups of Chains in the Los Angeles Metropolitan Area 1950-1960		2788
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AR—List of Discount Houses by Districts, dated June 6, 1963		2791
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AV—Defendant's answer to Plaintiff's Interrogatory No. 6 and Exhibits D, E, F and G thereto		2881
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Appendix

Chronology of the Case

March 25, 1960:	Complaint filed.
May 3, 1960:	Discovery commenced.
February 7, 1961:	Amended Answer to Complaint filed.
April 24, 1961:	Pre-Trial Conference Order entered. Cut-off of discovery as of this date. Trial date set for August 1, 1961.
June 21, 1961:	On the Court's Motion, trial date is continued from August 1, 1961 until October 31, 1961.
September 26, 1961:	On the Court's Motion, trial date continued from October 31, 1961 until November 14, 1961.
October 17, 1961:	Case transferred from Judge Mathes to Judge Stephens.
October 27, 1961:	Trial date of November 14, 1961 vacated and pre-trial hearing set for November 14, 1961.
July 13, 1962:	Supplemental pre-trial conference.
September 1962:	Case transferred from Judge Stephens to Judge Carr.
February 20, 1963:	Trial date set for June 11, 1963.
June 11-14, 1963:	Trial.
March 23, 1964:	Oral argument.

Certificate of Service by Mail (omitted in printing)

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60-CC

[Title omitted]

STIPULATION AFTER TRIAL—ordered March 23, 1964

The parties hereto through their respective counsel of record hereby stipulate to the facts set forth below:

In entering this stipulation the parties reserve all their rights to object as to the relevancy or materiality of any fact herein contained.

1. Statistics provided by the State Board of Equalization [1] show that on January 1, 1961, the total number of single outlet grocery stores operating in the Los Angeles Metropolitan Area was 3,818, and the total number of multiple outlet stores [2] was 923 for a total of 4,741.

2. Statistics provided by the State Board of Equalization [1] show that on January 1, 1963, the total number of single outlet grocery stores operating in the Los Angeles Metropolitan Area was 3,590, and the total number of multiple outlet stores was 958 for a total of 4,548.

3. The following table shows the breakdown of the concerns operating in the Los Angeles Metropolitan Area in 1962:

---

[1] Defendant continues to take the position that statistics provided by the State Board of Equalization are inaccurate. Defendant concedes, however, that it is not aware of any other statistics with respect to the total number of grocery stores in Los Angeles and Orange Counties which are accurate.

[2] A multiple outlet store is defined as a grocery store owned or operated by a chain of two or more stores.

Concerns Operating	No. of Concerns
10 or more stores	24
4 to 9 stores	22
2 to 3 stores	104
1 store	3,709
Total	3,859

4. The following table compares the number of stores operated by and the combined market share of the 20 largest chains in the area in 1958 with the smaller chains and independents.[3]

	No. of Stores	Market Share	
		Govt. Figures	Def. Fig.
Top 20 chains	598	56.9%	54.3%
Independents and smaller chains	4,301	43.1	45.7

5. On September 3, 1963, Kroger Company, the nation's third largest grocery chain in terms of total dollar sales, which was not then operating in the Los Angeles Metropolitan Area, acquired the Market Basket Chain, one of the largest grocery chains in the Los Angeles Metropolitan Area in terms of total dollar sales. This acquisition is being investigated by the Federal Trade Commission to determine if a suit should be instituted charging a violation of Section 7 of the Clayton Act.

6. In recent years a number of supermarket chains and other firms in the Los Angeles Metropolitan Area have opened supermarket operations in discount houses.

7. Some of these chains and other firms have dry grocery departments, meat departments, and produce departments in their discount store operations, but others do not have all three departments (i.e., some will only have dry groceries). The inventory carried in the departments in discount stores varies.

8. At the time of trial all but ten of the grocery operations in discount stores were operated by firms which were operating supermarkets in shopping centers or in other locations, and five of these ten discount store opera-

[3] Since the parties have not been able to stipulate as to market share figures, this table shows the figures advocated by both parties.

tions carried complete lines of meat, produce, and dry groceries.

9. Since the trial, five additional operations have been opened in discount houses. Three of these newly opened departments are operated by firms which also operate supermarkets in shopping centers or in other locations in the Los Angeles Metropolitan Area.

10. The following is a list of the five discount houses which have been opened since the trial. It shows the name of the firm which operates the outlet in the discount store:

(a) "Unimart" (operated by Food Giant) at 2270 Bellflower Boulevard, Long Beach, Los Angeles County;

(b) "White Front" (operated by Supreme Foods Co.) at 9725 Laurel Canyon Boulevard, Pacoima, Los Angeles County;

(c) "Big A" at 14200 East Rosecrans Boulevard, La Mirada, Los Angeles County;

(d) "Huntington Fantastic Food City" (operated by Food Fair) at 16672 Beach Boulevard, Huntington Beach, Orange County; and

(e) "Crown Budget Department Store" at 3731 West Warner Street, Santa Ana, Orange County.

11. No statistics were introduced into evidence to show the share of total retail grocery sales in the Los Angeles Metropolitan Area which is represented by supermarkets operated in discount houses.

12. The Certified Grocers of California, Ltd. is a co-operative which distributes dry groceries and other products.

13. Certified only sells to its members.

14. Spartan Cooperative formerly operated in the Los Angeles Metropolitan Area as a separate concern, but it was acquired by Certified in 1957 and is a subsidiary of that firm.

15. Spartan only sells to its members.

16. Orange Empire is operated by A. M. Lewis, Inc., a grocery wholesaler with operations in the States of Arizona and Nevada, and the California counties of Riverside,

San Diego, and San Bernardino in addition to its operations in the Los Angeles Metropolitan Area.

17. The Orange Empire operation of A. M. Lewis, Inc. only sells to its members.

18. The parties are in disagreement as to whether Orange Empire is a cooperative or a grocery wholesaler.

Dated: March 20, 1964.

James J. Coyle, Attorney, Department of Justice,
O'Melveny & Myers, by William W. Alsup, Attorneys for Defendants Von's Grocery Company and Shopping Bag Food Stores

It is so ordered this 23 day of March, 1964.

Charles H. Carr.

PLAINTIFF'S EXHIBIT No. 1

The 20 Largest Grocery Chains in the Los Angeles Metropolitan Area Ranked According to Sales in 1958

Rank	
1	Safeway
2	Ralph
3	Von
4	Market Basket
5	Thriftimart
6	Shopping Bag
7	Food Giant
8	Alpha Beta
9	Fox Markets
10	Mayfair
11	McDaniels
12	Boys Markets
13	Alexander's
14	Greater All American
15	Hughes
16	Lucky Stores
17	Shoppers Markets
18	McCoy's Markets
19	A. & P.
20	Yor-Way & Metropolitan

Source: Federal Bureau of Investigation

PLAINTIFF'S EXHIBIT No. 2

Comparison of Population of Los Angeles Metropolitan Area and 10 Leading States in the United States

Rank	States and Metropolitan Area	1960 Population
1	New York	16,782,304
2	California	15,717,204
3	Pennsylvania	11,319,366
4	Illinois	10,081,158
5	Ohio	9,706,397
6	Texas	9,579,677
7	Michigan	7,823,194
	Los Angeles Metropolitan Area	6,742,696
8	New Jersey	6,066,782
9	Massachusetts	5,148,578
10	Florida	4,951,560

Sources: *United States Department of Commerce*, Bureau of the Census, December, 1960 and *Advance Reports Final Population Counts*, 1960 Census of Population.

PLAINTIFF'S EXHIBIT NO. 3

Comparison of Population of Los Angeles Metropolitan Area with 11 States and the District of Columbia

Rank	States and D. C., and Metropolitan Area	1960 Population
	Los Angeles Metropolitan Area	6,742,696
	Combined Total—11 States and D. C.	6,336,251
40	District of Columbia	763,956
41	South Dakota	680,514
42	Montana	674,767
43	Idaho	667,191
44	Hawaii	632,772
45	North Dakota	632,446
46	New Hampshire	606,921
47	Delaware	446,292
48	Vermont	389,881
49	Wyoming	330,066
50	Nevada	285,278
51	Alaska	226,167

Sources: Department of Commerce, United States Census of Population 1960. Based on census conducted April 1, 1960.

PLAINTIFF'S EXHIBIT NO. 4

Position of Von and Shopping Bag Among the Ten Largest Grocery Chains in the Los Angeles Metropolitan Area[1]

	1958			
	Rank in Sales Before Merger	Rank in Sales After[2] Merger	Sales in Los Angeles Metropolitan Area[3]	Percentage
			Dollars	
Total of Von and Shopping Bag	--	1	$177,867,000	8.9
Safeway	1	2	161,233,000	8.0
Ralph's	2	3	128,283,000	6.4
Von	3	—	93,703,000	4.7
Market Basket	4	4	88,806,000	4.4
Thriftimart	5	5	88,583,000	4.4
Shopping Bag	6	—	84,164,000	4.2
Food Giant	7	6	72,727,000	3.6
Alpha Beta Raisins	8	7	62,727,000	3.1
Fox Markets	9	8	56,438,000	2.8
Mayfair	10	9	39,360,000	2.0

[1] Source: Federal Bureau of Investigation, except Von and Shopping Bag figures which were obtained from defendants.

[2] Although the merger was not consummated until 1960, we are showing the industry position total of the Von and Shopping Bag sales in 1958 because that is the most recent census year.

[3] Total sales in Los Angeles Metropolitan Area $2,008,313,000. United States Bureau of Census.

Plaintiff's Exhibit No. 5

Pre-Merger Growth (1954–1958) of Von and Shopping Bag Within the Los Angeles Metropolitan Area

	Sales	
	1954	1958
Von	$64,000,000	$93,703,000
Shopping Bag	$55,121,000	$84,164,000

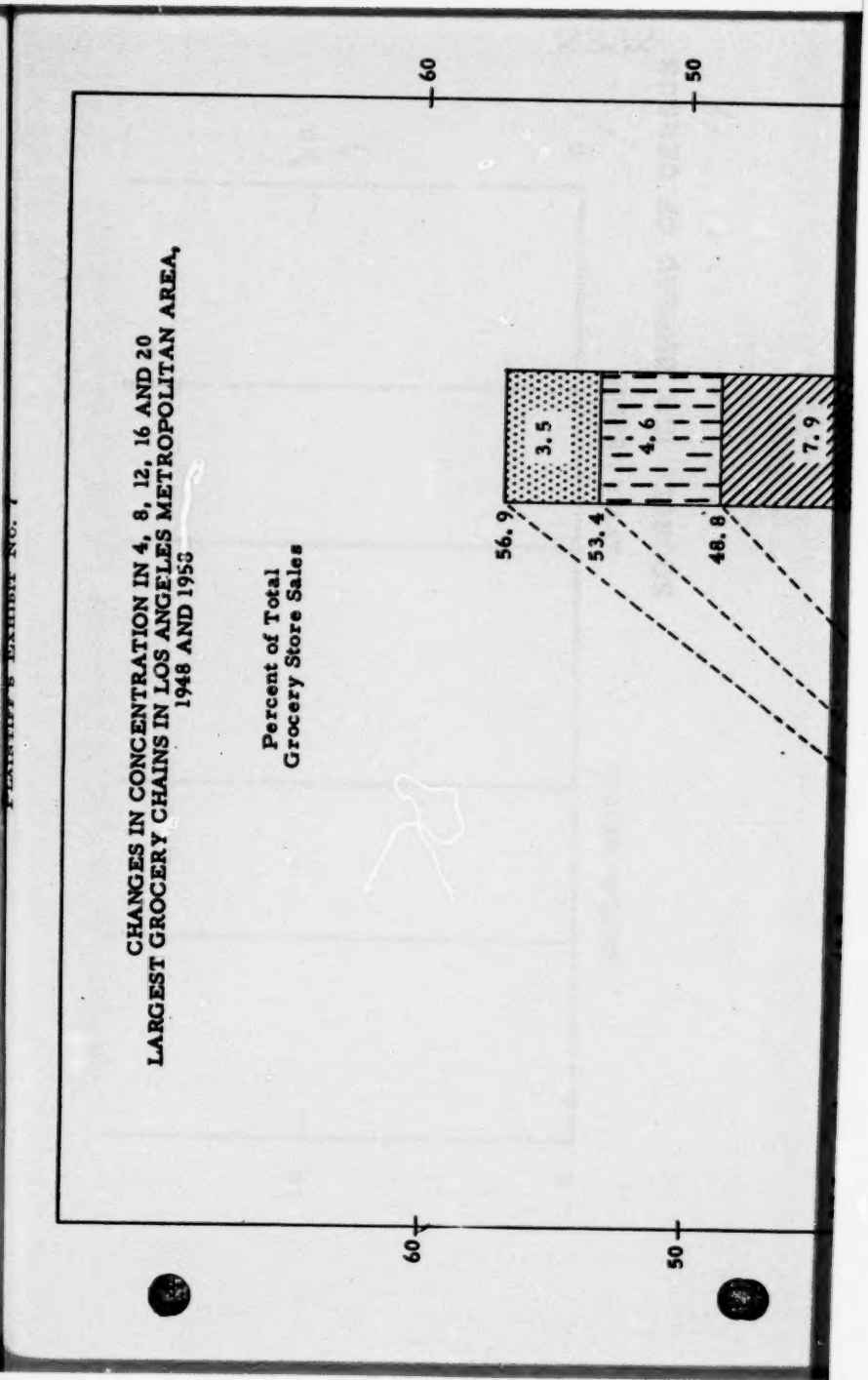
Source: Material submitted to the Department of Justice by defendants.

Plaintiff's Exhibit No. 6

Changes in Concentration in 20 Largest Chains in the Los Angeles Metropolitan Area 1948, 1954 and 1958

	Total Grocery Stores	20 Largest Grocery Chains According to Rank in: Each Year
	(1)	(2)
1948 Sales (000's)	$ 920,335	$ 403,089
Percent of Total	100.0%	43.8%
1954 Sales (000's)	1,487,116	754,825
Percent of Total	100.0%	50.8%
1958 Sales (000's)	2,008,313	1,142,565
Percent of Total	100.0%	56.9%

Source: United States Bureau of Census: (1) Total Grocery Stores: (48) Vol. 3: Retail Trade Area, Statistics, p. 405, (54) Vol. 2, p. 5–19, (58) Retail Trade California; Figures prepared by the U. S. Bureau of Census.



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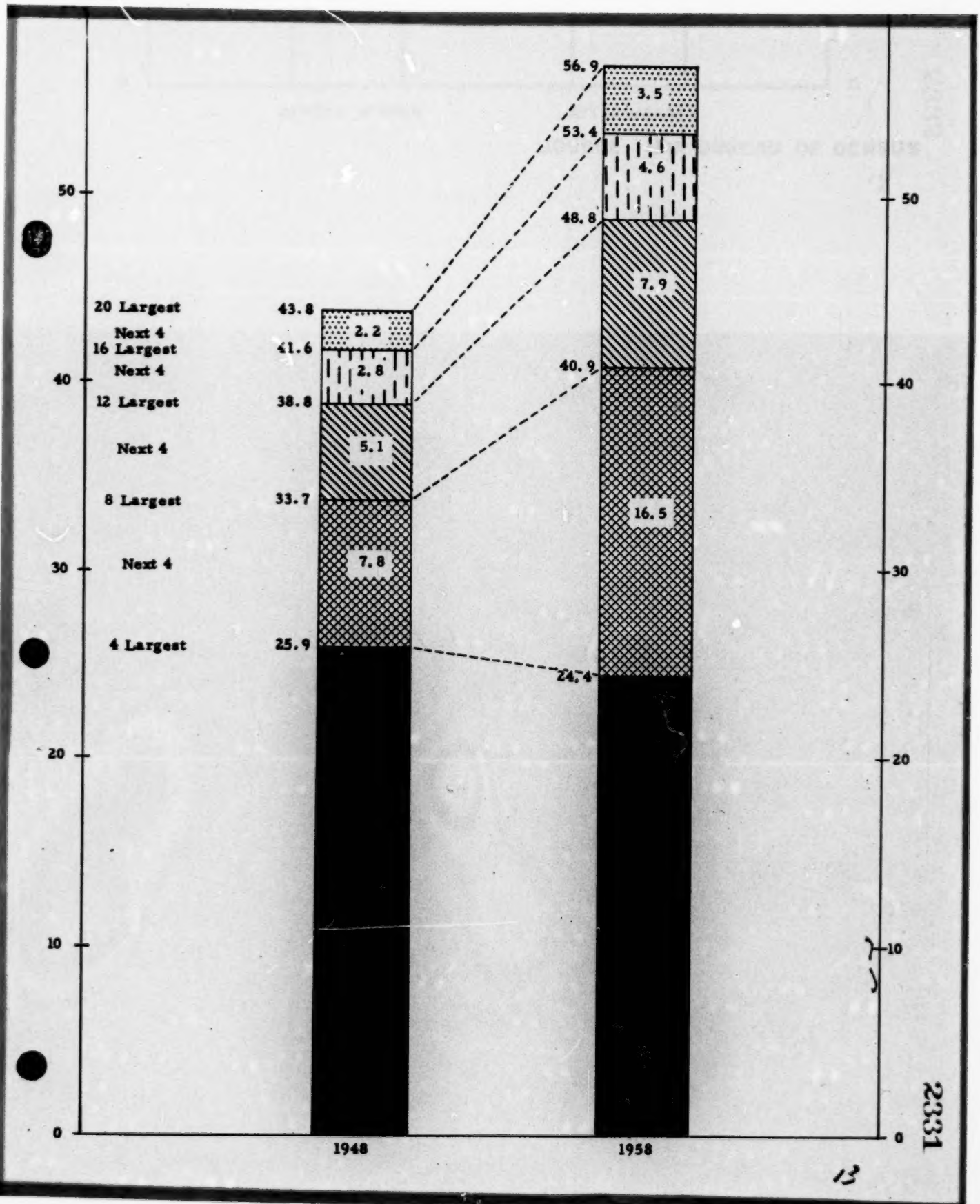
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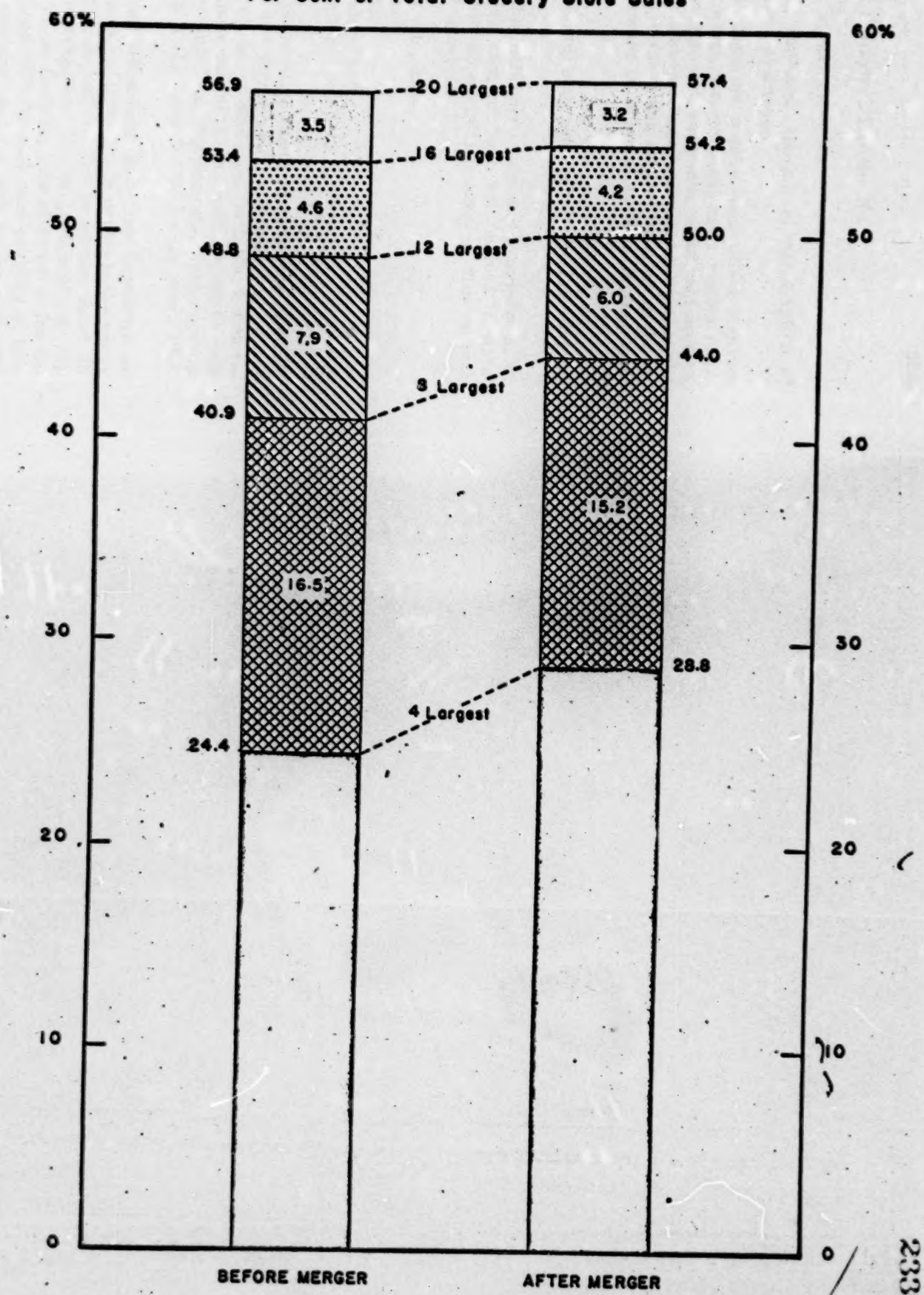
Concentration in 4, 8, 12, 16 and 20 Largest Grocery Chains in Los Angeles Metropolitan Area Before and After Von's-Shopping Bag Merger, Based on 1958 Sales



SOURCE: U.S. BUREAU OF CENSUS

2332

PLAINTIFF'S EXHIBIT No. 9

SUPPLEMENTAL INTERROGATORY No. 8

The following statement appears in paragraph 5 of defendants' answer, as amended:

> "Such products are usually retained for a period of time in warehouses or distribution centers maintained by said grocery companies or by said brokers, jobbers, wholesalers or wholesale cooperatives, as the case may be, before being shipped by truck to the retail stores owned or operated by said grocery companies."

With respect to this statement, supply the following information:

A. State whether defendants have any knowledge as to the length of time such products are retained in warehouses or distribution centers maintained by firms in each of the following categories:

(1) Grocery companies;
(2) Brokers;
(3) Jobbers;
(4) Wholesalers; and
(5) Wholesale co-operatives.

If so, set forth the average length of time such products are retained in the warehouses or distribution centers of firms in each of the categories set forth above with respect to all products combined, and with respect to each product category listed in Supplemental Interrogatory No. 6, paragraph A (1) through (7), for the years 1958, 1959, and 1960.

B. State whether defendants have any knowledge as to the average number of inventory turnovers in the yearly operation of firms in each of the categories listed in Supplemental Interrogatory No. 8, paragraph A (1) through (5). If so, set forth the rate of turnover for the years 1958, 1959, and 1960, for each such category of firm for all products combined and for each product category

listed in Supplemental Interrogatory No. 6, paragraph A (1) through (7).

C. Set forth for the average firm in each category of distribution listed in Supplemental Interrogatory No. 7, paragraph A (1) through (5), the following information for each of the years 1958, 1959, and 1960:

(1) Year-end inventory for all products;
(2) Annual sales of all products; and
(3) Year-end inventory and annual sales for each product category listed in Supplemental Interrogatory No. 6, paragraph B (1) through (7).

D. Set forth for the years 1958, 1959, and 1960 the average length of time such products were retained in the warehouses or distribution centers maintained by the defendants during the years 1958, 1959, and 1960. Express this turnover with respect to all products and also with respect to each product category listed in Supplemental Interrogatory No. 6, paragraph A (1) through (7).

E. State the number of inventory turnovers in the operations of the defendants during each year since the beginning of 1958. Express this turnover in terms of all products combined, and for each of the product categories listed in Supplemental Interrogatory No. 6, paragraph A (1) through (7).

F. Set forth the following information for each defendant separately in 1958 and 1959, and for both defendants combined in 1960:

(1) Year-end inventory for all products as shown on the firm's balance sheet; and
(2) Year-end inventory for each product category listed in Supplemental Interrogatory No. 6, paragraph A (1) through (7), as shown on the firm's balance sheet.

G. State whether there is any basis for the statement appearing in paragraph 5 of the amended answer set forth in this interrogatory, in addition to the material set forth in answer to paragraph A through E of this interrogatory. If so, set forth with particularity any other basis for such statement.

Answer to Supplemental Interrogatory No. 8

A-C. No records are maintained by or known to Von's which reveal the length of time or average length of time that products produced outside California are retained in warehouses or distribution centers by grocery companies, brokers, jobbers, wholesalers or wholesale cooperates doing business in the Los Angeles area. Nor does Von's know the average number of inventory turn-overs, average year-end inventory or average annual sales for each or any of said classes of firms.

D. Neither Von's nor Shopping Bag maintained or maintains records which show how long they retained products produced or manufactured outside California in their warehouses. However, it can be said that in 1958 and 1959, Von's warehoused only grocery and drug items. On an average, such items (regardless of their origin) were retained in Von's warehouse for about four weeks before being stocked on the shelves of its retail stores. Von's did not maintain records which will show the period of time during which grocery and drug items separately were retained in its warehouse.

Shopping Bag did not prepare records in 1958 and 1959 to show the average period of time during which products were retained in its warehouse, though it is believed that the average period of such retention was greater in Shopping Bag's case than in Von's. Likewise, any estimate of the period of time during which either or both companies retained merchandise in its warehouses in 1960 would be difficult and meaningless, owing principally to the fact that the merger disrupted warehousing practices and resulted in the cessation of warehousing in any warehouse for a period of about six weks. However, it is believed that during the latter part of 1960, Von's was retaining products in its warehouse for an average of about four weeks before shipping them to retail stores.

E. The following shows the number of annual inventory turn-overs in all of Von's and Shopping Bag's stores for the years 1958, 1959 and 1960 stated for all products combined and for each of the companies' divisions:

Von's Grocery Co.	1958	1959	1960*
Grocery	21.04	18.54	15.26
Meat	81.56	88.15	72.33
Produce	169.08	173.31	101.04
Delicatessen	31.82	28.67	29.15
Liquor	7.37	6.26	7.80
Drug	5.94	5.45	5.57
Department Stores	—	—	2.71
Fountain	27.45	29.71	28.76
Total Stores	25.54	22.81	17.06
Shopping Bag Food Stores			
Grocery	15.18	13.30	—
Meat	57.08	54.90	—
Produce	44.17	34.33	—
Delicatessen	38.79	29.29	—
Liquor	9.67	9.80	—
Drug	6.96	—	—
Department Stores	2.66	2.60	—
Fountain	48.12	27.38	—
Total Stores	14.60	13.45	

* Computed on combined figures for Von's and Shopping Bag.

F. The following shows year-end inventory for Von's and Shopping Bag for the years 1958 and 1959 and for Von's for the year 1960 obtained from the companies' balance sheets for those years and stated for all products combined and for each of the companies' divisions:

Von's Grocery Co.	1958	1959	1960
Grocery	$1,972,729.12	$1,993,308.61	$5,607,715.65
Meat	204,781.99	147,775.01	341,776.57
Produce	51,273.15	34,594.49	107,672.22
Delicatessen	172,132.75	193,480.51	348,279.92
Liquor	363,215.23	331,972.61	1,288,051.24
Drug	247,557.22	238,909.47	242,294.55
Department Stores	—	—	876,363.16
Fountains	7,864.94	8,318.32	10,670.48
Total Stores	$3,020,554.40	$2,948,368.02	$8,822,823.79
Grocery Warehouse	1,985,298.68	1,740,667.08	3,856,224.35
Produce Warehouse	70,199.80	72,349.14	176,573.92
Delicatessen Kitchen	33,924.82	40,587.32	37,443.46
Central Wrap			49,103.52
Bakery			51,594.47
Storage	623,945.01	370,966.55	493,677.15
In Transit	122,097.43	98,329.58	125,207.20
Cafeteria	172.53	158.65	
Total Merchandise Inventories	$5,856,192.67	$5,271,426.34	$13,612,647.86

Shopping Bag Food Stores		
Grocery	$2,607,508.60	$2,237,728.78
Meat	242,430.84	209,444.99
Produce	182,782.46	260,210.86
Delicatessen	92,303.71	92,251.68
Liquor	770,184.53	682,998.13
Drug	217,329.82	—
Department Stores	$1,172,378.74	$ 968,061.43
Fountains	850.00	4,894.00
Total Stores	$5,285,768.71	$4,455,589.87
Grocery Warehouse	1,895,986.35	2,571,545.78
Produce Warehouse	315,600.38	153,036.50
Delicatessen Kitchen	—	—
Central Wrap	52,555.48	79,578.09
Bakery	42,059.33	44,688.88
Storage	54,407.86	25,427.77
In Transit	30,197.14	43,127.68
Total Merchandise Inventories	$7,676,575.25	$7,372,994.57

G. Those allegations contained in Paragraph 5 of Defendant's Answer, as amended, which are the subject of this interrogatory, are based on the foregoing and on the general knowledge and experience of Von's officers.

• • • • • • •

PLAINTIFF'S EXHIBIT No. 10

Supplemental Interrogatory No. 9

Supply the following information as to each defendant for the years 1958, 1959, and 1960:

A. State whether any officer, official, employee, agent, broker, or any other person acting on behalf of either defendant ever traveled outside the State of California or had offices or facilities outside the State of California for the purpose of contracting for, securing, or in any other way causing the purchase or shipment of groceries and related products for resale in grocery stores operated by the defendants. If so, supply the following information as to each such person:

(1) His name;
(2) His position;
(3) The nature of his duties;
(4) The city or cities in which he purchased, or arranged for the shipment of, groceries and related products;
(5) The products involved; and
(6) Total annual retail and wholesale dollar volume of shipments of such products into California.

B. State whether any warehouse or distribution center owned and operated by either or both defendants was serviced by any railroad line. If so, supply the following information as to each such warehouse or distribution center for the years 1958, 1959, and 1960:

(1) The address of the warehouse or distribution center;
(2) The name of every railroad servicing the warehouse or distribution center;
(3) Total annual railroad shipments into the warehouse or distribution center of products originating outside the State of California, in terms of retail and wholesale dollar value, pounds, and carloads; and
(4) Total annual railroad shipments into each warehouse or distribution center of products originating outside the State of California, in each of the

product categories listed in Supplemental Interrogatory No. 6, paragraph A(1) through (7).

C. State whether either or both defendants ever received shipments by truck at any warehouse or distribution center. If so, supply the following information as to each such warehouse or distribution center for the years 1958, 1959, and 1960:

(1) The address of the warehouse or distribution center;

(2) The name of every truck line servicing the warehouse or distribution center;

(3) Total annual shipments into the warehouse or distribution center, by truck, of products originating outside the State of California; in terms of retail and wholesale dollar value, pounds, and truckloads; and

(4) Total annual shipments into the warehouse or distribution center, by truck, of products originating outside the State of California, in each of the product categories listed in Supplemental Interrogatory No. 6, paragraph A (1) through (7).

D. State whether either or both defendants received any shipments by sea or air transportation of products originating outside the State of California in the years 1958, 1959, and 1960. If so, set forth total annual sea and total annual air shipments in terms of retail and wholesale dollar value and pounds for each of the product categories listed in Supplemental Interrogatory No. 6, paragraph A (1) through (7).

E. State whether any products originating outside the State of California were delivered directly to the stores of either or both defendants in the years 1958, 1959, and 1960. If so, supply the following information as to such shipments:

(1) Total annual shipments in terms of retail and wholesale dollar value and pounds; and

(2) Total annual shipments in terms of retail and wholesale dollar value and pounds, for each of the product categories listed in Supplemental Interrogatory No. 6, paragraph A (1) through (7).

F. State whether any other product not covered by any previous answer to this supplemental interrogatory and originating outside the State of California was delivered to, or received by, either or both defendants. If so, supply the following information as to such shipments:

(1) Total annual shipments in terms of retail and wholesale dollar value and pounds; and

(2) Total annual shipments in terms of retail and wholesale dollar value and pounds, for each of the product categories listed in Supplemental Interrogatory No. 6, paragraph A (1) through (7).

G. State whether any product or raw material originating outside the State of California was received by either or both defendants, to be procesed or repackaged, or otherwise used in the manufacture of a product to be sold in a grocery store. If so, supply the following information as to such shipments:

(1) The products involved;

(2) Total annual dollar purchases of each such product.

Answer to Supplemental Interrogatory No. 9

A. Norman Bolstad, Leo McManus and Edward Hirschman, all employees of Von's both before and since the merger, have made the following trips outside California for the purpose of arranging for the purchase of the following products for resale in Von's retail stores:

Buyer	Year of Trip	Place Visited	Products Purchased
Bolstad.....	1955	Phoenix, Ariz.	Grapefruit
	1955	Yakima, Wash.	Apples
	1955	Winachi, Wash.	Apples
	1955	Honolulu, Hawaii	Pineapples and Papyas
	1955	Mexicali, Mexico	Tomatoes
	1956	Hood, Oregon	Apples and Pears
	1956	Yakima, Wash.	Apples
	1956	New York, N. Y.	Cranberries
	1956	Mexicali, Mexico	Tomatoes
	1957	New York, N. Y.	Bananas
	1957	Phoenix, Ariz.	Grapefruit and Oranges

Buyer	Year of Trip	Place Visited	Products Purchased
	1957	Hood, Oregon	Apples and Pears
	1957	Yakima, Wash.	Apples
	1957	Winachi, Wash.	Apples
	1958	Phoenix, Ariz.	Grapefruit, Lettuce and Carrots
	1958	Sinaloa, Mexico	Tomatoes, Beans and Peppers
McManus.....	1957 and Each Year Thereafter	Phoenix, Ariz.	Grapefruit, Oranges and Lettuce
	1958	Southern part of Florida, including Wabasco, Plant City and Bellglade	Tomatoes, Grapefruit, Strawberries and Radishes
McManus.....	1959	Jerome, Idaho	Potatoes
	1959	Coldwell, Idao	Onions
	1959	Winachi, Wash.	Apples
Hirschman.....	1943 and About Once Every Two Years Since	Reedsport, Ore.	Cheese
	1951 and Every Year Since	Monroe, Green Bay, Plymouth and/or Mayville, Wisc.	Cheese
	1955	Copenhagen, Denmark	Cheese

Between 1955 and 1958, Norman Bolstad was the manager and head buyer of Von's produce Division. Since 1958, he has been head of Von's store operations. Since 1958, Leo McManus has been the principal buyer for Von's Produce Division. Since 1943, Edward Hirschman has been manager and head buyer of Von's Delicatessen Division.

Except as hereinabove stated, no one employed by, affiliated with, or representing Von's or Shopping Bag, has traveled outside California or had offices or facilities outside California for the purpose of contracting for, securing or causing the shipment of groceries or related products for resale in Von's or Shopping Bag's stores.

It is believed that the total annual retail and wholesale dollar volume of products whose purchase relates to the above referred to trips taken by Messrs. Bolstad, McManus and Hirschman can be obtained from a search of Von's accounting records. However, it has been agreed by and between counsel for the parties that said informa-

tion will not be supplied herein, counsel for the Government reserving the right to make a further request for said information.

B. Since prior to 1958, Von's has had a distribution center at 2700 Garfield Avenue, Vernon, California, which is serviced by the Atchison, Topeka and Sante Fe Railroad.

Since prior to 1958, Shopping Bag maintained a distribution center at 10150 Lower Azusa Road, El Monte, California, which was and is serviced by the Southern Pacific Railroad. This distribution center is now operated by Von's.

Since prior to 1958, and until February, 1960, Shopping Bag maintained a distribution center at 1825 East 27th Street, Vernon, California, which was likewise serviced by the Southern Pacific Railroad.

No records maintained by either company reflect the value, tonnage or car-loads of products produced out-side of California and shipped by rail to any of the above distribution centers.

C. Both Von's and Shopping Bag had received shipments by truck at the distribution centers referred to in answer to subdivision B of this interrogatory. Hundreds of truck lines have made such shipments in the years 1958, 1959 and 1960, and principally because the supplier usually arranges and pays for trucking service, neither Von's nor Shopping Bag has records reflecting the names of said truck lines. Similarly, no records maintained by either company reflect the value, tonnage or truck-loads of products produced outside California and shipped by truck to either company at any of said distribution centers.

D. Both Von's and Shopping Bag have occasionally in 1958, 1959 and 1960, received products produced outside California and shipped to California by air or sea transportation. No records maintained by either company reflect the value or poundage of such products.

E. Both Von's and Shopping Bag have occasionally in 1958, 1959 and 1960, received products produced outside California which were delivered directly to retail stores operated by them. No records maintained by either company reflect the value or poundage of such products.

F. As is stated above, neither Von's nor Shopping Bag

has records which reflect the retail or wholesale value or poundage of products produced outside California and delivered to or received by them. However, it can be stated that a substatnial quantity, if not the greater percentage of products sold by Von's and Shopping Bag in their retail stores, were and are produced outside California.

G. Prior to the merger, Shopping Bag operated a bakery which produced certain products for resale in Shopping Bag's stores. Some of the products or raw materials used in the production or processing of said bakery products originated outside the State of California. They include cake flour and certain specialty flours, all types of spices, such as cinnamon, sesame seeds, poppy seeds, lard, pecans, apples, blueberries, cherries, dates, chocolate, cocoa, stabilizers, conditioners, mold inhibitors, vitamins, enrichment tablets, flavorings, lubricants and edible oils. Since the merger, Von's has operated that bakery and has purchased similar products originating outside California for use in the production or manufacture of bakery goods.

Both prior to and since the merger, Von's has operated a Delicatessen Kitchen which manufactures, processes or repackages delicatessen products for resale in Von's stores. Some of the products so manufactured, processed or repackaged originated outside California. They include Wisconsin mild Cheddar cheese, Herkimer County cheese, Wisconsin buck, jack, Edam and grated cheese, roquefort cheese, bleu cheese, tillamook cheese and low-calorie jack cheese, bologna, summer sausage, Kosher sausage, New England sausage, liver loaf, chopped ham and olive loaf.

No records maintained by either company reflect the annual dollar purchases of such products.

* * * * * * *

PLAINTIFF'S EXHIBIT No. 11

Admissions in Deposition of Theodore A. Von Der Ahe, President of Von's Grocery Company, on May 4, 1960.

Q. Did you stop buying from Certified when you went into warehousing for yourself?

A. We had to go into warehousing for ourselves when we terminated our membership in Certified.

Q. Which came first, the termination or the warehousing?

A. I would say that it was a simultaneous move. We had built a warehouse and at the same time we terminated Certified.

Q. Did you determine to go into the warehousing business because you felt——

A. They both occurred in the same year, 1949.

Q. Did you determine to go into the warehousing business because you felt that you could get groceries cheaper by doing your own warehousing and purchasing directly from the supplier?

A. No, not at all. The reason we left Certified was because they could not assist us in controlling and maintaining our inventory, which was very important to us. The ultimate cost of goods to the store, whether it came out of Certified or through our warehouse, was practically the same.

Q. Is the inventory control that you refer to so important because it assures your stores of a constant source of supply?

A. It is very important. Without that we would be practically unable to operate.

Q. What are the great advantages of this inventory control that you are speaking of?

A. For one thing, when we require larger quantities of merchandise to cover an ad, we found that in many cases Certified did not have ample supply to service us. We found that in cases where there was a forthcoming price advance that Certified was not able to give us enough merchandise to afford us the same protection that the direct buying firms enjoyed. We found the same thing happened in cases of price decline, we had no floor stock

protection. The control of the inventory was the big factor why we stopped doing business with Certified. (pp. 21-22).

• • • • • • •

Q. In order to maintain this inventory control and do your own warehousing was it necessary for you to operate a fleet of trucks and trailers?

A. Yes.

Q. In 1959 did you have 33 tractors and 39 trailers, approximately?

Mr. Alsup: I think, Mr. Coyle, that is the answer we gave in the answer to the interrogatory.

Mr. Coyle: I am just laying a foundation.

The Witness: I don't remember how many we had, but I would say it is approximately correct.

By Mr. Coyle:

Q. More than one truck for each store, that is, that you had in operation prior to the merger?

A. I think so, yes.

Q. But each store received deliveries every day?

A. Let me tell you the reason that we had more than one truck for each store. We also distributed produce, which required a truck per store, and then we distributed dry groceries out of the grocery warehouse. We did not send a truck per store per day with dry groceries, but we did send produce every day.

Q. One truck would go to each store?

A. At least, yes.

Q. How often would a truck deliver dry groceries to each store?

A. We had stores that received as little as two deliveries a week, and stores that got as much as four deliveries a week. (pp. 23-24)

PLAINTIFF'S EXHIBIT No. 12

Defendants' Answer to Plaintiff's Interrogatory No. 7B(2)
Interrogatory No. 7:

The following statement appears in paragraph 13-C of the answer filed by defendants in this action:

> ". . . there remain 38 chains of supermarkets and approximately 4,500 additional independent markets and supermarkets doing business in the Los Angeles Metropolitan Area."

With respect to this allegation supply the following information:

• • • • • • •

B. State whether the defendants' claim that each or any of the 38 chains of supermarkets and approximately 4,500 additional independent markets, referred to in the answer, compete with Von's and Shopping Bag in the Los Angeles Metropolitan Area. If so, supply the following information:

• • • • • • •

(2) State which of the following is included in such competition:

(a) Competition to purchase supplies and merchandise on better terms than their competitors and to secure other purchasing advantages.

(b) Competition to distribute products cheaper and to secure advantages in the distribution of products to their retail outlets.

(c) Competition to increase the sale of groceries in their stores and to secure other selling advantages over each other.

(d) Competition in advertising and promotional activities.

(e) Competition to secure new store locations.

Answer to Interrogatory No. 7:

B(2). To some extent, all of the listed factors are included in competition. Each market operator, whether independent or chain, necessarily is engaged in competition with others in the areas served by his store or stores for the good will, popular favor and patronage of consumers in such areas. Each market operator necessarily endeavors to purchase supplies and merchandise at the best possible terms and to reduce overhead, including the cost of distribution, in order that he may enjoy a profitable operation and better serve the public. All grocery concerns endeavor, through promotional activities, advertising, delivery service, extension of credit, courtesy, or other services, to increase and maintain the sale of groceries in their stores. Many, if not most, of the chains and, of course, some of the independents as well as newcomers to the business, are looking for new store locations for lease or purchase, and there is naturally some competition in trying to find such new store locations.

Dated: June 27, 1960.

PLAINTIFF'S EXHIBIT No. 13

• • • • • • •

Supplemental Interrogatory No. 5

Supply the following information with respect to each Von's and Shopping Bag Store in operation during the year 1960:

(a) The address of the store

(b) The date the store was opened or closed if it did not operate for the entire year

(c) Total dollar sales for each month during the year that the store was in operation

(d) Total dollar sales for the year by division (i.e., groceries, produce, etc.) for all Von's stores combined and for all Shopping Bag stores combined.

Answer to Supplemental Interrogatory No. 5

Exhibit K, attached hereto and by this reference made a part hereof, shows the address of each store operated by Von's and Shopping Bag during 1960, the store number assigned to each said store by Von's, and the date on which any store not in operation at the first of the year was opened.

By agreement between counsel for the parties, defendant has supplied plaintiff under separate cover a schedule showing the total net sales (i.e., gross sales less returns, customer allowances, over-rings and sales and excise taxes)[2] made in each store during each four-week

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[2] Under Von's accounting system, sales and excise taxes are deducted from gross sales as of the time the goods to which such taxes relate are purchased rather than when they are sold. This accounting procedure results in such taxes being taken up in the net sales account for each store opened during the year before any sales are actually made in that store, thereby accounting for the minus net sales figures reflected in the first periods for which there is any entry with respect to stores opened during the year on the schedule supplied to plaintiff.

period of 1960. Defendant has supplied plaintiff with such information by four-week periods rather than by months because Von's accounting system is based on said four-week periods and no monthly figures are available.

Total net sales by each of Von's and Shopping Bag's divisions for the year 1960 are as follows:[3]

Grocery Division	$93,255,382
Meat Division	36,994,927
Produce Division	18,001,259
Delicatessen Div.	11,949,021
Liquor Division	11,203,507
Drug Division	1,909,612
Fountain Division	662,947
Department Stores Division	3,783,353

Dated: February 9, 1961.

Johnson, Bates & Sheffield and O'Melveny & Myers, William W. Alsup, William W. Vaughn, By /s/ William W. Vaughn, Attorneys for Defendant Von's Grocery Co.

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[3] By agreement between counsel for the parties, the figures supplied to plaintiff show total divisional sales for the two companies combined for the entire year.

Exhibit K

Store No.	Address	Opening Date 1960
1	11471 Long Beach Blvd., Lynwood	
2	1305 Wilshire Blvd., Santa Monica	
3	3667 West Third St., Los Angeles	
4	2280 Atlantic Blvd., Monterey Park	
5	10001 Paramount Blvd., Downey	
6	5035 Pacific Coast Highway, Torrance	June 22
7	1020 S. Fairfax Ave., Los Angeles	
8	3334 West Eighth St., Los Angeles	
9	840 S. Alvarado St., Los Angeles	
10	1020 S. Crenshaw Blvd., Los Angeles	
11	1500 West Pico Blvd., Los Angeles	
12	5029 S. Vermont Ave., Los Angeles	
13	6607 Atlantic Blvd., Bell	
14	1260 W. Redondo Beach Blvd., Gardena	
15	3544 W. Santa Barbara Ave., Los Angeles	
16	10780 W. Pico Blvd., Los Angeles	
17	6625 Van Nuys Blvd., Van Nuys (Closed January 31, 1961 due to fire)	March 10
18	8857 S. Western Ave., Los Angeles	
19	4480 Atlantic Blvd., Long Beach	
20	6921 La Tijera Blvd., Los Angeles	
21	6571 West 80th St., Los Angeles	
22	18247 Sherman Way, Reseda	
23	9011 Woodman Ave., Pacoima	
24	13333 Riverside Drive, Sherman Oaks	
25	4200 N. Woodruff Ave., Lakewood	
26	12151 Brookhurst Ave., Garden Grove	
27	15740 Whitwood Lane, Whittier	
29	1000 East Valley Blvd., Alhambra	
30	179 North Moorpark Road, Thousand Oaks	Sept. 13
31	973 South Glendora Ave., West Covina	
32	1170 West Garvey Blvd., West Covina	
33	9922 Katella, Anaheim	
34	13730 Foothill Blvd., Sylmar	
35	9058 E. Firestone Blvd., Downey	
36	517 S. Glendora Ave., Glendora	
37	1111 Avenue I, Lancaster	
38	331 N. Glendale Ave., Glendale	
39	19333 Victory Blvd., Reseda	
40	1201 W. Whittier Blvd., Montebello	
41	1611 W. Whittier Blvd., La Habra	
42	8325 Foothill Blvd., Sunland	
43	3100 Foothill Blvd., La Crescenta	
44	44816 N. Beech Ave., Lancaster	
45	2256 Honolulu Ave., Montrose	
46	920 Foothill Blvd., La Canada	
47	2408 Lincoln Ave., Altadena	
48	2222 Colorado Blvd., Eagle Rock	
49	1566 Colorado Blvd., Eagle Rock	
50	304 E. Foothill Blvd., Upland	
51	2270 Huntington Drive, San Marino	
52	3841 E. Sierra Madre Blvd., Pasadena	
53	1046 Mission Ave., Oceanside	May 12
54	130 West "G" St., Ontario	Oct. 11
55	1407 Baldwin Ave., West Arcadia	
56	2200 West Valley Blvd., Alhambra	
57	4806 North Peck Road, El Monte	
58	137 E. Valley Blvd., El Monte	

Store No.	Address	Opening Date 1960
59	140 W. Foothill Blvd., Monrovia	
60	9406 E. Washington Blvd., Pico-Rivera	
61	1183 Quad Way, Whittier	
62	9130 E. Whittier Blvd., Pico-Rivera	
63	1845 W. Orangethorpe Ave., Fullerton	
64	2150 N. Glenoaks Blvd., Burbank	
65	2960 Huntington Drive, San Marino	
66	16823 Foothill Blvd., Fontana	
67	127 N. Garfield Ave., Monterey Park	
68	15427 Amar Road, La Puente	
69	815 East Ave., Q–6, Palmdale	
70	960 W. Arrow Highway, Covina	
71	2470 N. San Antonio Ave., North Pomona	
72	2764 Thompson Blvd., Ventura	Oct. 25
73	16225 San Fernando Mission Road, Granada Hills	Nov. 15

PLAINTIFF'S EXHIBIT No. 14

ITEM - I - B

				OPENED	CLOSED	REPLACED	
1				1937	1958	1959	Orange County
2				1946	1955	1955	L.A.
3				1940	1949	1949	
4				1954			
5				1935	1941	1941	
6				1948			
7				1952			
8				1940	1948	1948	
9				1934			
10				1953			San Bernardino County
11				1938			L.A. County
12				1954			
13	B(51)		✓	1950	1956		
14				1950	1959		
15				1941	1950	1950	
16				1948			
17				1948			
18				1949			
19				1950			
20				1950			
21				1947	1953	1953	
22				1952			
23				1956			Orange County
24				1952			L.A. County
25				1962			
26				1955			San Bernardino County
27				1955			L.A. County
28				1955			
29				1955			
30				1956			
31				1956			
32				1956			
33				1957			Orange County
34				1957			L.A. County
35				1958			

OVERSIZE PAGE–SEE NEXT FRAME

FOR REMAINDER OF PAGE

		OPENED	CLOSED		
1		1937	1958	1959	Orange County
2		1946	1955	1955	L.A.
3		1940	1949	1949	
4		1954			
5		1935	1941	1941	
6		1948			
7		1952			
8		1940	1948	1948	
9		1934			
10		1953			San Bernardino County
11		1938			L.A. County
12		1954			
13	✓	1950	1956		
14		1950	1959		
15		1941	1950	1950	
16		1948			
17		1948			
18		1941			
19		1950			
20		1950			
21		1942	1953	1953	
22		1952			
23		1956			Orange County
24		1952			L.A. County
25		1952			
26		1955			San Bernardino County
27		1955			L.A. County
28		1955			
29		1955			
30		1956			
31		1956			
32		1956			
33		1957			Orange County
34		1957			L.A. County
35		1958			
36		1958			
37		1958			
38		1958			
39		1958			
40		1959			

16

Store No.	Lease Date	Location
1		11471 Long Beach Blvd., Lynwood
2		1305 Wilshire Blvd., Santa Monica
3		3667 W. Third St., Los Angeles
4	11/2/54	2280 Atlantic Blvd., Monterey Park
5	11/15/55	10001 Paramount Blvd., Downey
7		1020 S. Fairfax Blvd., Los Angeles
8		3334 W. Eighth St., Los Angeles
9		840 S. Alvarado St., Los Angeles
10		1020 S. Crenshaw Blvd., Los Angeles
11		1500 West Pico Blvd., Los Angeles
12		5029 S. Vermont Ave., Los Angeles
13	12/11/47	6607 Atlantic Blvd , Bell
14	4/15/52	1260 W. Redondo Beach Blvd., Gardena
15	1/27/48	3644 W. Santa Barbara Ave., Los Angeles
16	8/22/50	10780 W. Pico Blvd , Los Angeles
17	3/29/49	6625 Van Nuys Blvd , Van Nuys LA city
18	3/15/49	8857 S Western Ave., Los Angeles
19	4/18/51	4480 Atlantic Ave , Long Beach
20	4/27/54	6917 La Tijera Blvd., Los Angeles
21	1/3/52	6571 W 80th St., Los Angeles
22	12/8/53	18247 Sherman Way, Reseda LA city
23	12/7/54	9011 Woodman Ave., Pacoima LA city
24	10/11/55	13333 Riverside Drive, Sherman Oaks LA
25	6/5/56	4200 Woodruff Ave., Lakewood
26	10/1/57	12151 Brookhurst Ave , Garden Grove
27	10/2/56	15740 Whittwood Lane, Whittier
29	5/6/58	1000 E Valley Blvd., Alhambra
31	11/17/59	973 S Glendora Ave , West Covina LA c

Stores Eliminated

4	8600 W Beverly Blvd., Los Angeles
5	320 E. Manchester, Inglewood
6	1020 W Manchester, Los Angeles
14	Bellflower & Artesia, Bellflower

PLAINTIFF'S EXHIBIT No. 15

VON'S GROCERY CO.

STORES IN OPERATION - JANUARY 1ST

1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
x	x	x	x	x	x	x	x	x	x
x	x	x	x	x	x	x	x	x	x
x	x	x	x	x	x	x	x	x	x
									x
x	x	x	x	x	x	x	x	x	x
x	x	x	x	x	x	x	x	x	x
x	x	x	x	x	x	x	x	x	x
x	x	x	x	x	x	x	x	x	x
x	x	x	x	x	x	x	x	x	x
x	x	x	x	x	x	x	x	x	x
		x	x	x	x	x	x	x	x
							x	x	x
			x	x	x	x	x	x	x
					x	x	x	x	x
				x	x	x	x	x	x
						x	x	x	x
									x
							x	x	x
								x	x
									x
x	x	x	x	x	x	x			
x	x	x	x	x	x	x	x		
x	x	x	x	x	x	x	x	x	x
x	x								
13	13	13	14	16	17	18	19	19	

PLAINTIFF'S EXHIBIT No. 15

VON'S GROCERY CO.

STORES IN OPERATION - JANUARY 1ST

	1946	1947	1948	1949	1950	1951	1952
. Lynwood	x	x	x	x	x	x	x
nta Monica	x	x	x	x	x	x	x
Angeles	x	x	x	x	x	x	x
nterey Park							
Downey							
Los Angeles	x	x	x	x	x	x	x
Angeles	x	x	x	x	x	x	x
s Angeles	x	x	x	x	x	x	x
Los Angeles	x	x	x	x	x	x	x
os Angeles	x	x	x	x	x	x	x
os Angeles	x	x	x	x	x	x	x
ll			x	x	x	x	x
lvd., Gardena							
ve., Los Angeles				x	x	x	x
s Angeles						x	x
n Nuys LA city					x	x	x
os Angeles					x	x	x
g Beach							x
os Angeles							
ngeles							
da LA city							
ma LA city							
Sherman Oaks LA city							
wood							
Garden Grove Orange							
ittier							
hambra							
est Covina LA city							
Los Angeles	x	x	x	x	x	x	x
ewood	x	x	x	x	x	x	x
Angeles	x	x	x	x	x	x	x
ellflower	x	x					
	13	13	13	14	16	17	18

1952	1953	1954	1955	1956	1957	1958	1959	1960	Date Eliminated
x	x	x	x	x	x	x	x	x	
x	x	x	x	x	x	x	x	x	
x	x	x	x	x	x	x	x	x	
			x	x	x	x	x	x	
				x	x	x	x	x	
x	x	x	x	x	x	x	x	x	
x	x	x	x	x	x	x	x	x	
x	x	x	x	x	x	x	x	x	
x	x	x	x	x	x	x	x	x	
x	x	x	x	x	x	x	x	x	
x	x	x	x	x	x	x	x	x	
x	x	x	x	x	x	x	x	x	
	x	x	x	x	x	x	x	x	
x	x	x	x	x	x	x	x	x	
x	x	x	x	x	x	x	x	x	
x	x	x	x	x	x	x	x	x	
x	x	x	x	x	x	x	x	x	
x	x	x	x	x	x	x	x	x	
			x	x	x	x	x	x	
	x	x	x	x	x	x	x	x	
		x	x	x	x	x	x	x	
			x	x	x	x	x	x	
				x	x	x	x	x	
					x	x	x	x	
						x	x	x	
					x	x	x	x	
							x	x	
								x	
x									May 1952
x	x								Nov. 1953
x	x	x	x	x	x	x			Apr.13,'58
									Mar. 1947
8	19	19	22	24	26	27	27	28	

PLAINTIFF'S EXHIBIT No. 16

Answers to Plaintiff's Request for Admission of Facts

* * * * * * *

86. As of March 28, 1960, Von's planned to construct a new grocery store at Roscoe Avenue and Winnetka in Canoga Park.

Answer: Admitted.

87. As of March 28, 1960, Von's planned to construct a new grocery store at San Fernando Mission Road and Woodley in Grenada Hills.

Answer: Admitted.

88. As of March 28, 1960, Von's planned to construct a new grocery store at Nordhoff and Reseda in Northridge.

Answer: Admitted.

89. As of March 28, 1960, Von's planned to construct a new grocery store at Nordhoff and Woodley in Los Angeles.

Answer: Admitted.

90. As of March 28, 1960, Von's planned to construct a new grocery store at Euclid and G Streets in Ontario.

Answer: Admitted.

91. As of March 28, 1960, Von's planned to construct a new grocery store at Imperial Boulevard and Norwalk Avenue in Norwalk.

Answer: Admitted, but the zoning has not yet been changed so as to permit such construction.

* * * * * * *

96. As of March 28, 1960, Shopping Bag planned to construct a new grocery store at the corner of San Fernando Mission Road and Balboa in Granada Hills.

Answer: Admitted. A lease has been signed with respect to the property at this location but construction has not yet been commenced.

PLAINTIFF'S EXHIBIT No. 17

Supplemental Interrogatory No. 3

Set forth the total advertising and the total promotional expenditures made by each defendant for the years 1957, 1958 and 1959.

Answer to Supplemental Interrogatory No. 3

Expenditures for advertising by Von's and Shopping Bag for the years inquired of, as reflected by the accounting records maintained by the companies, are as follows:[1]

	Von's	Shopping Bag
1957	$808,584.79	$ 797,360.00
1958	803,350.43	1,127,497.44
1959	738,906.69	1,187,627.45

Both Von's and Shopping Bag maintained an account entitled "Promotional Expense." However, because of the indefinite meaning of the term "promotional expense," it is believed that some allowances for what might be termed promotional purposes were actually credited to the advertising expense account and in the case of Shopping Bag, some such expenses may have been credited to cost of goods sold. Subject to the foregoing comments and qualifications, the accounting records of Von's and Shopping Bag show the following amounts expended for promotional purposes during the years inquired of:

	Von s	Shopping Bag
1957	$24,523.86	$23,795.29
1958	97,632.35	41,593.50
1959	11,689.25	25,042.29

[1] Von's accounted for advertising expenses so as to reflect the net cost to Von's of cooperative advertising, as where Von's first purchased newspaper space or radio time and then sold a portion thereof to another concern. Shopping Bag's records in such situations reflect only the gross cost of advertising without any deduction for amounts received from other concerns in payment for a portion of the space or time purchased.

Supplemental Interrogatory No. 4

Set forth the gross, operating and net profit or loss carried on each defendant's books for each store operated in 1957, 1958 and 1959.

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PLAINTIFF'S EXHIBIT No. 18

Admissions in Deposition of Theodore A. Von Der Ahe, President of Von's Grocery Company, on May 4, 1961

* * * * * * *

Q. In the course of your business do you watch the advertising of other chains in the area?

Mr. Alsup: Does he personally?
Mr. Coyle: Yes.
The Witness: I observe them.

By Mr. Coyle:

Q. Do you know whether Safeway advertises in papers having metropolitan circulation?
A. Yes, they do.
Q. Does Ralphs?
A. Yes.
Q. Does Market Basket?
A. Yes.
Q. Does Thriftimart?
A. Yes.
Q. Does Food Giant?
A. Yes.
Q. Does Alpha Beta?
A. Yes.
Q. Does Fox?
A. Yes.
Q. Does Mayfair?
A. I don't believe so.
Q. Does McDaniels?
A. Yes.
Q. Does Yor-Way?
A. No.
Q. Does A & P?
A. Yes.
Q. Does McCoy's?
A. No.
Q. Does Gateway?
A. No.

Q. Does Alexander's?
A. No.
Q. Does Boy's?
A. No.
Q. Does Shoppers?
A. No.
Q. Does Greater All American?
A. No.
Q. Does Crawford's?
A. No.
Q. Does Kory's?
A. No.
Q. Does King Kole?
A. No.
Q. Do you know of any chain that advertises in metropolitan newspapers that I haven't named, other than your own store?
A. None come to my mind.

Mr. Alsup: I take it by metropolitan newspapers, Mr. Coyle, you are referring specifically to the Los Angeles Times, the Herald-Express, the Los Angeles Examiner; is that correct?

Mr. Coyle: And the Mirror, I think.

Mr. Alsup: You are not referring to such newspapers as the Santa Ana Register or Pasadena Star-News?

Mr. Coyle: No, I am not referring to local or suburban newspapers.

The Witness: That is what I understand, and that is the basis on which I answered the questions.

By Mr. Coyle:

Q. Do some of the chains of supermarkets in the area advertise on radio?
A. Yes.
Q. Would you know whether Safeway does?
A. I think they do.
Q. Does Ralphs?
A. I have heard their radio commercials, yes.
Q. Does your firm?
A. Yes.
Q. Does Market Basket?

A. I don't know.
Q. Does Thriftimart?
A. Yes.
Q. Does Food Giant?
A. I don't know.
Q. Does Alpha Beta?
A. I don't know.
Q. Does Fox?
A. I don't know. (pp. 16-19)

PLAINTIFF'S EXHIBIT No. 19

Interrogatory No. 14:

By agreement between counsel for the parties, this interrogatory has been amended to read as follows:

Furnish the following information as to the advertising activities of Von's, Shopping Bag and the Combined Companies.

A. The total amount spent for advertising in 1952, 1956, 1959 and 1960 to date.

B. State which of the following advertising media were used in 1952, 1956, 1959 and 1960 to date:

(1) Radio.

(2) Television.

(3) Metropolitan newspapers distributed throughout the Los Angeles area.

(4) Community newspapers serving separate localities in the Los Angeles area.

(5) Billboards.

C. State the reasons for any change in the media used in 1952, 1956, 1959 and 1960 to date.

D. For the years 1952, 1956, 1959 and 1960 to date, show a total expenditures by each firm for each type of advertising listed in paragraph B above.

E. State the theme of advertising employed by Von's, Shopping Bag and the Combined Companies in terms of any one or a combination of the following for the period in 1952, 1956, 1959 and 1960 to date:

(1) Von's (or Shopping Bag) is the most economical place to shop.

(2) Von's (or Shopping Bag) is the most convenient place to shop.

(3) Von's (or Shopping Bag) consistently offers the best values.

(4) Von's (or Shopping Bag) offers the advantages of mass purchasing.

F. If there have been any changes in the advertising themes during the period covered by paragraph E above, state the reasons for such changes.

G. State the name of each advertising agency employed since January 1, 1950.

Answer to Interrogatory No. 14 as Amended:

A. Von's advertising expense * for the years inquired of was as follows:

Year	Amount
1952	$204,836
1956	411,389
1959	738,906
1960 (first 3 mos.)	194,949

Shopping Bag's advertising expense* for the years inquired of was as follows:

Year	Amount
1952	Information not available
1956	$616,438
1959	1,187,627
1960 (first 3 mos.)	227,021

"The Combined Companies" have expended $453,713 for advertising since the merger.

B, C and D. The records retained by Von's and Shopping Bag do not reveal the precise amounts expended for advertising through any particular media. However, it is estimated by Paul Marshall, Von's Advertising Manager, that between 80% and 85% of Von's advertising expenditures over the years have been for newspaper advertise-

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* Figures for Von's were and are now kept so as to reflect the net cost to Von's of cooperative advertising, as where Von's first purchased newspaper space or radio time and then sold a portion thereof to another concern. Shopping Bag's figures reflect in such situations only the gross cost of advertising without any deduction for amounts received from other concerns in payment for a portion of the space or time purchased.

ments. Approximately one-quarter of that amount has been expended for advertisements in metropolitan papers, the remainder being the cost of advertising in community newspapers. Just prior to the merger Von's was advertising in more community newspapers than in 1952 or 1956 because Von's was doing business in 1960 in more localities than in earlier years. The more or less constant ratio of expenditures for metropolitan newspaper advertising to expenditures for advertisements in community newspapers demonstrates that there has been an increase over the years in the expense incurred by Von's for advertising in metropolitan newspapers.

The cost of radio advertising incurred by Von's has rarely exceeded 7% of its total advertising expenses. Television and billboard advertising costs have been negligible.

Frank Burke, formerly head of Shopping Bag's Advertising Department and now an employee of Von's, estimates that 90% to 95% of Shopping Bag's advertising expenditures went to purchase newspaper space. About 18% of that amount was for advertising in metropolitan papers, the remainder having been expended for advertisements in community papers. Shopping Bag has never spent more than approximately 5% of its total advertising expenditures on radio advertising. Television advertising has been negligible and billboards have not been used since 1955.

E and F. Neither Von's nor Shopping Bag has employed any of the themes referred to in subdivision E of this interrogatory, though economy and value have from time to time been inferred in the advertising employed by both companies, as in the case of the offering of "specials." Convenience has perhaps been inferred by some advertising of both companies but the advantages of mass purchasing have not been stressed, impliedly or otherwise, except in a few cases when carload or truckload sales have been advertised. Many of Von's and Shopping Bag's advertisements have emphasized quality of products and service to the public and it can perhaps

be said that these factors have been the most predominate in the companies' advertising over the years.

G. Prior to and since the merger, Von's advertising agency has been Hoenig, Cooper and Harrington or its predecessors. Shopping Bag used the services of Wally McLain for placement of advertising.

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PLAINTIFF'S EXHIBIT No. 20

Supplemental Interrogatory No. 2

Set forth the total amount of money received by each defendant for the years 1957, 1958 and 1959 for the following:

A. Advertising Allowances.
B. Promotion Allowances.

Answer to Supplemental Interrogatory No. 2

Records maintained by Von's and Shopping Bag with respect to advertising and promotional allowances reflect those allowances for advertising and promotional purposes revealed on purchase orders, invoices or made the subject of written contracts. Additionally, it is believed that certain such allowances received by Shopping Bag may have been credited to the cost of goods sold rather than to any allowance account and hence are not reflected as allowances on Shopping Bag's accounting records. The preceding comments apply to the amounts of total advertising and promotional allowances afforded Von's and Shopping Bag from January 1, 1959, to March 28, 1960, and afforded to "the Combined Companies" from March 28, 1960, to June 19, 1960, as set forth in Answer to Interrogatory No. 11B contained in Defendants' Further Answers to Plaintiff's Interrogatories.

(A) Subject to the foregoing comments and qualifications, the advertising allowances received by Von's and Shopping Bag for the years inquired of as revealed by the accounting records maintained by the companies are as follows:

	Von's	Shopping Bag
1957	$278,961.81	$215,535.56
1958	265,909.12	385,295.46
1959	227,461.84	304,450.41

(B) Von's maintained no promotional allowance account. Most allowances received by Von's for what might be termed promotional purposes were credited to the advertising allowance account while other such allowances related to quantity purchases were taken up in a special

income account. Shopping Bag did maintain a promotional allowance account but because of the indefinite meaning of the term "promotional allowances," it is believed that some allowances for what might be termed promotional purposes were credited to the advertising allowance account or to cost of goods sold. Subject to the foregoing comments and qualifications, Shopping Bag's accounting records show the following amounts received by way of promotional allowances for the years inquired of:

1957	$ 4,854.57
1958	30,382.74
1959	20,711.44

PLAINTIFF'S EXHIBIT No. 21

2369

Hugo

Competitive SURVEY

APRIL 18, 1958

NOW ON TV

EACH WEEK
OVER 1,200,000 VIEWERS
ARE BEING SOLD

Prime Frozen

CHANNEL 9—Movie Theater
STARTING MARCH 31

Markets stocking Prime Frozen will be featured daily!

CASH IN NOW ON THIS QUICK WAY TO EXTRA PROFITS

Exclusive Sales Agents

R. M. Sloan Co.

1 E. 7th St. Los Angeles MAdison 6-5291

MARKETING SERVICES CORPORATION

MARKETING SERVICES CORP.
P.O. BOX 4, Downey, TOpaz 2-8303

I N D E X

Ammonia	53	Gelatin	23	Rice	
Baby Food	2	Honey	23	Salad Dressing	
Baking Supplies	2			Salt	
Beans, Dried	68	Insecticides	25	Sauces	
Bleach	52			Shortening	
Bread, Brown	2	Jams & Jellies	24	Soap	
Butter	15	Juice, Frozen	72	Soda, Baking	
		Juice, Fruit	26	Soups, Canned	
Candy	11	Juice, Veget	30	Soups, Frozen	
Canning Supplies	54			Spices	
Catsup	46	Lime	53	Starch, Corn	
Cereals	6	Lye	53	Starch, Laundry	
Cheese Products	9			Steel Wool	
Chicken Canned	37	Macaroni, Canned	32	Sugar	
Chinese Foods	66	Malted Milk	10	Syrup	
Chocolate Products	9	Matches	54	Syrup Chocolate	
Cigarettes	58	Mayonnaise	32		
Cleansers	53	Meats, Canned	33	Tea	
Cocoa	10	Meats, Fresh	80	Tomato Paste	
Cocoanut	5	Meats, Frozen	72	Toppings	
Coffee	11	Milk, Canned	38		
Coffee Concentrate	12	Mincemeat	66	Vegetables, Canned	
Coffee Substitute	11	Mustard	48	Vegetables, Frozen	
Cookies & Crax	13			Vinegar	
Corn Meal	5	Nuts	38		
				Water Softener	
Delicatessen	76	Oil, Motor	39	Wax & Polish	
Dietetic Foods	14	Oil, Olive	39		
Dog Food	42	Oil, Salad	39	Yeast, Dry	
		Oleo	16		
Eggs	16	Olives, Green	40		
Extracts	16	Olives, Ripe	40		
Fish, Canned	16	Paper Products	40		
Fish, Frozen	75	Pasta Products	32		
Flour, Cake	3	Peanut Butter	41		
Flour, Family	4	Pet Foods	42		
Flour, Mixes	3	Pickles	45		
Frostings	11	Pimientos	49		
Frozen Foods	70	Popcorn	46		
Fruits, Canned	19	Produce	78		
Fruits, Dried	22	Puddings	24		
Fruits, Frozen	70				

MEANING OF SYMBOLS

Sec.A-Grocery --White
Sec.B-Frozen Food-Green
Sec.C-Delicatessen-Blue
Sec.D-Produce ---Green
Sec.E-Meat ------Pink

A -------- Advance
D -------- Decrease
@ -------- Special
# ---- Close Out
() Deal or Coupon

(30) - End of Copy

This catalogue and service is published by MARKETING SERVICES CORP. for your use in determining how the large chain stores in your area are pricing their merchandise. It is not our purpose to encourage price cutting or low percentage mark-ups, but rather to protect our customers by keeping them informed as to the items on which the chains take

a penny, as well as information as to when they take their advances deadlines on merchandise. We do not advocate the meeting of all in store prices by all merchants as each individual market has its competitive problems and must adjust its pricing policy accordingly.

------ Ralphs
------ Safeway
------ Vons
.B. --- Shopping Bag
)------ Deal or Coupon

A.B.-----Alpha Beta
M.B. --- Market Basket
THR.---- Thriftimart

OL' STORE	LOCATION	TAX COLLECTED AT CHECKSTAND (Tax added to prices shown)	TAX
RALPHS	9020 East Firestone, Downey	All taxable items	4%
SAFEWAY	6507 East Spring, Long Beach,	All Taxable Items	4%
VONS	4480 Atlantic Blvd., Long Beach,	All Taxable Items	4%
SHOPPING BAG	9406 Washington Blvd. Rivera	All Taxable Items	4%
ALPHA BETA	6436 Spring St., Long Beach,	All Taxable Items	4%
MARKET BASKET	3030 Bellflower Blvd. Long Beach,	All Taxable Items	4%
THRIFTIMART	2174 Bellflower Blvd. Long Beach,	All Taxable Items	4%

The prices shown in this Survey Book are the same prices shown on shelves of each store checked. DOES NOT INCLUDE TAX.
(EXCEPTION - CIGARETTES)

(20

RECAP OF PRICE CHANGES FOR THE WEEK OF APRIL 1958

SIZE	ITEM	R	S	V	S.B.	A.B.	M.B.
4z P-2	Gerb & Heinz Baby Juice		3/29A1				
14½z P-3	Sperry P/C Flour						
28z	Sperry P/C Flour						
14½z P-4	Drom.Gingerbread Mix						
16	B.C.Brownie Mix					35-A1	
16z	Pillsbury Brownie Mix					35-A1	
2# P-5	Fishers Rye Flour	37-A2					
5#	Alb.Wh.Corn Meal	57-A2					
5#	" Ylo. Corn Meal	44-A2					
10z	B.C.Pick-A-Pack						41-A2
22½z P-6	L.L.Cooked Wheat			41-A2			
1#	NBC 100% Bran						
6z	NBC Shredded Wheat						
2# P-9	Kraft American Cheese						
7½z P-10	Twn.Pr.Toppings	4/100A5					2/33D3
12z	Pillsb.Choc.Fudge Mix						
13 P-11	" Cake Frst.All						
1#	Maxw.House Coffee						87-D2
2#	" " "						172-D4
8z P-14	Diet.Del.Apricots						21-A2
303	" " "						33-A2
ea	D-Zerta Pudding					27-D2	
1# P-15	Challenge Butter					74-D1	
½#	Knudsen Sweet Butter				42-A1		
pt P-16	Arden ½ & ½				2/47A½		
1dz	Dundee Lg.AA Eggs			64-D1			
1dz	Jersey Maid Lg.AA Eggs			67-D1			
½'s P-17	Libby Red Salmon			63-A4			
½'s	R E D Red Salmon					67-D2	
303 P-19	D.M.½ Unp.Cots						27-A2
2½	D.M.½ Unp.Cots						42-A3
303	D.M.Dk.Cherries	45-A1					
303	S&W Del.Figs				31-A2		
303	D.M. ½ & Sl.Y.C.Peaches	19-D2					
2½	D.M. ½ & " " " "	29-D1					
303 P-22	D.M.Prunes					26-D1	
15z P-23	Sunmaid Sdls.Raisins				27-A3		
11z P-24	Smuckers Apple Butter						
12z P-25	Blk.Flag.Aero.Ins.Bom	98-A4					
pt	" Flg.Ins.Spray	35-A6			35-A2		
qt	" " Ins. "	55-A6					
11z	Rl.Kill Bug Bomb	98-A4					
1#	Snarol Ml.& Pellets	39-A4					
2½#	" Meal & Pellets	79-A4					
#2 P-26	Iris Grapefruit Juice						
46z	" " "						
46z	S&W " "						45-A2
#2	Treeswt." "	2/33A2					
303	C.S.Orange Ju						
46z	C.S. " "						
6z	Treesweet Orange Ju					2/17D½	
pt P28	Ocn.Sp.Cranberry Ju	33-A5					
qt P-30	D.M.Prune Ju	38-A2					
24z	Hearts Del Pruns Ju	28-A1					
24z	Real Prune Prune Juice						
qt	Sunsweet Prune Ju	35-A2					
303	Libby Kraut Ju	17-A1					
#2	D.M.Tomato Ju	2/27A½			2/27A½		
46z	D.M. & Libby Tomato Ju	28-A1					
#2	Libby Tomato Ju	2/27A½					

OF PRICE CHANGE FOR THE WEEK OF APRIL 18, 1958 PAGE 2

ITEM	R	S	V	S.B.	A.B.	M.B.	ThR
Sup.Macaroni (All)			2I-D1				
" Spaghetti All			21-D1				
" Spaghettini Sh			21-D1				
" Spaghetti & Mac. All			41-D2				
Fr.American Can.Spagh							2/31A2
" " " "							21-A2
Sup.Macaroni	16-A1						
" Spaghetti	42-A1						
Lawry Caesar Drs		43-A2					
" Garden Gr.Drs		41-A2					
" Vinegar & Oil Gar		31-A2					
Girards,French Drs							29-D4
" Wine Vinegar Drs		33-A1					
Hormel Chopped Beef				49-A2			
Dennison Mt.Balls W/Gr							43-A2
Libby Beef Stew	49-A2						
Armour Chopped Ham Loaf				65-A2	65-A2		
Hormel " "				65-A2			
Armour Devilled Ham							23-A2
Hormle Pork Links						45-A2	
Rath Pork Links						45-A2	
Armour Treet						47-A2	
Hormel Spam			49-A2				
Rath Pork Lunch Loaf							49-A2
Swifts Prem						47-A2	
Armour Pigs Feet				45-A6			
Hormel Pigs Feet				45-A6			
Rath Pigs Feet				45-A6			45-A2
Rath Pigs Feet				33-A4			
Lynden Turkey W/Noodles						31-A2	
Dennisons CCC W/Beans			33-A4				
XLNT Tamales	23-A3						
Circus Cashews				53-D6			
Chef Milani Olive Oil			26-D3				
Pompeiian Olive Oil			45-D4				
ReUmberto Olive Oil			45-A2				
ReUmberto Olive Oil			83-A4				
Snowdrift						89-D2	
Kotox		173-A8					
PussNBoots Cat Food					3/27A2		
PussNBoots					2/29A1		
Dr Ross Dog Food		15-A½					
Gaines,Ken-L-Ration,							
Pard & Red Heart		2/33A1½					
Skippy Dog Food		3/31A2					
Thorofed		14-A1					
Vets Dog Food		3/26A1					
Kty.Qn.Lvr&Kidney		15-A½					
Alb.Little Friskies			33-D2				
" Cubes & Meal			33-D2				
" " "			65-D6				
" " "			123-D9				
Gaines Meal		33-D1	33-D2				
" "		65-D5	65-D6				
" "		123D9	123D9				
		245-D24					
D.M.Dills Sw.Sl		49-A1					
D.M.Sw.Mixed				57-A4			
Libby Sw.Sliced							33-
" Home Style						26-A1	

2374

PLAINTIFF'S EXHIBIT No. 22

Competitive

SURVEY

JULY 27, 1960

MARKETING SERVICES CORPORATION

ALL PRICE CHANGES FOR JULY 25, 1960 PAGE 1

ITEM	R	S	V	M.B.	M.B.	THR	FOX
B.C.Brownie Mix	37	37	35	37A2	37	37	37
Krtschar Wht Germ	41	41	41	41-A2	41	41	41
Quaker Muffets	25		27-A2	25	25	25	25
Ry Krisp	33	33	31	33-A3	33	33	33
Krft Amer Grtd Cheese		15	19-A2	16	19	17	19
Nestle Morsels	29	29	29-A2	29	29	29	29
" "	53	53	53-A2	53	53	53	53
Mrshy Fdg Milk	39	39	41	39	39	41-A2	41
Towne Pride Toppings	2/39	19-D½	2/39	2/39	2/39	2/39	23
SPECIAL NOTE: COFFEE CHANGES							
All Popular Brands	77-A2	77-A2	77-A2	79	79	79	79
" " "	151D4	151D4	151D4	155	155	155	155
Yuban Coffee & Sanka	83-D2	83-D2	83-D2	85	85	85	85
" "	163D4	163D4	163D4	167	167	167	167
Maxwll Hse Inst Coffee	103	103D10	103D10	103D10	113	113	103
Sanka " "	89	89-D2	89D2	89D2	89	89	89
D-Zerta Gelatin	25	23	25	25-D2	25	25	25
Lawry Sub Salt	63		63-D2	59-			63
Dundee LgAA Eggs			53-A2		49		
Jersey Maid LgAA Eggs			55-A2				
Good Luck Margarine		27	29-A2	27	27	27	
S.Camps Jack Mackerel	2/33	21	2/33D2	2/39	19		19
" Oval Sardines		2/45	2/45D2	23	19	23	23
Carn Creamed Tuna	3 9	39	39		39	41-A2	41
Girts ½ Unp Cots	29		29-D2			29	
D.M.R.A. Cherries	45	45	49-A6	45	45	45	
Libby ½ YC Peaches			2/43		21	25-A2	23
" Sl " "			2/29		2/29	2/31A½	15
" ½ " "			31		31	33-A2	33
Del Monte Pears	41		41-A2	39	41	41	43
Libby Pears	41	41	41-A2		41	41	41
Del Monte Plums	43		43-A4		43		
Libby Deluxe Plums	37		39-A4			37	39
Martinelli Apple Cider	33-D6	37				39	39
" " "	59-D14		73	73	73	73	75
" " "	99-D26	125				125	129
Tree Top " "	69	69	69-A2		69		69
" " Apple Ju	43		39	43-A4	43	43	45
Treesweet Blend Ju	19-D2	21	21-D1½	21	21	21	21
" " "	41-D4	45	45	45	45	45	46
Texsun G rpfrt Ju	2/31D1		2/35	2/33	2/31	2/37	
Trawt Grpfrt Ju	33-D6	39	39	39	39	39-D2	41
" Orange Ju	2/19-D1	2/21	2/23	2/21	2/21	10	2/21
" " "	25	35	2/49	25	25	25-A2	25
Mi C Grapeade	29		29-D2	29	29	29	31
" " Orangeade	29		29-D2	29	29	29	31
V-8 Veg Cocktail	3/25	3/25A	3/25	3/25	2/17	3/25	3/25
Libby T omato Ju			2/23D		2/23	2/23	11
" " "	31	31	29-D2	31	31	31	31
S.Camp Tenderoni	2/27	13	2/27	2/27A1	2/27	2/27	2/27
Girards Fr Dressing	31	31	31-A2	31	31	31	29
Jacques Parisionne"	21	21	21-A2				
Libby Potted Meat	2/27		2/27A1	2/27	2/27	2/27	2/29
Bath Links	43	43	43-D2	43-D6	49	47	45
Hormel Vienna Sausage	23	23	2/45D1	23	23	23	25
Dennisons CCC W/B eans	69	69	69-D2	69	69	69	69
Derby " "			37-A1		35	37	
Gordens Starlac	107	101	107D6	101	107	105	107

RETAIL PRICE CHANGES FOR JULY 25, 1960

SIZE	ITEM	R	S	V	A.B.	M.B.	PAGE THR
	Circus Cashew Nuts	59	53	59-A4	53	53	53
7z	" Mixed Hi Grade Nuts	57	57	57	57-A2	59	57
½Pt	Pompeiian Olive Oil	45	47	45-D2		45	45
pt	Mazola Salad Oil	37	37	37	37-A2	37	37
G al	" " "	229	229	229	229A18	225	229
25#	Purina Dog Chow	295	298	295	293	293	295A2
12z	Fdcrft Sw Wh Pix			39	39-A2	37	39
15z	" Farm Style Pix	27		29-A2	27	29	
22z	" Dill Wh & Ko Pix	39		39	39-A2	37	39
57z	" Cuke Ko Style "	69		67		69	73-A4
3z	T ruppeys Mexipep	15	15	15-A½	15	15	15
300	Ch Boy Spagh Sauce	29	29	29-A2	29	29	27
4z	Ortega Whole Chilis	17	16	2/33A1	17	17	17
qt	Elastic Liq Starch	31	31	31-A2	29	29	29
½Gal	" " "	59	59	59-A4	55		
Qt	Sta-Flo " "		29	31-A2	29	28	29
½Gal	" " " "		55	59-A4	55	55	53
qt	Vano " "	29	29	31-A2	29	29	29
300	D.M.A.G.Asparagus	41	41	41-D2	41	41	43
300	Rialto Spears "	35		35-A2			
300	D.M.Gr&Wh " "	37	37-A2	35	35	37	31
2½	Hunts Pork & Beans	25		2/49D½	25	25	25
300	Libby " "	2/29	2/29	2/29	2/29	2/29	2/31A
#2½	" " "			27-A2		21	2 5
300	Van Camps Pork & Beans	15	15	2/29D½	15	2/29	2/29D
2½	" " " "	27	27	27	27	27	25-D2
2½	Hunts Red Beans	21	23-A2	21	2 1	2 3	23
B	D.M.Str Beans Cut	2/31	2/29	2/31D2		2/31	2/33
303	" " " Whole	29	29	29-D2		29	29
303	Libby Cut Beets	2/31		2/31A1	2/25	2/29	2/35
303	D.M.&Gr Giant G CS Corn	21	23-A2	21	21	21	21
303	Libby GCS Corn	21	21	21		21	23A2
303	Butter Kernel G WK Corn	21	19	2/35D3½		21	21
7z	Neblets Mexicorn	2/25	2/27	2/25D1	2/27	13	2/27
#2½	Purbank White Hominy	19	19	2/37D1	19	19	19
303	Trappeys Okra	19	2/39	2/39D1½	19	19	21
303	D.M.E.G.Peas	23	23	23-A2	23	21	23
303	Libby Garden Peas	23	23	23-A2	23	23	23
303	Rogers Bit O Honey Peas		2/33	2/33A1		2/33	
300	Hunts Wh New Potatoes	2/21		2/21A	2/21	10	2/21
303	D.Monte Spinach	2/31	2/31	2/31D1	2/31	15	2/31
2½	" " "	23	23	2/47D1	23	23	23
pt	Heinz Cider Vinegar	19	19	19	19-A1	19	18
qt	" White "	29	29	29	29-A1	29	28
pt	" Salad "		23	25-A4		25	21
1dz	Sunny Vly Lg Eggs			51-A2		47	49

PLAINTIFF'S EXHIBIT No. 23

Admissions in Deposition of William R. Hayden, Former President of Shopping Bag Food Stores, on May 4, 1961.

* * * * * * *

Q. Subsequent to the merger have the prices in your store been adjusted so that they will be the same as the prices in the Von's Stores on identical items?

A. Well, let me say this: I think that our prices and Von's prices, Safeway, Ralphs, all of us were practically the same price before we merged, and they are the same since we merged.

Q. When you say "all of us," do you mean all the chains in the area?

A. After all, I know I can't get any more from the customer for Folger's Coffee than Von's or Ralphs or anyone else. We check prices all the time to see what is going on in the trade.

Q. It is your judgment that prior to the merger your prices were the same as Safeway and Ralphs and Von's and Market Basket, Thriftimart?

A. That's right.

Q. As Food Giant, as Alpha Beta?

A. I would say that all prices—we check one another to see what the other man is doing, and we know that we can't demand any more from the customer than the other fellow on a nationally known item. There may be items in our store that we wouldn't be to the penny the same price, whether it be a mistake in the pricing or a mistake that the store would fail to catch when they make their price changes.

Q. Are there any stores in the area which have higher prices than the Shopping Bag or the Von's Stores?

A. Generally speaking, I would say no, the only ones that I would say would be higher is some of your credit and delivery stores. We have one in the district that has higher prices, because they give the service of credit and delivery.

Q. Do the Mom and Pop's stores have the same prices as Von's and the Shopping Bag stores?

A. I would say I don't know, because I never checked one of the Mom and Pop's stores, and I don't know as any of our people ever check them. (pp. 14-15)

PLAINTIFF'S EXHIBIT No. 25

Admission in Deposition of William R. Hayden, Former President of Shipping Bag Food Stores, on May 12, 1960.

* * * * * * *

Q. Would Von's employ the same [pricing] practices throughout all of its stores?

A. I would say more than most companies they would follow the practice of the same price.

Q. Do you ever check anybody's advertising for the purpose of determining their policies?

A. Well, yes. We naturally read everybody's ads—that is part of our business—to keep informed on what is going on. So it's just a general routine, you might say.

Q. Does anybody save the advertising, have a folder of advertising?

A. I'm sure that our advertising department—I wouldn't say they saved all the ads from all the companies, but I am sure that they save ads from their major competitors, we'll say.

Q. What firms would they be saving ads from?

A. Well, as I mentioned earlier, we operate more or less in outlying districts, and so we would be saving ads from whoever was in that particular district.

Q. Would your advertising department save some Von's ads?

A. I would think they would, yes. (p. 14)

* * * * * * *

Q. When you set the prices you are going to charge on your products—when you did this with the old Shopping Bag—did you consider the prices charged by your competitors?

A. Yes.

Q. Which competitors did you consider, primarily?

A. Well, we would consider, again, what the majority of companies would be getting for an item. You might say, or we might have five or six different prices that we had checked and might find some to be a cent above and

some might be a cent below. We might take them in between.

Q. Was there any consistent price cutter in the area?

A. Any consistent price cutter? No. I think they are all about alike.

Q. Was Food Giant, perhaps, the worst price cutter?

A. I wouldn't say so.

Q. Was Safeway?

A. No.

Q. Was Safeway one of the higher priced operations?

A. Higher priced?

Q. Yes.

A. No. I would say that more or less all of your chains are pretty much the same priced.

Q. Was Von's in line with the other chains?

A. Yes.

Q. And did you consider these chains, Safeway and Von's and Food Giant and Ralphs, when you set your prices?

A. Yes, surely. (pp. 22-23)

• • • • • • •

Q. Before the merger did you do any radio advertising?

A. No; just spot announcements from time to time.

Q. Did you do advertising in the local community papers?

A. We used the local papers, and also the Times.

Q. Was the Times the only metropolitan paper you used?

A. From time to time we have had maybe a special ad in other papers, but the Times is the one we followed for the past, oh, about eight years. (pp. 29-30)

• • • • • • •

Q. Do you advertise in other metropolitan area papers on special occasions?

A. What do you mean "other"?

Q. Other than the Times?

A. Well, yes. I answered a minute ago on special occasions we had special ads. But that is very few and far between.

Q. What kind of occasions would they be?

A. Well, about four or five years ago we ran a special opening sale in the Examiner. But we only used the Examiner, it seems to me, only one year, or less.

Q. In the last three years prior to the merger did you advertise in any metropolitan paper other than the Times?

A. We might have used the Herald evening paper for about three months. It seems to me that we did maybe in '58 or '57, just a short while.

Q. Is the Times a morning paper?

A. Morning paper, yes.

Q. Was your purpose in using the evening paper to see if you could get a better draw from it?

A. Yes. We felt there were people reading the Times, and we felt there was another group that might be reading the evening paper; so we thought we could get a different coverage. (pp. 30-31)

PLAINTIFF'S EXHIBIT No. 26

• • • • • • •

Interrogatory No. 13:

State whether Von's and Shopping Bag or anyone in their employ engaged in the practice of observing or analyzing the newspaper advertising of other firms during the period between January 1, 1958 and April 1, 1960. If so, supply the following information for that period as to each firm:

A. List the name of each person who observed such advertising.

B. State whether the advertising observed appeared in metropolitan newspapers or local newspapers.

C. List every chain or firm whose advertising was observed.

D. State whether a record has been maintained as to such advertising. If so, set forth the location of such record and the name of the person having custody of it.

E. State whether the advertising itself has been maintained. If so, state the location of such advertising and the name of the person having custody of it.

Answer to Interrogatory No. 13:

Yes.

A. The following named employees of Von's and Shopping Bag observed in the course of their regular duties newspaper advertising of other firms between January 1, 1958 and April 1, 1960:

Von's	Shopping Bag
H. G. Ward	George Carter
Norman Bolstad	Frank Burke
Paul Marshall	W. D.H ayden
Larry Del Santo	William Cash
Kenneth Olsen	Murray Vallance
Ed. Hirschman	E. W. Plumb
Jack Hardesty	Chas. Hughes
William Pugh	Joe Aparicio
T. A. Von der Ahe	Richard Chute
	W. R. Hayden

In addition, it can be stated that, in all probability, store managers and supervisory personnel would from time to time between January 1, 1958 and April 1, 1960, observe newspaper advertising of other firms. In that connection, see the answer to Interrogatory No 13C below.

B. The newspaper advertising observed appeared in both metropolitan and local newspapers.

C. The persons named in answer to Interrogatory No. 13A probably observed the newspaper advertising of all major chains and many smaller chains and independents doing business in the Los Angeles Metropolitan Area. Records are not maintained which provide a basis for supplying an accurate list of all firms whose advertising was so observed. In addition, it can be stated that, in all probability, store managers and supervisory personnel of Von's and Shopping Bag, at sometime or other between January 1, 1958 and April 1, 1960, observed newspaper advertising of all the stores in competition with each Von's or Shopping Bag store. Such competing stores will be named and their addresses given in response to Interrogatory No. 6A.

D and E. From time to time, Von's obtained some photostatic copies of such advertising from an independent source. Von's has retained some of those copies. From time to time, Shopping Bag obtained reports on competitive advertising from an independent source. Some of those reports have been retained. All such materials and reports retained are in the custody of Paul Marshall, Von's advertising department manager, at 10150 Lower Azusa Road, El Monte, California.

(Defendant has objected to Interrogatories Nos. 14 and 16. Answers to Interrogatories Nos. 15 and 17 will be filed when the information thereby called for can be developed).

PLAINTIFF'S EXHIBIT No. 27

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VON'S GROCERY CO.

BALANCE SHEET

January 3, 1960

ASSETS

Current:		
Cash		$ 6,156,516
Claims and other accounts receivable		229,767
Note receivable		1,291
Merchandise inventories, at cost (Note 1)		5,271,426
Rental deposits, supplies, and other prepaid expense		577,589
Total current assets		12,236,589
Properties, at cost (Note 2):		
Furniture, fixtures, and automotive equipment	$ 5,465,410	
Buildings	2,330,246	
Leasehold improvements	788,382	
	8,584,038	
Less, allowance for depreciation	4,145,427	
	4,438,611	
Land	1,424,128	5,862,739
Other assets:		
Note receivable, less current installments	16,786	
Corporate securities, at cost	21,914	
Other	123,827	162,527
		$18,261,855

The accompanying notes are an integral part of this statement.

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VON'S GROCERY CO.

BALANCE SHEET

January 3, 1960

LIABILITIES

Current:		
Accounts payable, vendors, and others		$ 2,191,1
Note payable (due within one year) (Note 3)		7
Accrued expense:		
Compensation, including vacation		469,9
Rent		112,6
Property and payroll taxes, including withholdings		470,3
Insurance and sundry		53,7
Deposits received		43,9
Federal income tax, less required prepayment		1,296,6
Total current liabilities		4,661,3
Note payable (due after one year) (Note 3)		272,6
Commitments (Notes 4 and 5)		

CAPITAL

Capital shares:		
Authorized 3,000,000 shares of $1 par value each; issued and outstanding 1,871,480	$ 1,871,480	
Capital surplus:		
Excess of fair market value over par value of common shares issued as a stock dividend	1,336,676	
Retained earnings	10,120,297	13,328,4
		$18,261,4

The accompanying notes are an integral part of this statement.

VON'S GROCERY CO.

STATEMENT OF INCOME AND RETAINED EARNINGS

	53 Weeks Ended January 3, 1960	52-Week Periods Ended December 28, 1958	December 29, 1957
Net sales	$86,605,829	$94,485,993	$89,990,056
Cost of goods sold (Note 1)	65,861,862	73,270,273	70,080,510
Gross profit	20,743,967	21,215,720	19,909,546
Operating, selling, and administrative expenses (Notes 2 and 5)	16,669,546	17,416,169	16,106,416
Operating profit	4,074,421	3,799,551	3,803,130
Other income:			
Interest	10,462	86,379	99,487
Gain on sale of depreciable property	6,994	89,632	2,762
Other	14,875	—	—
	32,331	176,011	102,249
Interest expense	3,842	1,973	5,872
Income before provision for federal income tax	4,102,910	3,973,589	3,899,507
Provision for federal income tax	2,121,552	2,026,222	2,026,564
Net income	1,981,358	1,947,367	1,872,943
Retained earnings beginning of period	10,097,339	8,449,972	6,697,029
	12,078,697	10,397,339	8,569,972
Dividends:			
Cash	550,244*	300,000*	120,000
Stock	1,408,156	—	—
	1,958,400	300,000	120,000
Retained earnings end of period	$10,120,297	$10,097,339	$ 8,449,972

The accompanying notes are an integral part of this statement.

*A quarterly dividend of $180,000 declared in December, 1958 and included in the amount shown for that year was paid in January, 1959.

For statement as to the effect of the industry-wide strike on current year's earnings see "Earnings and Book Value Per Share" elsewhere in this Proxy Statement.

VON'S GROCERY CO.

NOTES TO FINANCIAL STATEMENTS

1. Merchandise Inventories:

All inventories are priced at the lower of cost or market. The retail inventory method is applied to groceries, produce, drugs, liquor and delicatessen items in retail market locations.

Merchandise inventories entering into the computation of cost of goods sold for the three years ended January 3, 1960 were:

January 3, 1960	$5,271,426
December 28, 1958	5,856,193
December 29, 1957	5,424,512
December 30, 1956	4,913,899

2. Properties:

The company maintains detailed property records including related depreciation. Useful life by categories follows:

	In Years
Store equipment:	
Refrigeration systems, cash registers, counters, scales, etc.	8 to 10
Sundry equipment	3 to 5
Automotive equipment:	
Trailers	10
Tractors, trucks, and automobiles	5
Buildings	30 and 40

Leasehold improvements are written off over the life of the applicable lease.

For both financial and tax basis reporting the sum of the years-digits method was adopted in 1954 for the purpose of computing depreciation. Where such method may not be applied either the straight line method or the 150% of declining balance method is used.

Upon the disposal of depreciable property, the accounts are relieved of the related costs and accumulated depreciation. The resulting gains and losses are reflected in the income statement.

Costs of major remodeling and improvements are capitalized. Repairs and maintenance are expensed as incurred.

3. Note Payable:

The note payable dated October 15, 1959 bears interest at the rate of 5¾% per annum and is payable in monthly installments of $1,976, including principal and interest. The note is secured by a deed of trust on land and building having a net carrying value at January 3, 1960 of $484,661.

4. Leases:

At January 3, 1960, the company had under lease 28 retail store premises, general office building and certain parking lots which with respect to annual minimum rentals are summarized as follows:

	Minimum Annual Rentals
Leases with:	
Affiliates	$175,300
Others	480,237
	$655,537

Three of the store leases with affiliates contain no provision for minimum rentals.

5.

The company has received proposed federal income tax deficiences for the years 1956 and 1957 which, in the opinion of management and company counsel, are without foundation.

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NOTES TO FINANCIAL STATEMENTS (Continued)

6 Supplementary Profit and Loss Information:

	Charged to Cost of Goods Sold and Operating Expenses[1]		
	53-Week Period Ended Jan. 3, 1960	52-Week Periods Ended Dec. 28, 1958	Dec. 29, 1957
Maintenance and repairs	$ 332,803	$ 350,175	$ 341,753
Depreciation and amortization:			
Straight-line	141,281	149,434	128,212
150% declining-balance	76,273	17,159	
Sum of the years-digits	579,719	522,091	432,439
Life of lease	64,328	66,227	77,821
	861,601	754,911	638,472
Taxes other than federal income:			
Payroll taxes	325,337	266,001	240,910
Property	234,868	193,176	169,702
State franchise	172,025	163,360	128,165
Sales, excise, and use	737,742	783,093	765,202
Licenses	59,180	53,072	56,568
	1,529,152	1,458,702	1,360,547
Rents (net) [2]	$1,112,070	$1,208,111	$1,106,747

[1] Sales, excise, and use taxes were charged to cost of goods sold. All other items in the foregoing tabulation were charged to operating expenses.

[2] No royalties were paid during the foregoing periods.

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SHOPPING BAG FOOD STORES

BALANCE SHEET

January 3, 1960

ASSETS:

Current:		
Cash		$ 5,599,70
Claims and other accounts receivable		337,02
Notes receivable (Note 1)		617,70
Merchandise inventories at cost (Note 2)		7,372,90
Deposits, supplies, and other prepaid expense		998,70
Total current assets		14,926,20
Properties, at cost (Note 3):		
Furniture, fixtures, and automotive equipment	$ 8,047,879	
Buildings	2,861,331	
Leasehold improvements	949,160	
	11,858,370	
Less, Allowance for depreciation	3,743,208	
	8,115,162	
Land	389,827	8,504,9
Other assets:		
Cash surrender value of life insurance	53,647	
Deposits, licenses, etc.	236,478	
Debenture issue expenses unamortized	13,195	303,3
		$23,734,5

The accompanying notes are an integral part of this statement.

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SHOPPING BAG FOOD STORES

BALANCE SHEET

January 3, 1960

LIABILITIES:

Current:		
Accounts payable, vendors and others		$ 5,476,502
Notes and contracts payable (due within one year):		
Bank note (Note 4)	$ 250,000	
Trust deed notes (Note 5)	116,589	
Equipment purchase contracts	378,083	744,672
Accrued expense:		
Compensation	408,327	
Rent	123,944	
Property and payroll taxes	727,004	
Interest and insurance	69,837	
Premium redemption provision	406,963	
Other	224,641	1,960,716
Federal income tax		634,568
Total current liabilities		8,816,458
Notes and contracts payable (due after one year):		
Bank note (Note 4)	1,687,500	
Trust deed notes (Note 5)	2,135,241	
Equipment purchase contracts	194,507	4,017,458
4½% sinking fund convertible subordinated debentures due May 15, 1971 (Note 6)		226,000
Deferred federal income tax (Note 7)		127,707
Commitments (Notes 8 and 9)		

CAPITAL:

Capital shares:		
Common, authorized 2,000,000 shares of $1 par value each; issued and outstanding 337,131 shares	337,131	
Class B common, authorized 1,000,000 shares of $1 par value each; issued and outstanding 776,984 shares	776,984	
Capital surplus	3,191,942	
Retained earnings (Note 10)	6,241,113	10,547,170
		$23,734,583

The accompanying notes are an integral part of this statement.

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SHOPPING BAG FOOD STORES

STATEMENT OF CAPITAL SURPLUS

	168 Days Ended Jan. 3, 1940	Year Ended Dec. 31, 1938	1937
Balance beginning of period	$2,212,541	$1,569,872	$ 992,7[illegible]
Excess of par value of preferred shares converted over par value of common shares issued therefor			393,2[illegible]
Excess of principal amount of 4½% sinking fund convertible subordinated debentures converted over par value of common shares issued therefor	259,026	642,669	181,8[illegible]
Excess of fair market value over par value of common shares issued as a stock dividend	720,375		
Balance end of period	$3,191,942	$2,212,541	$1,569,8[illegible]

SHOPPING BAG FOOD STORES

STATEMENT OF INCOME AND RETAINED EARNINGS

	348 Days Ended January 3, 1960	Year Ended December 31, 1958	1957
Net sales	$84,403,866	$90,531,209	$87,007,857
Cost of goods sold (Note 2)	64,995,858	70,910,913	67,786,694
Gross profit	19,408,008	19,620,296	19,221,163
Operating, selling, and administrative expenses (Notes 3 and 11)	17,955,817	17,713,383	16,625,511
Operating profit	1,452,191	1,906,913	2,595,652
Other income:			
Gain on sale of depreciable property	198,393	108,666	224,770
Other	90,866	35,506	47,496
	289,259	144,172	272,266
Interest expense	280,328	198,234	181,932
Income before provision for federal income tax	1,461,122	1,852,851	2,685,986
Provision for federal income tax	691,000	940,000	1,325,000
Net income	770,122	912,851	1,360,986
Retained earnings beginning of period	6,427,321	5,674,426	4,446,475
	7,197,443	6,587,277	5,807,461
Dividends:			
Preferred shares:			
Cash	—	—	11,572
Common shares:			
Cash	193,580	159,956	121,463
Stock	762,750	—	—
	956,330	159,956	133,035
Retained earnings end of period	$ 6,241,113	$ 6,427,321	$ 5,674,426

The accompanying notes are an integral part of this statement.

For statement as to the effect of the industry-wide strike on current year's earnings see "Earnings and Book Value Per Share" elsewhere in this Proxy Statement.

SHOPPING BAG FOOD STORES

NOTES

1. Notes Receivable:

Note bearing 6% interest, secured by deed of trust on land located in Granada Hills, San Fernando Valley, executed on October 2, 1959 by Balboa Mission, a partnership, due on October 2, 1960..... $379,2

Note bearing 6% interest, secured by deed of trust on land located in the City of Ventura, California, executed on October 6, 1959 by Thompson-Borchard Ventura Corporation, due on or before October 14, 1960..... 238,5

$617,7

On January 22, 1960 the $238,500 note was subordinated to a construction loan made by a bank to Thompso Borchard Ventura Corporation.

2. Merchandise Inventories:

Merchandise inventories are valued at the lower of cost or market. Inventories entering into the computation o cost of goods sold are as follows:

January 3, 1960	$7,372,994
December 31, 1958	7,676,575
December 31, 1957	7,150,246
January 1, 1957	5,486,604

3. Properties:

The depreciation policy of the company is to provide depreciation on a straight-line method based upon th estimated life of the assets for book and statement purposes and upon an accelerated method where allowab for tax purposes. The principal rates used during the three years ended January 3, 1960 were:

	In Years
Buildings	33⅓
Furniture and fixtures	10
Automobiles and trucks	4 and 6
Leasehold improvements (estimated useful life or period of lease)	

Upon disposal of depreciable property, the accounts are relieved of the related costs and accumulated depreci tion. The resulting gains and losses are reflected in the income statement.

Costs of major remodeling and improvements are capitalized. Repairs and maintenance are expensed as incurr

4. Bank Note:

The bank note dated August 9, 1957, bearing interest at 5%, and having a balance at January 3, 1960 o $1,937,500.00 is payable in quarterly installments of $62,500, aggregating $250,000 annually. The loa agreement provides, among other covenants, that the company will maintain a net worth of not less tha $7,000,000 and net current assets of not less than $5,000,000.

5. Trust Deed Notes Payable:

	Due Within One Year	Due After One Year	Total
E. M. Sloan	$ 44,575		$ 44,575
The Equitable Life Assurance Society of the United States	72,014	$2,135,241	2,207,255
	$116,589	$2,135,241	$2,251,830

NOTES (Continued)

The note payable to E. M. Sloan was assumed in connection with the acquisition of unimproved land, which is adjacent to the office and warehouse property. The note bears interest at the rate of 5% per annum payable $450.00 or more per month, including principal and interest. It is intended that the note will be paid during the ensuing year.

The note payable to The Equitable Life Assurance Society of the United States having a balance at January 3, 1960 of $2,207,255 is secured by a trust deed on land and office, warehouse and central bakery buildings, and is payable in quarterly installments of $43,594, aggregating $174,376 annually in the years 1959-1978, inclusive, including interest at 5¼%. The note agreement provides, among other covenants, that the company maintain net current assets of not less than $4,000,000.

4. 4½% Sinking Fund Convertible Subordinated Debentures

Of the original $1,500,000 issue, $226,000 remained outstanding at January 3, 1960. Certain provisions of the 4½% sinking fund convertible subordinated debentures due May 15, 1971 are summarized as follows:

The indenture requires the company to provide for retirement of the debentures through a sinking fund. At January 3, 1960, the company had acquired sufficient debentures through conversion to satisfy the 1959 sinking fund requirement. The debentures are convertible at their principal amount into common stock of the company at any time at $12.00 per share of common stock until May 15, 1961, $14.00 until May 15, 1966, and $16.00 thereafter until maturity. The conversion price is subject to adjustment in certain cases, and at January 3, 1960 the current conversion price was $11.54 per share. The indenture places certain restrictions on the payment of cash dividends on the stock of the company and on the purchase or redemption of its stock.

7. Deferred Income Taxes

Deferred income taxes in the amount of $127,707 are taxes to be paid in the future as the result of the company using the sum of the years-digits method of depreciation for federal income tax purposes as compared to the straight-line method of depreciation used for book and report purposes.

8. Leases

The approximate minimum annual rental liability on property and fixtures leased to the company at 38 locations is summarized by periods of expiration as follows:

	Leases	Amount
January 1, 1962 — December 31, 1966	13	$ 176,139
January 1, 1967 — December 31, 1976	19	447,101
January 1, 1977 — September 30, 1981	13	517,010
		$1,140,250

9. Commitments

The company's federal income tax returns have been examined to December 31, 1958, and all additional assessments have been paid.

10. Dividends

The common stock is entitled to cash dividends in the amount of 70 cents per share per year before any dividends may be declared or paid on Class B stock. After payment of 70 cents per share on common stock, dividends declared in any year are payable to holders of common stock and Class B stock, share and share alike. Each share of Class B stock is convertible into one share of common stock at the discretion of the holders of the Class B stock.

Restrictions on the declaration of dividends are referred to in Note 6.

NOTES (Continued)

11. Supplementary Profit and Loss Information:

The following items are charged to operating, selling, and administrative expenses in the foregoing statements of income:

	168-Day Period Ended Jan. 3, 1960	Year Ended Dec. 31, 1958	1957
Maintenance and repairs	$ 519,090	$ 390,640	$ 317,923
Depreciation and amortization, straight-line	1,066,381	956,519	779,814
Taxes other than federal income①:			
Payroll taxes	378,580	287,284	275,241
Property	637,619	491,701	357,619
State franchise and other	152,489	163,643	120,346
	1,168,688	942,628	753,206
Rents②	$1,489,871	$1,466,516	$1,381,894

① California state and local taxes collected from customers are included in sales and the provision for payment thereof is charged against sales.

② No royalties were paid during the foregoing periods.

VON'S GROCERY CO.
and
SHOPPING BAG FOOD STORES

CONDENSED PRO FORMA COMBINED BALANCE SHEET

January 3, 1960

ASSETS

	Von's Grocery Co.	Shopping Bag Food Stores	Pro forma Combined
Current:			
Cash	$ 6,156,516	$ 5,599,709	$11,756,225
Claims and other receivables	229,767	337,025	566,792
Notes receivable	1,291	617,785	619,076
Merchandise inventories	5,271,426	7,372,994	12,644,420
Deposits, supplies, and other prepaid expense	577,589	998,761	1,576,350
Total current assets	12,236,589	14,926,274	27,162,863
Properties, less accumulated depreciation	5,862,739	8,504,989	14,367,728
Other assets	162,527	303,320	465,847
	$18,261,855	$23,734,583	$41,996,438

LIABILITIES

Current:			
Accounts payable	$ 2,193,746	$ 5,476,502	$ 7,670,248
Notes and contracts payable (due within one year)	7,828	744,672	752,500
Accrued expense	1,114,191	1,960,716	3,074,907
Deposits received	48,979		48,979
Federal income tax	1,296,626	634,568	1,931,194
Total current liabilities	4,661,370	8,816,458	13,477,828
Notes and contracts payable (due after one year)	272,032	4,017,248	4,289,280
4½% debentures, due 1971		226,000	226,000
Deferred federal income tax		127,707	127,707

CAPITAL

Capital shares:			
Par value $1; issued and outstanding after merger and retirement of Shopping Bag Food Stores shares — 2,985,595 shares	1,871,480	1,114,115	2,985,595
Capital surplus	1,336,676	3,191,942	4,528,618
Retained earnings	10,120,297	6,241,113	16,361,410
	$18,261,855	$23,734,583	$41,996,438

Appendix

Von's Grocery Co. and Shopping Bag Food Stores

	1958	1957	1956	1955	1954	1953	1952	7 Yr. Av. (52-58)
Profit Margins								
Net Income After Taxes as % of Sales								
Von's Grocery	2.1	2.1	2.0	2.0	1.7	1.3	1.2	1.8
Shopping Bag	1.0	1.6	1.3	1.3	1.8	1.1	0.9	1.3
Inventory Turnover - Times								
Sales ÷ Average Inventory during the Year								
Von's Grocery	16.8	17.4	18.4	17.7	18.2	17.6	16.8a	17.6
Shopping Bag	12.2	13.8	14.9	14.5	15.3	15.5	15.6	14.5
% Earned on Total Invested Capital								
Net Income Before Taxes and Interest ÷ Average Total Invested Capital during the Year								
Von's Grocery	36.4%	(B)	41.0%	40.2%	44.2%	45.0%	37.4%	42.0% (6 Yr. Av.)
Shopping Bag	15.3	(B)	25.4	25.8	39.4	35.8	26.8	28.1 (")

a - Based on year end inventory only.
c - Based on 1952 only.

(B) - Year omitted because interest figures for Shopping Bag are not available.

TWK:ma
April 24, 1959

...ge Sales Per Store (1)	$94,485,993	$90,531,209
...Income after Taxes as % of Sales (2)	3,499,481	2,636,041
...als as % of Sales	2.08%	1.01%
...rest as % of Sales	1.2%	1.6%
...ciation as % of Sales	.8%	0.2%
		1.1%
...rned on Total Invested Capital ...Income Before Taxes, Interest & Depreciation ...erage Invested Capital During Year)	42.8%	22.5%
...rned on Total Invested Capital ...Income Before Taxes and Interest, After ...ciation ÷ Average Invested Capital ...ng Year (2)	36.4%	15.3%
...Property as % of Total Invested Capital	45.4%	62.8%
...ent Ratio	2.7.1	1.7.1
...ntory Turnover (2)	16.8 Times	12.2 Times
...ing Capital as % of Sales	7.0%	6.9%
...as % of Sales	4.3%	6.2%
...Property as % of Sales	5.3%	9.3%
...Worth as % of Sales ...rage Net Worth During Year ÷ Sales)	11.7%	9.9%
...l Invested Capital as % of Sales ...rage Invested Capital During Year ÷ Sales)	11.7%	14.8%
...as % Net Worth (Year End)	No Debt	14.0%
...Plus Capitalized 1958 Rentals (10 Times) ...s % Net Worth (Y/E 1958)	49.4%	50.0%
...italization		
...nce Sheet Date	12/28/58	12/31/58
...ng Term Debt	-0-	34%
...referred Stock	-0-	-0-
...mmon Stock & Surplus	100%	66%

...Based on number of stores in operation for full year only.
...See appendix for comparative figures.

...
...24, 1959

(40)

ITEM I - A.

#108 SHOPPING BAG FOOD STORES 12/31/59

		MANAGER	LOCATION	PHONE NO.	BOOTH NO.
1	*	E.E. Stewart	1611 W. Whittier, La Habra	OWen 7-9163	7-9168
2	*	W. J. Greaney	8325 Foothill, Sunland	FLorida 3-9092	3-9079
3	*	A.W. Boegler	3100 Foothill, La Crescenta	CHurchill 9-9772	9-9670
4	*	W.F. McDonough	44816 N. Beech, Lancaster	WHitehall 2-9064	2-9001
5		J.T. MacLaren	2256 Honolulu, Montrose	CHurchill 9-9722	9-9701
6		R.K. Wallace	920 Foothill, La Canada	SYlvan 0-9273	0-9275
7	*	A.D. Ellis	2408 Lincoln, Altadena	SYcamore 7-9385	7-9327
8		E.E. Carter	2222 Colorado Blvd., Eagle Rock	CLinton 6-9455	6-9461
9		B.A. Haben	1566 Colorado Blvd., Eagle Rock	CLinton 6-9387	6-9444
10	*	R.F. Sanders	304 E. Foothill, Upland	YUkon 2-9059	2-9061
11		W.T. Weaver	2270 Huntington, San Marino	ATlantic 1-9509	1-9355
12	*	S.M. Piuma	3841 E. Sierra Madre, Pasadena	ELgin 5-9074	5-9009
15		B.J. Malone	1407 Baldwin, W. Arcadia	HIllcrest 7-9009	7-9085
16		G.F. Bouttier	2200 W. Valley, Alhambra	ATlantic 9-0970	1-9184
17		W.N. Broadbent	4806 N. Peck, El Monte	GIlbert 4-9721	8-9234
18		T.L. Matthewson	137 E. Valley, El Monte	GIlbert 8-9057	8-9267
19		S.R. Gunter	140 W. Foothill, Monrovia	ELliott 8-9066	8-9070
20	*	R.J. Breedlove	9406 E. Washington, Rivera	OXford 9-9190	9-9048
21	*	C.C. McCullough	1183 Quad Way, Whittier	OXbow 6-9051 OXf	6-9185
22	*	A.W. Sanders	9130 E. Whittier, Pico	OXford 9-9149	9-9161
23	*	M.P. Guccione	1845 W. Orangethorpe, Fullerton	LAmbert 5-9965	5-9955
24	*	J.W. Thompson	2150 N. Glenoaks, Burbank	THornwall 5-9217	5-9830
25		H.M. Black	2960 Huntington, San Marino	ATlantic 7-9078	7-9063
26	*	K.R. Kelly	16823 Foothill, Fontana	VAlley 2-9288	2-9289
27	*	R.K. Clugston	127 N. Garfield, Monterey Pk.	ATlantic 0-9308	1-9485
28	*	J.L. Phifer	15427 Amar Rd., La Puente	EDgewood 6-9088	6-9091
29	*	R.Talamantes	815 E. Ave. Q-6, Palmdale	WIndsor 7-7071	7-9192
30	*	J.H. Marler	960 E. Arrow Highway, Covina	EDgewood 4-9120	4-9077
31	*	R.H. Bittner	2470 N. San Antonio, N. Pomona	NAtional 6-9010	6-9023
32	*	D.S. Fruchey	1170 W. Garvey, West Covina	EDgewood 7-9174	7-9122
33	*	A.A. Castillo	9922 Katella, Anaheim	LAnhigh 9-9168	9-9127
34	*	K.C. Hannah	13730 Foothill, Sylmar	EMpire 1-9077	1-9996
35	*	R.D. Kinder	9058 E. Firestone, Downey	TOpaz 9-9024	9-9145
36	*	D.W. Kuhns	517 S. Glendora, Glendora	EDGewood 5-9101	
37	*	H.S. Berger	1111 Ave. I, Lancaster	WHitehall 2-9212	2-9228
38	*	J.P. Ahrens	331 N. Glendale, Glendale	CItrus 2-9433	2-9225
39	*	P.E. Kanaly	19333 Victory Blvd., Reseda	DIckens 3-9358	
40	*	V.D. Reimer	1201 W. Whittier, Montebello	PArkview 8-9062	1-9118
14			7 Huntington, Arcadia		
		El Monte Office	10150 Lower Azusa Rd., El Monte	GIlbert 4-0306 CUmberland 3-6181	
66		Grocery Whse.	10150 Lower Azusa Rd., El Monte	GIlbert 4-0306 (Ruckman)	
66		Dept. Store Whse	10150 Lower Azusa Rd., El Monte	GIlbert 4-0306 (Jacobson)	
66		Drug Whse.	10150 Lower Azusa Rd., El Monte	GIlbert 4-0306	
77		Produce Dock	1823 E. 27th St., Vernon	ADams 2-6133 (Cash)	
88		Deli Kitchen	10150 Lower Azusa Rd., El Monte	GIlbert 4-3933 (Semones)	
99		Bakery Dept.	4522 Shirley, El Monte	CUmberland 3-3872 (Van Ness	
51		Day Old Bakery	4129 N. Maine, Bldwn. Pk.	EDgewood 7-9035	

*-- Denotes Department Store

2401

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PLAINTIFF'S EXHIBIT No. 30

Sales for each Store for the Item 247
year ended 1-31

		1957	1958	Sales for 1959	%	Sales by Depts 1959	
1		1109249765	2784610				
2		3362902863	3610078				
3		3645670081	3573550				
4		4291457786	2707653				
5		2166970335	2108465				
6		2111337765	1968638				
7		3186179719	2889563				
8		2734513355	2560169				
9		124119053	1346717				
10		3273673716	3155580				
11		1983094436	2144475				
12		3089100 13	2903271				
13		16222179	-0-				
14		1177083325	1099357				
15		3102133347	3329377				
16		1850212113	1715495				
17		2041053460	1844848				
18		2052288685	2008555				
19		2013569940	1900987				
20		3801956 78	3420691				
21		3859659926	3525252				
22		3843288491	3596816				
23		2783681163	2997851				
24		4243997701	3739634				
25		1474496987	1485011				
26		2921627 99	2996336				
27		2658475 43	2507818				
28		3434457 40	3291478				
29		3862197100	3084554				
30		2281177768	2226222				
31		2329594 33	2477099				
32		2712561 03	3102369				
33		2102710 54	2241309				
34		138603 96	2584751				
35			1581127				
36			1058884				
37			1915854				
38			1172481				
39			1275987				
40							
		6885629 58	9031567				

2402

PLAINTIFF'S EXHIBIT No. 31

VON'S GROCERY CO.

NET SALES -- 1957

Store No	Grocery	Meat	Produce	Delicatessen	Liquor	Drug	Fountain	Total
1	1,230,698.63	510,983.57	203,915.61	171,172.30				2,116,770.11
2	2,154,294.41	947,642.44	536,242.61	307,056.56	182,350.12		26,525.36	4,154,111.50
3	759,025.37	363,747.24	186,246.79	134,702.08				1,443,721.48
4	2,702,446.29	1,304,652.41	640,114.44	365,112.45	177,860.74	146,628.63	28,269.30	5,365,084.26
5	1,731,968.07	729,389.43	313,445.51	214,830.67	175,294.10	131,146.88		3,296,074.66
6	582,298.32	269,445.78	139,401.99	79,297.42				1,070,443.51
7	722,693.53	319,729.73	251,617.42	109,105.13				1,403,145.81
8	1,013,940.77	489,761.81	240,553.20	184,969.10				1,929,224.88
9	1,148,321.43	589,467.70	252,161.02	151,592.49				2,141,542.64
10	1,233,794.11	739,333.95	345,064.06	169,130.80	141,965.66			2,629,288.58
11	915,133.77	345,009.96	175,614.80	104,741.56				1,540,500.09
12	803,495.89	386,280.28	177,387 26	99,696.28				1,466,859.71
13	1,477,599.95	573,493.07	290,127.03	186,376.38	130,312.70			2,657,909.13
14	2,368,925.15	1,080,586.54	473,707 36	324,509.18	219,590.52	179,307.81	34,404.68	4,681,031.24
15	2,348,669.30	1,313,484.48	699,791.00	359,903.73	149,600.12	109,822.65	99,270.70	5,080,541.98
16	2,784,984.35	1,467,986.28	793,752.69	430,737.63	292,215.03	205,298.54		5,974,974.52
17	2,826,555.74	1,271,811.59	597,962.11	379,340.17	184,975.10	174,526.92	44,920.42	5,480,092.05
18	1,835,362.89	773,632.32	442,230.00	259,628.41	146,827.57	126,470.69	27,861.67	3,612,013.55
19	1,981,133.05	923,755.59	448,158 83	273,003.65	198,845.50	152,401.88	34,388.81	4,011,767.31
20	1,963,742.36	957,252.04	451,517.99	267,397.12	201,371.27	133,248.89	25,872.64	4,000,402.31
21	1,142,127.92	526,207.67	232,772.64	144,322.48		89,244.63		2,134,675.34
22	1,439,400.51	719,982.98	318,607 86	201,893.27	82,730.52	77,746.68	17,990.31	2,858,352.13
23	3,041,750.65	1,332,429.28	625,302.29	424,626.43	228,195.06	179,3[illegible].49	28,483.75	5,860,180.95
24	2,824,178.28	1,439,181.11	639,998.91	390,244.12			29,242.24	5,322,844.66
25	2,483,081.24	888,057.38	396,498.41	291,419.88	234,079.11	149,9[illegible]22	64,547.94	4,507,586.18
26	504,492.01	215,746.63	100,283.97	61,317.62	28,371.79	29,4[illegible].49	6,416.64	946,080.15
27	1,844,413.54	792,102.18	389,451.71	242,229.63	168,000.80	78,55[illegible].96	24,886.36	3,539,635.18
Total	45,864,527.53	21,271,153.44	10,361,927.51	6,328,356.54	2,942,585.71	1,963,222.36	493,080.82	89,224,853.91

VON'S GROCERY CO..

NET SALES -- 1958

Store No.	Grocery	Meat	Produce	Delicatessen	Liquor	Drug	Fountain	Total
1	1,200,289.26	514,509.44	198,820.88	165,259.57				2,078,879.15
2	2,172,989.35	941,965.25	542,460.08	304,673.43	187,490.99		26,642.11	4,176,221.21
3	852,570.45	395,333.96	207,445.52	142,574.18				1,597,924.11
4	2,827,224.29	1,359,996.22	654,181.12	385,623.45	192,559.62	151,295.96	31,166.92	5,602,047.58
5	1,936,845.89	897,008.98	363,308.10	249,177.29	176,219.10	110,186.41		3,732,745.77
6	179,069.64	75,883.78	34,862.10	22,523.16				312,338.68
7	706,399.30	296,567.48	224,805.17	104,246.91				1,332,018.86
8	1,105,547.78	528,675.41	264,086.09	204,159.19				2,102,468.47
9	1,136,680.24	589,089.18	245,096.14	153,511.16				2,124,376.72
10	1,227,491.13	743,209.27	337,958.75	166,913.42	143,796.95			2,619,369.52
11	913,050.68	329,925.59	165,938.82	102,055.05				1,510,970.14
12	852,694.05	449,804.35	191,420.37	95,509.93				1,589,428.70
13	1,317,763.01	509,069.98	248,428.11	174,417.21	99,390.11			2,349,068.42
14	2,172,280.68	1,004,384.15	434,280.96	305,760.49	218,674.81	163,920.86	32,386.06	4,331,688.01
15	2,194,227.48	1,244,606.61	629,377.51	327,001.86	136,637.69	97,704.79	83,269.03	4,712,824.97
16	2,825,135.51	1,500,658.23	797,299.67	435,655.26	293,234.19	203,834.40		6,055,817.26
17	2,731,422 55	1,233,070.17	573,034.40	377,314.31	172,188.53	178,675.23	45,263.34	5,310,968.53
18	1,883,426 41	785,979.22	446,251.04	266,583.25	148,884.14	127,725.31	27,543.04	3,686,392.41
19	1,875,213.12	888,401.57	430,574.97	262,877.60	202,647.02	151,202.23	35,744.84	3,840,661.35
20	1,928,182.11	929,862.89	431,711.57	267,070.60	209,149.81	128,087.32	24,157.91	3,918,222.21
21	1,070,599.47	487,081.86	211,621.96	137,013.75		101,273.99		2,007,591.03
22	1,309,811.00	644,613.65	272,001.07	190,906.10	70,452.42	70,495.11	15,923.96	2,574,203.31
23	3,201,748.35	1,352,036.65	662,491.36	461,507.04	219,268.74	186,945.55	30,371.66	6,114,369.35
24	2,766,286.34	1,373,573.17	599,337.12	373,146.38			29,369.45	5,141,712.46
25	2,522,980.57	892,227.21	392,557.45	308,145.08	247,610.48	157,180.22	55,307.27	4,576,008.28
26	1,755,612.16	701,203.73	335,113.95	229,006.74	111,157.15	81,350.88	21,670.62	3,235,115.23
27	2,278,756.17	995,309.34	458,968.30	306,905.66	207,912.11	81,527.43	31,693.31	4,361,072.32
29	1,514,981.71	643,498.95	291,264.92	188,373.96	70,276.10			2,708,395.64
Total Stores	48,459,278.70	22,301,546.29	10,644,697.50	6,707,912.03	3,107,549.96	1,991,405.69	490,509.52	93,702,899.69

VON'S GROCERY CO.

NET SALES -- 1959

Store No.	Grocery	Meat	Produce	Delicatessen	Liquor	Drug	Fountain	Total
1	1,203,236.89	514,191.60	205,553.18	168,285.35				2,091,267.02
2	2,102,280.12	880,279.09	515,591.53	286,091.96	185,411.51		23,967.63	3,993,621.84
3	816,768.80	372,937.35	204,865.16	144,791.21				1,539,362.52
4	2,427,452.82	1,188,480.75	592,373.43	341,507.12	192,484.13	132,086.54	29,216.66	4,903,601.44
5	1,935,654.47	934,260.80	387,126.99	264,887.80	186,662.05	86,819.45		3,795,411.56
6								
7	617,598.05	236,069.84	197,135.59	96,303.18				1,147,106.66
8	1,018,188.43	485,530.37	241,801.66	191,327.22				1,936,847.68
9	999,710.02	529,052.25	223,694.49	139,284.32				1,891,741.08
10	1,102,845.47	654,206.54	299,120.64	147,541.22	130,914.80			2,334,628.67
11	749,379.49	274,067.16	141,226.49	88,912.81				1,253,585.95
12	762,819.30	393,406.25	174,374.36	88,090.09				1,418,690.00
13	1,205,114.77	485,548.92	222,155.77	184,308.14				2,097,127.60
14	1,867,360.52	865,352.77	383,558.52	272,628.95	193,798.43	135,501.39	32,181.75	3,750,382.33
15	1,916,484.48	1,096,561.77	570,235.88	283,978.57	120,752.90	82,995.29	66,142.43	4,137,151.32
16	2,585,767.25	1,363,629.70	752,549.53	395,859.77	282,662.08	178,044.19		5,558,512.52
17	2,160,200.44	993,011.30	468,288.73	309,868.80	152,379.21	44,922.35	40,271.05	4,268,941.98
18	1,678,837.52	679,761.42	393,604.33	234,018.16	135,977.13	107,583.87	29,870.28	3,259,652.71
19	1,976,279.97	939,594.26	454,369.50	270,579.81	210,542.86	154,163.50	39,187.16	4,047,717.06
20	1,839,626.65	829,741.84	427,593.09	252,955.74	201,492.80	120,328.98	24,144.53	3,695,883.63
21	964,346.70	416,810.58	191,914.25	126,179.76		87,207.22		1,786,458.51
22	970,709.90	466,636.41	212,123.04	149,392.18	59,231.49	54,953.39	13,616.64	1,926,663.05
23	2,577,070.93	1,122,674.65	576,975.89	383,620.53	178,254.42	151,084.57	27,529.34	5,017,210.33
24	2,388,368.99	1,185,307.54	541,361.59	343,170.38			30,928.12	4,489,136.62
25	2,540,242.32	917,875.19	394,012.57	310,141.12	254,867.72	158,597.63	56,160.04	4,631,896.59
26	1,475,628.13	574,425.28	283,061.02	205,194.85	116,830.52	69,620.06	23,295.22	2,748,055.08
27	2,098,712.46	898,153.48	430,780.63	290,874.65	207,216.87	85,296.33	39,925.34	4,050,959.76
29	2,116,586.10	901,411.42	387,102.38	263,124.32	124,009.21			3,792,233.43
31	172,386.53	74,791.35	32,188.62	24,873.91				304,240.41
Total	44,269,657.52	20,273,769.88	9,904,738.85	6,260,792.02	2,933,488.13	1,749,204.76	476,436.19	85,868,087.35

PLAINTIFF'S EXHIBIT No. 32

Defendants' Answer to Plaintiff's Interrogatory No. 26

Interrogatory No. 26.

State whether any changes were made with respect to the stores planned to be opened by Von's and Shopping Bag between April 1, 1960 and June 1, 1960. If so, supply the following information:

A. The address of the Store or property involved.
B. The nature of the change in plans.
C. The reason for the change in plans.
D. A list of every meeting or conference referring or relating to such change in plans showing the following:

(1) Every person participating at such conference or meeting.
(2) The date of such meeting or conference.
(3) Every matter discussed at the conference.
(4) The position taken by each party present at such conference or meeting.
(5) The decision reached at the conference or meeting.

E. List all documents referring or relating to such change in plans, showing the date of the document and the location of the document.
F. State whether the property for which stores had been planned is to be used as a location for a supermarket. If so, state the name of the firm now using it.

Answer to Interrogatory No. 26.

Yes. The only change made since April 1, 1960 in the pre-merger plans of either Von's or Shopping Bag for the opening of new stores has been the decision to abandon the proposed store site at San Fernando-Mission Road and Balboa Avenue in Granada Hills, which was under lease to Shopping Bag prior to the merger. The decision to abandon that location was made by T. A. Von der Ahe and W. R. Hayden during a series of conferences in the first two or three weeks of May 1960. This decision was made for the following reasons; all of which were discussed by Mr. Von der Ahe and Mr. Hayden during the conferences referred to above:

(1) As of the date the merger became effective, Von's had nearly completed negotiations for the acquisition of a store site at San Fernando-Mission Road and Woodley Drive, which is almost exactly one mile from the Shopping Bag site referred to above.

(2) The Von's location at San Fernando-Mission Road and Woodley was in a newer part of Granada Hills. There were no markets of competing firms within a radius of one mile of said location, while the Shopping Bag location at San Fernando-Mission Road and Balboa was in an older part of town and would face competition from a Ralphs market one-half mile to the South and a proposed Food Giant market one-half mile to the North.

(3) The rental obtainable on the Von's location at San Fernando-Mission Road and Woodley was more favorable than the rental obtainable on the Shopping Bag market location at San Fernando-Mission Road and Balboa.

(4) It was felt that any market located at San Fernando-Mission Road and Balboa would compete to some extent with any market located at San Fernando-Mission Road and Woodley, thereby making it unwise for Von's to have markets in both locations.

There were no memoranda kept of the above referred to discussions between Mr. Von der Ahe and Mr. Hayden and the only document found in either the files of Von's or Shopping Bag which relates or refers to the decision to abandon the location at San Fernando-Mission Road and Balboa, is a copy of a letter dated May 12, 1960 from W. H. Fisher, executive vice president of Owl Drug Co. to Mr. Lionel H. Uhlmann, Jr. A copy of that letter is located in Mr. Hayden's office at 10150 Lower Azusa Road, El Monte, California.

The lease on said location at San Fernando-Mission Road and Balboa is still in the name of Shopping Bag Food Stores. That location is part of a proposed shopping center not yet constructed. Presumably, such location will be used for a supermarket by some other concern.

June 27, 1960

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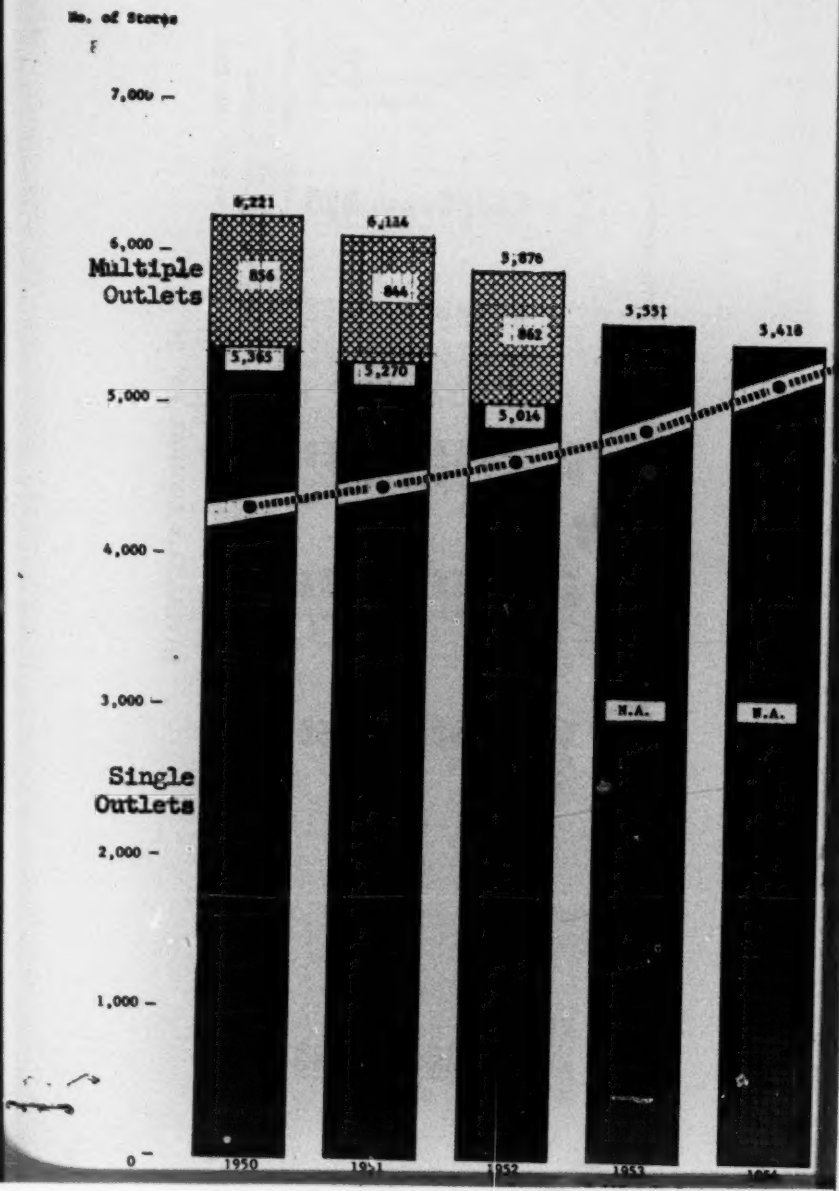

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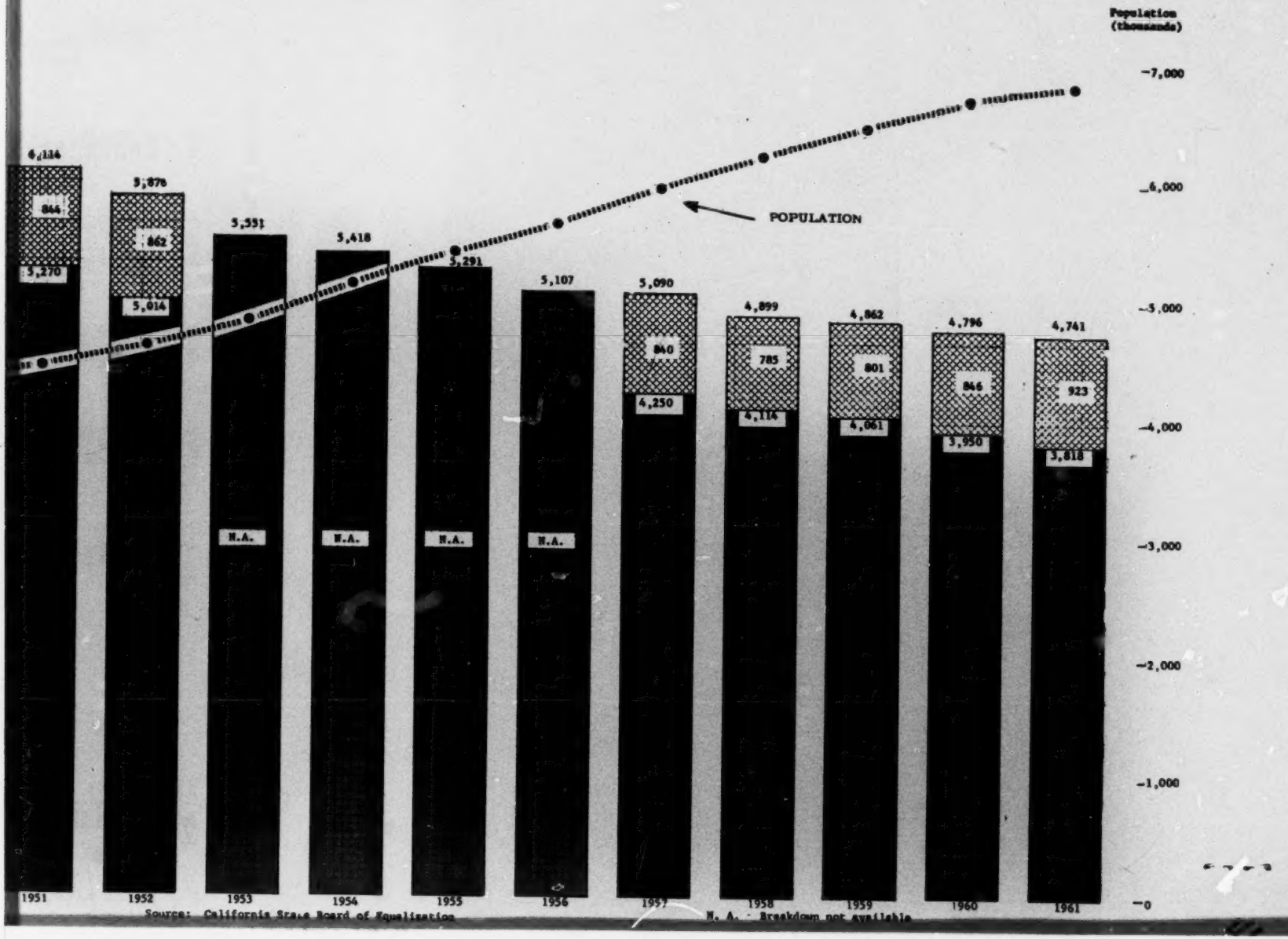
PLAINTIFF'S EXHIBIT No. 33

LOS ANGELES METROPOLITAN AREA

NUMBER OF GROCERY STORES VS. POPULATION, 1950 - 1961

(as of January 1)



Source: California State Board of Equalization

N. A. - Breakdown not available

Plaintiff's Exhibit No. 34

Number of Grocery Stores, Actual and Per 1,000 Population Los Angeles Metropolitan Area, 1950–1961

As of January 1	Number of Stores				Number of Stores Per 1,000 Population		
	Multiple outlet	Single outlet	Total	Population	Multiple outlet	Single outlet	Total [1]
1950	856	5,365	6,221	4,325,000	.1979	1.2405	1.4383
1951	844	5,270	6,114	4,453,000	.1895	1.1835	1.3730
1952	862	5,014	5,876	4,629,000	.1862	1.0832	1.2694
1953	N.A.	N.A.	5,551	4,857,000	N.A.	N.A.	1.1429
1954	N.A.	N.A.	5,418	5,181,000	N.A.	N.A.	1.0457
1955	N.A.	N.A.	5,291	5,421,000	N.A.	N.A.	.9760
1956	N.A.	N.A.	5,107	5,671,000	N.A.	N.A.	.9005
1957	840	4,250	5,090	5,964,000	.1409	.7126	.8535
1958	785	4,114	4,899	6,250,000	.1256	.6582	.7838
1959	801	4,061	4,862	6,496,000	.1233	.6252	.7485
1960	846	3,950	4,796	6,708,000	.1261	.5888	.7149
1961	923	3,818	4,741	6,822,000	.1353	.5597	.6950
% Change 1950–1961	+7.8	−28.8	−23.8	+57.7	−31.6	−54.9	−51.7

Source: California Board of Equalization, Population, State Department of Finance.

[1] Single outlet plus multiple outlet stores per 1,000 population do not always add to "Total" because of rounding.

PLAINTIFF'S EXHIBIT No. 35

Comparison Between the Permits Issued to Single Outlet and Multiple Outlet Grocery Stores in the Period 1961–1963

	Jan. 1, 1961	Jan. 1, 1962	Jan. 1, 1963
Single Outlet Stores.....	3,818	3,709	3,590
Multiple Outlet Stores.....	923	903	958
Total.....	4,741	4,612	4,548

Source: State Board of Equalization.

PLAINTIFF'S EXHIBIT No. 36

Grocery Store Openings and Closings in the Los Angeles Metropolitan Area for the Calendar Year 1960

Multiple Outlet	Single Outlet	All
119 Openings	128 Openings	246 Openings
42 Closings	260 Closings	301 Closings
77 Net Gain	132 Net Loss	55 Net Loss

Source: Board of Equalization, State of California.

PLAINTIFF'S EXHIBIT NO. 37

Frequency Distribution of Gross Sales of Grocery Stores Obtaining Permits in the Los Angeles Metropolitan Area for the Calendar Year 1960

	Under $500,000	$500,000 to $1,000,000	$1,000,000 to $1,500,000	$1,500,000 to $2,000,000	Over $2,000,000	Total
Ten largest chains [1]	1	17	6	3	18	45
Next ten chains	1	9	3	2	7	22
Remaining multiple outlets	28	12	5	5	2	25
Total Multiple Outlets	30	38	14	10	27	119
Single outlets	118	4	2	1	2	127
Total	148	42	16	11	29	246

Source: Board of Equalization, State of California.

[1] The top ten grocery chains used in preparing these exhibits were, in order: (1) Safeway (2) Ralph (3) Von (4) Market Basket (5) Thriftimart (6) Shopping Bag (7) Food Giant (8) Aplpha Beta (9) Fox Markets (10) Mayfair.

[2] The next ten grocery chains used in preparing these exhibits were, in order: (11) McDaniels (12) Boys Markets (13) Alexander's (14) Greater All American (15) Hughes (16) Lucky Stores (17) Shoppers Markets (18) McCoy's Markets (19) A. & P. (20) Yor Way & Metropolitan.

PLAINTIFF'S EXHIBIT No. 38

Analysis of the Gross Sales of the Grocery Stores Obtaining Permits in 1960 and Discontinuing Such Permits by November 15, 1961 in the Los Angeles Metropolitan Area

	Frequency Distribution by Annual Sales					
	Under $500,000	$500,000 to $1,000,000	$1,000,000 to $1,500,000	$1,500,000 to $2,000,000	Over $2,000,000	Total
Ten Largest	0	0	0	1	4	5
Next Ten	0	5	0	0	0	5
Remaining multiple outlets	11	7	0	0	0	18
Total Multiple Outlets	11	12	0	1	4	28
Single outlets	52	1	0	0	0	53
Total	63	13	0	1	4	81

Source: Board of Equalization, State of California.

PLAINTIFF'S EXHIBIT NO. 39

Frequency Distribution of Gross Annual Sales of Grocery Stores Obtaining Permits in 1960 and Discontinuing Permits by November 15, 1961 in the Los Angeles Metropolitan Area

Annual Dollar Sales Groupings	Number of Stores Discontinuing Permits	% of All Stores Discontinuing Permits
Under $500,000	63	77.8
$500,000 to $1,000,000	13	16.0
$1,000,000 to $1,500,000	0	0.0
$1,500,000 to $2,000,000	1	1.2
Over $2,000,000	4	4.9
Total	81	99.9*

* Does not equal 100.00% because of rounding.

Source: Board of Equalization, State of California.

PLAINTIFF'S EXHIBIT NO. 40

Frequency Distribution of Grocery Stores Obtaining Permits in 1960 and Discontinuing Permits by November 15, 1961 in the Los Angeles Metropolitan Area

	Number of Stores Discontinuing Permits	% of All Stores Discontinuing Permits
Ten largest chains	5	6.2%
Next ten	5	6.2%
Remaining multiple outlets	18	22.2%
Total Multiple Outlets	28	34.6%
Single outlets	53	65.4%
Total	81	100.0%

Source: Board of Equalization, State of California.

PLAINTIFF'S EXHIBIT No. 41

Grocery Stores Which Obtained Permits in 1960 and Which Still Retained Their Permits as of November 15, 1961 Expressed as Percentages of all Permits Issued Within Specified Categories

Los Angeles Metropolitan Area

	Total Permits Issued in 1960	As of Nov. 15, 1961 Permits Retained	
	Stores	Stores	Percentage
Ten largest chains	45	40	88.9
Next ten largest chains	22	17	77.3
Remaining multiple outlets	52	34	65.4
Total multiple outlets	119	91	76.5
Single outlets	127	74	58.3
Total—All Stores	246	165	67.1

Source: Board of Equalization, State of California.

PLAINTIFF'S EXHIBIT No. 42

Grocery Stores Obtaining Permits in 1960 and Discontinuing Permits by November 15, 1961 in the Los Angeles Metropolitan Area

	Ten Largest Chains	Next Ten Largest Chains	Other Multiple Outlets	All Multiple Outlets	Single Outlets	Total
Obtaining permits	45	22	52	119	127	246
Discontinuing permits	5	5	18	28	53	81
Retaining their original permits	40	17	34	91	74	165

Source: Board of Equalization, State of California.

PLAINTIFF'S EXHIBIT No. 43

Estimated Annual Sales of Grocery Stores Opened in the Los Angeles Metropolitan Area in 1960 Expressed in Thousands of Dollars and Showing Percentage Distribution

Ten Largest Chains	Next Ten	Remaining Multiple Outlets	Total Multiple Outlets	Single Outlets	Total
$73,681	$33,519	$32,290	$139,490	$18,321	$157,811
46.6%	21.2%	20.4%	88.3% *	11.6%	100.0% *

* Does not equal the sum of its components because of rounding.

Source: Board of Equalization, State of California.

PLAINTIFF'S EXHIBIT NO. 44

Retail Food Store Acquisitions of 9 of the Top 20 Grocery Chains [1] in the Los Angeles Metropolitan Area [2] 1949-1958

1958 Los Angeles Rank	Acquiring Company Acquired Company Headquarters	Date of Acquisition	Stores acquired: Number	Stores acquired: Sales latest 12-month period before acquisition ($1,000)
5	Thriftimart, Inc.[3] Los Angeles, Calif.			
	Roberts Public Markets, Inc. Venice, Calif.	10/19/49	19	17,978
7	Food Giant Markets, Inc. Los Angeles, Calif.[4]			
	Food Giant Markets, Inc.	1/ 1/57	6	31,700
	Panorama Market Company Reseda, Calif.	1/ 1/58	3	19,190
	Marks Food Corporation Los Angeles, Calif.	4/ 1/58	8	17,933 [5]
			17	68,823
8	Alpha Beta Food Markets, Inc. La Habra, Calif.			
	Raisin Markets, Inc. Los Angeles, Calif.	3/ 2/58	13	26,470
9	Fox Markets, Inc. Los Angeles, Calif.			
	(Mayfair Markets Los Angeles, Calif., acquisition of 5 stores of company)	(1954 & 1956)	(5)	(13,312)
	(Ralph's—acquisition of one store of Co. Los Angeles, Calif.)	(6/ 5/55)	(1)	(1,280)
	La Mar's Friendly Market San Gabriel, Calif.	12/27/54	1	2,914
	Food Harvest	1/ 5/56	1	1,260
	Raisin Markets	6/ 4/56	1	1,200
	Adelson Bros. Gardena, Calif.	7/15/57	1	1,000
	Roth's Markets, Inc. Hawthorne, Calif.	8/19/57	7	14,894 [6]
	Pessin Grocery Co.	11/ 7/57	6	9,000
	Desert Fair Markets	3/17/58	1	1,881 [7]
	Haig's Market	3/17/58	1	1,254
	Iowa Pork Shop	4/26/58	11	20,194
	Wilch Bros.	5/24/58	1	n.a.
			31	53,597
10	Mayfair Markets (Arden Farms) Los Angeles			
	California Markets	3/15/50	1	2,007
	Westchester Food Palace	8/25/52	1	2,039
	U-Tel-Em Markets	4/ 1/57	9	12,030
	Food Fair Market Los Angeles, Calif.	5/ 1/58	1	1,400 (est.)
	Bob's Super Markets	8/ 1/58	6	7,470
			18	24,946

1958 Los Angeles Rank	Acquiring Company Acquired Company Headquarters	Date of Acquisition	Stores acquired: Number	Stores acquired: Sales latest 12-month period before acquisition ($1,000)
11	McDaniels Markets Pico Rivera, Calif.			
	Walker's Markets Pico Rivera, Calif.	5/13/57	4	4,810 [8]
	Herben Foods, Inc. Pico Rivera, Calif.	9/16/58	1	2,878
	Omaha Corp. Monrovia, Calif.	9/16/58	1	1,118 (est.)
			6	8,806
16	Lucky Stores, Inc. San Leandro, Calif.			
	Dolly Madison International Foods, Ltd. Los Angeles, Calif.	3/13/56	9	18,972
18	McCoy's Markets Bellflower, Calif.			
	Champ Reiss Market Long Beach, Calif.	10/55	1	1,039 [9]
	Supper Savings Market, Inc. Downey, Calif.	10/57	1	1,252 [9]
			2	2,291
20	Yor-Way Markets Compton, Calif.			
	(Mayfair Markets, acquisition of 2 stores of Co.) Los Angeles, Calif.	(5/ 7/53)	(2)	(1,500)
	(Mayfair Markets, acquisition of 1 store of Co.) Los Angeles, Calif.	(7/28/53)	(1)	(935)
	Rodeo Market, Inc. Los Angeles, Calif.	8/14/53	1	800
	Fry's Market Azusa, Calif.	7/22/54	1	1,500
	Freeway Market Hollywood, Calif.	10/25/55	1	870
	Handy Andy Markets Monrovia, Calif.	12/16/55	1	1,120
	(Mayfair Markets, acquisition of 1 store of Co.) Los Angeles, Calif.	(3/28/56)	(1)	(1,750)
	Palms Market Los Angeles, Calif.	7/17/56	1	160
	Payless Market Los Angeles, Calif.	2/ 7/58	1	650
	C. S. Smith Metropolitan Market Co. Compton, Calif.	3/17/58	5	4,034
			11	9,134
	Grand Total		126	231,017

[Footnotes on page 2420]

PLAINTIFF'S EXHIBIT No. 45

Number and Sales in 1958 of Stores Acquired 1949–1958 in the Los Angeles Metropolitan Area

Year Acquired	Stores Still in Operation in 1958 [1]	
	Number	Sales ($1,000's)
1949	5	12,099
1952	1	3,360
1953	1	601
1954	2	4,324
1955	3	3,586
1956	10	17,937
1957	28	66,961
1958	49	84,048
Total	99	192,916

[1] Decrease in number of stores since date of acquisition resulted from either sale or closing of acquired stores.

Source: FTC Food Chain Inquiry, 1/59, Form A, Item F.

FTC Bureau of Economics.

[Footnotes from page 2419]

[1] Top 20 Grocery Companies in terms of sales in Los Angeles as submitted by the U. S. Dept. of Justice, Antitrust Division. Six of the top 20 chains reported no acquisitions to the FTC in the Los Angeles-Long Beach Metropolitan Area; these six were The Market Basket, Safeway, Von's, A & P, Ralph's, and Shopping Bag. Five of the top 20 chains were not on the mailing list of the 1959 FTC Food Inquiry since they had less than 11 stores as of 1958. (Source: 1959 Directory of Supermarket and Grocery Chains.)
Acquisitions among top 20 grocery chains listed in parenthesis are not included in the total.

[2] This area is identical with the Los Angeles-Long Beach, California Standard Metropolitan Statistical Area which consists of Los Angeles and Orange Counties, California. (Source: Census of Business, Vol. I, Appendix E, p. App. 14.)

[3] Market Equities, Inc., parent of Thriftimart.

[4] Present name adopted 2/17/58. (Formerly Magic Chef, Inc.)

[5] 11 months ending 2/28/59.

[6] Seven stores were acquired in Los Angeles County and 1 in Ventura County with total sales of $17,022,000. Sales of 7 acquired stores on Los Angeles county were prorated on the basis of 7/8 of total sales for 8 stores.

[7] Three stores acquired with sales of $5,644,000. Only one store was located in Los Angeles County. Sales were prorated on the basis of 1/3 of total sales.

[8] Six stores were acquired, only four were located in Los Angeles County; sales for the four of the six stores acquired were prorated on the basis of 2/3 of $7,215,000 for 12 months' sales prior to acquisition.

[9] 12 months after acquisition.

Source: FTC Food Chain Inquiry, 1/59, Form A, Item F.

FTC Bureau of Economics.

PLAINTIFF'S EXHIBIT No. 46

Admissions in Deposition of Theodore A. Von der Ahe, President of Von's Grocery Company, on May 12, 1960

* * * * * * *

Q. Do you remember who made the initial suggestion, whether it was Mr. Hayden or you, that you should discuss the merger?

A. Mr. Coyle, I think I was the first one that suggested merger.

Q. Do you know when that was that you made that suggestion?

A. It's impossible for me to pin it down to a specific date, but I want to guess that it was around, oh, the latter part of 1957 or the early part of 1958.

Q. During the time between the latter part of 1957 and early part of 1958 did you have many meetings with Mr. Hayden and discuss merger with him?

A. No, there were not many meetings.

Q. After the original meeting when you first to your best recollection suggested the merger, how long a time elapsed before you then discussed the merger with Mr. Hayden?

A. We began to talk seriously about merging in the early part of 1959. (pp. 14-15)

* * * * * * *

Q. Did you make an appointment with him for the purpose of discussing it?

A. Yes. And I have to say that I am a little bit befuddled on where we met or how many times, because we did meet several times with our accountants, with our attorneys, and quite often at lunch. (pp. 15-16)

* * * * * * *

Q. What subject was discussed at these meetings between you and Mr. Hayden and your accountants?

A. Principally the basis for the exchange of stock. (p. 16)

* * * * * * *

Q. What was the basis for the exchange of stock?

A. One share of Shopping Bag for one share of Von stock. (p. 16)

* * * * * * *

PLAINTIFF'S EXHIBIT No. 47

EXHIBIT A

Agreement of Merger

Agreement of Merger dated the 25th day of January, 1960, made and entered into by and between VON'S GROCERY Co. (hereinafter sometimes referred to as "Von's") and a majority of the directors thereof, and SHOPPING BAG FOOD STORES (hereinafter referred to as "Shopping Bag") and a majority of the directors thereof,

Witnesseth:

Whereas, Von's was organized pursuant to the General Corporation Law of the State of Delaware by Certificate of Incorporation filed in the office of the Secretary of State of Delaware on October 14, 1958; and

Whereas, Shopping Bag was organized pursuant to the laws of the State of California by Articles of Incorporation filed in the office of the Secretary of State of the State of California on March 7, 1933; and

Whereas, Von's has issued and outstanding 1,871,476 shares of Common Stock of the par value of $1.00 per share; and

Whereas, Shopping Bag on January 15, 1960 had issued and outstanding 342,656 shares of Common Stock of the par value of $1.00 per share (designated "Common Stock") and has issued no additional shares of such stock since said date except shares issued upon conversion of its 4½% Sinking Fund Convertible Debentures due May 15, 1971; and

Whereas, Shopping Bag on January 15, 1960 had issued and outstanding 772,584 shares of Class B Common Stock of the par value of $1.00 per share (designated "Class B Common Stock") and has issued no additional shares of such stock since said date; and

Whereas, Shopping Bag is also authorized to issue fifty thousand (50,000) shares of Preferred Stock of the par value of $25.00 per share, none of which shares at the date hereof are issued and outstanding;

Now, Therefore, in consideration of the premises and of

the mutual agreements, provisions, covenants, promises and grants herein contained, the parties hereto agree, in accordance with the provisions of the General Corporation Law of the State of Delaware and the Corporations Code of the State of California that Von's and Shopping Bag shall, on the effective date of the merger hereby agreed upon (hereinafter sometimes called the "Merger"), be merged into a single corporation, to wit, Von's, one of the parties hereto (hereinafter sometimes called the "Surviving Corporation"); and that the terms and conditions of the Merger and the mode of carrying the same into effect and the manner of converting shares of Shopping Bag into shares of Von's, the outstanding shares of which are not to be changed or converted as a result of the Merger, are and shall be as hereinafter set forth.

Article I

The indentity, existence, purposes, objects, properties, franchises, powers, rights, privileges and immunities of Von's shall continue unaffected and unimpaired by the Merger; and upon the effective date of the Merger the indentity, existence, purposes, objects, properties, franchises, powers, rights, privileges, and immunities of Shopping Bag shall be merged into Von's and Von's shall be fully vested therewith.

Article II

The Certificate of Incorporation of Von's, the Surviving Corporation, as amended herein, shall continue in full force and effect until altered, amended, or repealed as provided therein, or as provided by law.

The first paragraph of Article Fourth of the Certificate of Incorporation of Von's, the Surviving Corporation, shall be amended as of the effective date of the Merger to read as follows:

> "Fourth. The total number of shares of stock which the corporation shall have authority to issue is five million (5,000,000) shares of Common stock and the par value of each of such shares of Common stock is One Dollar ($1.00) amounting in the aggregate to Five Million Dollars ($5,000,000.00). The holders of the Common stock shall be entitled to one vote for each

share held at all meetings of the stockholders of the corporation. At all elections of directors of the corporation, each holder of Common stock of the corporation entitled to be voted thereat shall be entitled to as many votes as shall equal the number of such shares of stock of such holder multiplied by the number of directors to be elected, and each such stockholder may cast all of such votes for a single director or may distribute them among the total number of directors to be voted for, or among any two or more of such directors, as such stockholder may see fit."

Article III

The By-Laws of Von's, the Surviving Corporation, as in effect on the effective date of the Merger, shall continue in full force and effect until altered, amended, or repealed as provided therein, or as provided by law.

Article IV

The names of the directors and principal officers of the Surviving Corporation who, subject to the provisions of the By-Laws of the Surviving Corporation and the laws of the State of Delaware, shall hold office until the first annual meeting of the stockholders of the Surviving Corporation held subsequent to the effective date of the Merger and the election or appointment of their respective successors are as follows:

Directors

James E. Bates
Edward C. Freutel, Jr.
W. D. Hayden
W. R. Hayden
Victor Hinson
Ernest J. Loebbecke
Charles L. Morse, Jr.
Charles T. Von der Ahe
Theodore A. Von der Ahe
Walter R. Von der Ahe
Wilfred A. Von der Ahe

Principal Officers

Charles T. Von der Ahe	Chairman of the Board
Theodore A. Von der Ahe	President
W. R. Hayden	Senior Vice President
Wilfred L. Von der Ahe	Executive Vice President
Victor Hinson	Secretary
James C. Ball	Treasurer
Edward C. Freutel, Jr.	Assistant Secretary and Assistant Treasurer

If, on the effective date of the Merger, a vacancy shall exist in the Board of Directors of the Surviving Corporation, such vacancy may be filled in the manner provided in the By-Laws of the Surviving Corporation.

Article V

The shares of Von's outstanding on the effective date of the Merger (including any shares held in the Treasury of Von's) shall not be converted as a result of the Merger, and shall remain outstanding as shares of the Surviving Corporation.

The manner of converting the shares of Shopping Bag into shares of the Surviving Corporation shall be as follows:

Forthwith upon the effective date of the Merger the shares of Common Stock and Class B Common Stock of Shopping Bag then outstanding (other than shares of such Common Stock and Class B Common Stock held by Shopping Bag in its Treasury, if any) shall be converted into shares of Common Stock of the Surviving Corporation upon the basis of one (1) share of Common Stock of the Surviving Corporation for each share of Common Stock of Shopping Bag and one (1) share of Common Stock of the Surviving Corporation for each share of Class B Common Stock of Shopping Bag.

All shares of Common Stock and Class B Common Stock of Shopping Bag held by it in its Treasury on the effective date of the Merger shall be surrendered to the Surviving Corporation for cancellation, and no shares of the Surviving Corporation shall be issued or issuable in respect thereof.

All shares of Common Stock of the Surviving Corpora-

tion issued to holders of shares of Common Stock and Class B Common Stock of Shopping Bag shall be issued in full satisfaction of all rights pertaining to such shares of Common Stock and Class B Common Stock of Shopping Bag.

Article VI

Upon the effective date of the Merger, the separate existence of Shopping Bag which is merged into and with Von's pursuant to this Agreement of Merger shall cease, and in accordance with this Agreement of Merger the Surviving Corporation shall possess all of the rights, privileges, powers and franchises as well of a public as of a private nature, and be subject to all the restrictions, disabilities and duties of Shopping Bag, and all and singular the rights, privileges, powers and franchises of Shopping Bag, and all property of Shopping Bag, real, personal and mixed, and all debts due to Shopping Bag on whatever account, or belonging to Shopping Bag shall be vested in the Surviving Corporation; and all property, rights, privileges, powers and franchises, and all and every other interest shall be thereafter as effectually the property of the Surviving Corporation as they were of Shopping Bag; provided, that all rights of creditors and all liens upon the property of Shopping Bag shall be preserved unimpaired, limited in lien to the property affected by such liens at the effective date of the Merger, and all debts, liabilities and duties of Shopping Bag shall thenceforth attach to the Surviving Corporation, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by the Surviving Corporation. If at any time the Surviving Corporation shall deem or be advised that any further assignments, assurances in law or other acts or instruments are necessary or desirable to vest or confirm in the Surviving Corporation the title to any property of Shopping Bag, Shopping Bag and its proper officers and directors shall and will do all such acts and things as may be necessary or proper to vest or confirm title to such property in the Surviving Corporation and otherwise to carry out the purposes of this Agreement of Merger.

The Surviving Corporation shall pay all expenses of the Merger. It is expressly provided, however, that in the event

this Agreement of Merger is terminated or abandoned in any manner for any reason, each corporation shall pay all expenses incurred by it as of the date of such termination or abandonment.

Article VII

Until the effective date of the Merger or termination or abandonment of this Agreement of Merger, neither corporation shall, without the consent of the other:

(1) Pay any dividend or make any distribution on any of its shares of stock, except that Shopping Bag may continue to pay regular quarterly dividends on its Common Stock at a quarterly rate not exceeding fifteen cents (15¢) per share and Von's may continue to pay regular quarterly dividends on its Common Stock at a quarterly rate not exceeding ten cents (10¢) per share.

(2) Issue any shares of its stock of any class except that Shopping Bag may issue shares of its Common Stock upon conversion of its 4½% Sinking Fund Convertible Subordinated Debentures due May 15, 1971 outstanding at the date of this Agreement of Merger and upon conversion of its Class B Common Stock outstanding at the date of this Agreement of Merger.

(3) Issue any options for the purchase of any shares of its stock of any class.

Article VIII

This Agreement of Merger shall be submitted to the stockholders of Shopping Bag and Von's as provided by the applicable laws of the States of California and Delaware, at meetings which shall be held on or before March 17, 1960, or on such later date as the Boards of Directors of Shopping Bag and Von's shall mutually approve. After the approval and adoption thereof by the holders of not less than two-thirds of the outstanding shares of Common Stock of Von's and by the holders of not less than two-thirds of the outstanding shares of Common Stock and not less than two-thirds of the outstanding shares of Class B Common Stock of Shopping Bag, this Agreement of Merger shall be filed and recorded in the manner required by the General Corporation Law of the State of Delaware and filed in the office

of the Secretary of State of California in the manner required by the Corporations Code of the State of California, unless terminated as provided in Article IX of this Agreement of Merger. The Merger shall become effective upon such filing and recording.

Article IX

This agreement of Merger may be terminated and the Merger may be abandoned at any time prior to the effective date of the Merger by mutual consent of the Boards of Directors of the respective corporations. In addition, this Agreement of Merger may be terminated and abandoned at any time prior to the effective date of the Merger by action of the Board of Directors of either Von's or Shopping Bag in the event that any one or more of the following shall occur:

(a) All necessary permits or approvals of governmental agencies having jurisdiction with respect to the Merger shall not have been obtained within six months after the date hereof;

(b) Shopping Bag shall not, within six months after the date hereof, have obtained a favorable ruling from the Internal Revenue Service that the exchange of shares of Common Stock and Class B Common Stock of Shopping Bag for shares of Common Stock of Von's in accordance with the terms and provisions of this Agreement of Merger, will be a non-taxable transaction to the shareholders of Shopping Bag under the provisions of Section 354 of the Internal Revenue Code of 1954;

(c) Either corporation shall be enjoined by a court from holding a meeting of its stockholders to consider and vote upon this Agreement of Merger or from taking any other action necessary to consummate the Merger;

(d) Either corporation shall fail to obtain, within six months after the date hereof, at a meeting of its stockholders the approval and adoption of this Agreement of Merger by the vote of the holders of not less than two-thirds of the outstanding shares of its stock of each class;

(e) Claims of stockholders of Von's and Shopping

Bag who dissent from the Merger amount in the aggregate to a sum in excess of $1,000,000; or

(f) In the reasonable opinion of the Board of Directors of either corporation any material adverse change shall have occurred in the properties, assets or business of Von's or Shopping Bag.

In addition this Agreement of Merger may be terminated and abandoned at any time prior to the effective date of the Merger by action of the Board of Directors of Von's in the event that on or prior to March 20, 1960 any stockholder of Shopping Bag reasonably deemed by Von's to be a controlling stockholder or a member of any controlling group or groups of stockholders of Shopping Bag shall have failed or refused to deliver to Von's a statement in form satisfactory to Von's to the effect that it is his intention to acquire shares of Common Stock of Von's upon the Merger for investment and not with a view to the distribution or resale of any thereof.

In the event of termination of this Agreement of Merger as herein provided, this Agreement of Merger shall become wholly void and of no effect and there shall be no liability to any stockholder or other person or to any corporation or to the respective parties hereto on the part of either Von's or Shopping Bag or their respective Boards of Directors or stockholders.

Article X

Pursuant to the terms and conditions of a Negotiating Permit dated October 20, 1959 granted by the Commissioner of Corporations of the State of California, the parties hereto expressly agree that Von's shall not be liable for failure to issue any securities pursuant to this Agreement of Merger unless and until a further permit authorizing the sale and issuance of such securities has first been granted by said Commissioner of Corporations. Said permit dated October 20, 1959 further requires the following legend be included herein:

"The Commissioner of Corporations of the State of California has made no finding or determination in relation to the fairness of the negotiation or agreements hereby permitted and this negotiating permit is per-

missive only and does not constitute a recommendation or endorsement of the securities permitted to be offered and should not be understood as an indication that such finding or determination of fairness will be made or that a definitive permit authorizing sale or issuance of securities, if applied for, will be granted."

In Witness Whereof, Von's and Shopping Bag have caused this Agreement of Merger to be signed in their respective corporate names by the President or a Vice President and have caused their respective corporate seals to be hereunto affixed and attested by the Secretary or an Assistant Secretary, and a majority of the directors of Von's and Shopping Bag, respectively, have hereunto set their hands, all as of the day and year first above written.

Von's Grocery Co., By Charles Von der Ahe, President, Charles Von der Ahe, Ernest J. Loebbecke, Walter R. Von der Ahe, Wilfred Von der Ahe, T. A. Von der Ahe, C. L. Morse, Jr., Edward C. Freutel, Jr., All or a Majority of the Directors of Von's Grocery Co.

(Corporate Seal)

Attest:

Edward C. Freutel, Jr., Secretary.

Shopping Bag Food Stores, By W. R. Hayden, President, James E. Bates, E. W. Plumb, W. D. Hayden, Victor Hinson, G. A. Carter, Wm. S. Hughes, All or a Majority of the Directors of Shopping Bag Food Stores.

(Corporate Seal)

Attest:

Victor Hinson, Secretary.

PLAINTIFF'S EXHIBIT No. 48

Von's Grocery Co.

Notice of Special Meeting of Stockholders, March 17, 1960

Notice is hereby given that a special meeting of the stockholders of Von's Grocery Co. will be held at the office of the Company in Los Angeles, California, at 3750 West Santa Barbara Avenue, Los Angeles, California, on Thursday, March 17, 1960, at 1:45 o'clock P.M. for the following purpose:

To consider and vote upon the adoption of the Agreement of Merger dated January 25, 1960 providing for the merger of Shopping Bag Food Stores, a California corporation, into Von's Grocery Co. A copy of the agreement of Merger is attached as an exhibit to the accompanying Proxy Statement.

Stockholders of record on the books of the Company at the close of business on February 5, 1960 will be entitled to vote at the meeting.

By order of the Board of Directors.

Edward C. Freutel, Jr., Secretary.

Notice of Annual Meeting of Stockholders, March 17, 1960

Notice is hereby given that the annual meeting of stockholders of Von's Grocery Co. will be held at the office of the Company in Los Angeles, California, at 3750 West Santa Barbara Avenue, Los Angeles, California, on Thursday, March 17, 1960, at 2:00 o'clock P.M., for the purpose of electing seven directors, and transacting such other business as may properly come before the meeting.

Stockholders of record on the books of the Company at the close of business on February 5, 1960, will be entitled to vote at the meeting.

By order of the Board of Directors.

Edward C. Freutel, Jr., Secretary.

The Annual Meeting will follow immediately after adjournment of the Special Meeting held to approve the merger.

If you cannot be present in person at these meetings, please sign and date the enclosed proxy and return it to the Corporation in the self-addressed, postage prepaid envelope enclosed for that purpose.

This proxy is solicited by the Management of the Company.

Plaintiff's Exhibit No. 49

Excerpts from: J. C. Ball's Working Papers

Enlarge grocery
Kitchen OK
Produce too small
10 acres—produce

Delic—Kitchen
Pre-wrap

J. Ball

People

Savings on Payroll 866,000

Administrative — Does not include store help
Maintenance — Effect of Merger

J. Ball
12/19/59

V.	Op. pft.		3,900,000	
	Payroll		850,000	
	J'ymaid	x Arden	650,000	
	Adv.		500,000	
	1 BM etc.		90,000	
S.B.	Op. pft.		500,000	
			6,490,000	
	N.A.T.		3,115,000	
	Per share		1.04	

Accounts Receivable Shopping Bag Food Stores, January 3, 1960

Coupons	$ 11,433.21	
Receivables on books of Perfection Bakeries	19,981.35	
Advertising Debits	57,660.03	
Bovics Co.	7,300.00	Note on Bakery Equip
Bureau of Public Assistance	4,805.41	
Sale of Crates	6,621.13	
Interstate Bakery (rebate)	6,831.94	Special Discount
Jerseymaid (rebate)	39,627.70	Frozen Food Rebate Oct.—Dec.
Langendorf (rebate)	2,127.95	Special Discount
Merchandise Orders sold during holidays	14,222.29	
National Cash Register Co.	6,453.25	Sale of Registers
Oroweat (rebate)	3,136.66	Spec Discount
Peterson Mfg. Co.	3,314.29	
Al Rene	3,855.55	Sale of Adv. Supplies
Stonewood Shopping Center	1,600.00	Lease—Pymt. 200-Mo.
Sunfair Markets (Sale of Prod. Dock. on 11/1—Pymt. 3000 mo.)	58,933.52	
Better Drug	1,200.00	Rental Income on Glendale Property
Jerseymaid	1,449.21	
Misc. small items	8,622.12	
Credit Union	684.54	

Drug Rebates	9,195.64	Special Discounts	
Drug Pickup	1,868.34	Vendor Returns	
Grocery Rebates	34,605.16	Special Discounts	
Grocery Warehouse Pickups	6,027.89	Vendor Returns	
Rebates from Drop Shipments	22,887.42	Special Discounts	
Dept. Store Warehouse Pickups	689.19	Vendor Returns	
Liquor Dept. Pickups	1,891.04	" "	
Total	$337,024.83		

Gross Percentages (via Stores)

	Von's	Shopping Bag	
Grocery and Drug	16.69	17.57	(NOTE A)
Meat	23.74	21.22	(NOTE B)
Produce	29.12	28.70	(NOTE C)
Delicatessen	29.93	31.35	(NOTE D)
Liquor	26.36	27.12	(NOTE E)
Dept. Store	—	29.56	(NOTE F)
Fountain	51.86	38.25	
Total	21.27	21.82	

Note A—Grocery Depts. have not been charged any warehouse handling charge. Assuming 55% of total grocery and drug purchases are shipped out of the warehouse this would mean a *minimum* charge of $670,000.00 to the grocery depts. which would lower the gross profit to 15.98. On a comparalbe basis with Von's, this percentage would be further reduced by retaining credits for swell allowances, special and quantity purchase discounts that Shopping Bag has passed-on to the stores through lower cost pricing.

Recapturing the above warehouse charges and maintaining Von's gross of 16.69 would mean a pick-up of $969,500 in overall gross profit to the company from the grocery and drug depts. alone using 1959 grosses. Current grosses are higher and will produce additional income to both companies.

Transfer of frozen foods from produce to the grocery division of Shopping Bag will produce both additional sales and profit. The addition of beer and wine to the grocery depts., all of which was formerly sold in the liquor division alone, will produce added sales and profits.

Note B—On the basis of the above 1959 grosses in the meat division, a pick-up of 2.52% in gross to bring Shopping Bag to the level of Von's would produce an additional profit of $381,000 from this division.

Percentages of various departmental sales to total sales indicate that the meat division in Shopping Bag is not getting their share of the consumer's dollar. On a comparable basis with Von's in 1959, this division should have enjoyed an additional $5,000,000 in sales which would and should be expected to produce an added $1,185,000 in gross profit.

Note C—Shopping Bags produce division has carried all frozen foods with the exception of frozen meats normally carried in the Meat Depts. No attempt has been made to determine the exact amount of frozen food sales, however using the industry-wide percentage of 5% of grocery sales as a yardstick, this would reduce total sales in the produce division for comparative purposes with Von's by $2,300,000 thereby adjusting total sales to $7,922,000 of fresh produce.

Shopping Bag retained $1,053,000 of produce gross in the warehouse although this amount has been included in arriving at the 28.70 percent. Adding back $450,000 that Von's retained thru handling charges and misc. income would revise Von's overall produce gross to 34.06 or 5.36% over that of Shopping Bag.

Applying the 5.36% additional gross profit to the adjusted sales of fresh produce ($7,922,000) as explained above would produce an additional gross profit of $424,600. This does not provide for any increase in produce volume

which would still be $2,000,000 behind Von's on a current basis. A pick-up of this volume alone would produce $680,000 in added gross.

Note D—These percentages again are not comparable because of the additional markup that Von's has taken in the Delicatessen Kitchen to offset Kitchen operating costs. Amounting to $250,000, this figure when added back to store grosses would produce a new gross profit percentage of 33.46 or 3.11% higher than that of Shopping Bag. Recapture of this markup on their current volume would produce an additional $135,000 in gross profit.

From a comparative standpoint, the Deli. division is $2,000,000 behind in sales. Bringing this division up to the level of Von's operation would produce an additional $582,000 in gross profit. Reduction in operating costs can be expected through combining the Deli. Kitchen operations.

Note E—Shopping Bag appears to have done an excellent job in their Liquor Division. In comparing total sales of this division for both companies, several factors must be taken into consideration as follows:

1—Von's operated approximately 17⅓ Liquor Depts. during 1959 as compared to 38 for Shopping Bag.
2—On an average sales per store basis, Shopping Bag does $800 per week per store more volume. This volume has included all beer and wine sales, sales of magazines, newspapers, photo developing, cigars and other types of sundry merchandise (Xmas lights, decorations, etc.) that would be carried in Von's outside drug depts.
3—Gross profit is in line but not excessive when it is considered that no charge is made to this division for warehousing costs or trucking expense.

Note F—Inventories in this division as of the end of the year totaled $1,176,000 which represented a considerable reduction over average monthly inventory. Using this reduced inventory as a basis however, on $3,030,000 costs of sales, this division has turned-over its inventory a maximum of 2½ times in the year 1959.

If this division was to bear the costs of warehousing its own merchandise including buying dept. costs, trucking and its proportionate share of advertising, administrative and store operating costs, it would be impossible for it to operate at a profit. As it now stands, the department store division could increase the profits of the company considerably were it to cease operations and liquidate inventories.

Summary

By making the necessary changes in the gross profit structure of the various divisions and instituting warehousing handling charges, both of which can be accomplished immediately, the following increase in gross profit should be realized:

Grocery & Drug	969,500
Meat	381,000
Produce	424,600
Delicatessen	135,000
Total	$1,910,100

The above projection does not provide for any increase in either sales or gross profits as the figures are based on 1959 sales and grosses only. We can expect a minimum $10,000,000 increase in sales because of the 4 week strike. The year 1960 provides for further additional gross thru reduced markdowns.

Sales Percentages

	Von's	Shopping Bag	Von's	S. B.
Grocery and Drug	46,018,863	42,179,509	53.59	50.04
Meat	20,273,770	15,124,478	23.61	17.94
Produce	9,904,738	10,222,197	11.53	12.13
Delicatessen	6,260,792	4,323,239	7.29	5.13
Liquor	2,933,488	8,058,072	3.42	9.56
Dept. Store	—	4,302,491	—	51.0
Fountain	476,436	84,000	.56	.10
Total	85,868,087	84,293,986	100.00	100.00

Plaintiff's Exhibit No. 50

True Copy
circa 12/19/59

Projected 1960 Net Income Resulting From Combined Operations

Increase in Gross Profit—via			
1. Jerseymaid Income		$ 650,000	
2. Perfection Bakery due to the additional volume		100,000	
3. Gross Margins which have been projected on the basis of 24.31% on combined sales of 180,000,000 with provision for only 6 months of Shopping Bag operations at this rate		2,000,000	
Total Increases in Gross Profit			$2,750,000
Reduction in Expense—via			
1. Green Tape		650,000	
2. Advertising		600,000	
3. Rent			
a—Von's Office ½ year	30,000		
b—Adjustment to leases owned by Shopping Bag Properties, Inc.	65,000		
c—Combining Prod. Whses.	15,000		
		110,000	
4. Taxes resulting primarily from a reduction in inventory		100,000	
5. Insurance		25,000	
6. Interest on Long Term Debt		280,000	
7. Payroll			
a—Reductions already made by Shopping Bag annualized		318,500	
b—Six months of further savings resulting from merger		213,000	
Total reduction in Expense			2,296,500
Total Increase to Operating Profit			5,046,500
Less—Increase In Expense—via			
1. Additional Bonus		380,000	
2. Cost of Blue Chip Stamps		2,700,000	
Total Increase in Expense			3,080,000
Net Increase to Operating Profit			1,966,500
Add—Combined 1959, Income Before Taxes and after deducting $220,262 in Capital Gains and prior year adjustment			5,343,770
Income Before Federal Tax on Income			7,310,270
Provision for Federal Income Tax			3,795,840
Net Income			$3,514,430
Earnings per share on 2,985,595 outstanding shares			1.18

PLAINTIFF'S EXHIBIT No. 51

Confidential

Minutes of Meeting—January 5, 1960

Those present were: Mr. T. A. Von der Ahe, Mr. W. L. Von der Ahe, and Mr. W. R. Hayden, comprising the Executive Committee and Messrs. Ball, Bolstead, Bushmeyer, Carter, Doyle, Harvey, Del Hayden, Hinson, Hirschman, Marshall, Olsen, Osberg, Plumb, Van Ness, Ward and Walter Von der Ahe.

The meeting was opened by Mr. W. R. Hayden with 30 seconds of silent prayer. Mr. Hayden welcomed those present, touched briefly on the purpose of the meeting, and turned the meeting over to Mr. T. A. Von der Ahe.

Mr. Von der Ahe stated that the group of Division Heads present at the meeting will constitute the Management Committee of the newly merged organization and appointed Mr. Del Hayden as Chairman pro-tem of that Committee.

He named Mr. Walter Von der Ahe and Mr. Del Hayden as a special committee to be in charge of liaison, coordination, and expediting of programs.

Mr. Von der Ahe pointed out the advisability of weekly letters to personnel of both Companies to explain the progress of the program and suggested a special edition of the house magazine to be available immediately after March 28. He suggested plans be considered for a dinner meeting of Department Heads and wives, and Mr. Will Von der Ahe suggested Del and Walter should coordinate this program. Will also expressed the opinion that some larger meetings should be held that will cross organization lines. It was suggested that new Division Heads attend weekly meetings of Supervisors. It was further suggested that Ken Doyle and Charles Harvey plan to visit all stores together in the near future.

Mr. Bolstead suggested that the Divisional Managers not only sit in meetings of Supervisors, but in meetings of Buyers and others, pointing out that we are entering a learning period during which changes in procedure must be planned.

It was announced that the Von's Produce Dock will begin to serve Shopping Bag Stores on February 1.

Mr. Olsen asked how many Supervisor districts were planned and Mr. Von der Ahe suggested that Del and Walter, together with George Carter and two or three others, should meet and decide; one of the first things necessary being the realigning of Supervisors' districts. While no immediate changes will be made, it is time to start planning for the future. A general discussion established the agreement that, where possible, Supervisors' districts should not cross lines, although some exceptions will be necessary. For instance, Liquor Supervisors and some others can handle more stores than will be represented by one district. Mr. Von der Ahe said to get back to the major point—Division Heads should get together on personnel in their division and know their people in both Companies.

Mr. Bolstead asked if the Management Committee should meet on a regularly scheduled basis or will Del Hayden, as Chairman, call those meetings. Mr. Von der Ahe replied that Buz should continue his Von's meetings; that different segments should meet and that the Division Heads should get to know their people and their locations.

Mr. Von der Ahe asked how we might best integrate the produce operation using Von's facilities. Mr. Osberg explained the program which has been worked out whereby the Buyers will buy for all stores. Orders will be filled at Von's Produce Dock and Shopping Bag trucks will deliver to the Shopping Bag Stores. He stated it is no problem so far as personnel is concerned, using both Von's and Shopping Bag Order Clerks and using Von's forms. He suggested that perhaps in the soft fruit season problems might develop.

Mr. Will Von der Ahe pointed out the importance of terminating non-essential personnel and Mr. Osberg replied it is possible that they might be one man over at present. Shopping Bag will continue to write its Produce ads and Del Hayden suggested that both Companies better not go on the same item at the same time.

Mr. Von der Ahe inquired about the re-numbering of stores, and Mr. Ball replied that this should be held off for the present.

Mr. Bushmeyer initiated a general discussion regarding

the handling of crates and it was recommended that crates be operated out of one yard with no charge and no credit. Any profit accrued during the 8 weeks in question could be split.

Mr. Osberg asked if the two ice machines belonged to Shopping Bag and if so, should they be moved; the answer to both questions being in the affirmative.

Mr. Von der Ahe reiterated the importance of Division Heads getting to know their men. Any plan to revamp personnel set-up should be approved by the Executive Committee.

The question of store signs was discussed. Mr. Marshall stated he and Frank Burke had explored the requirements and effective February 1, Von's Sign Shop will supply all stores. He stated these signs will be distributed by the Produce trucks and that no major problems were expected to develop.

There was a long and general discussion concerning the Deli Kitchen operation, including the present problems and the plans for the future. Plans for a new label were discussed. Mr. Carter pointed out that the brand name of "Perfection" can not be used on all products. There was general agreement that a label featuring "Von's Shopping Bag" might best serve for all Company products. In the meantime, it was decided there is no reason why Shopping Bag labels may not appear in Von's Stores and Von's labels in Shopping Bag Stores. Mr. Ball suggested that this be checked with the attorneys. Mr. Olsen volunteered that he presently has some fine drawings of suggested "Von's Shopping Bag" labels and also a combination of "Table King" and "Harvest King" for turkeys.

Mr. Von der Ahe suggested that Mr. Hirschman submit samples of Von's salads to Mr. Carter and others, with the idea that these fine products may be available to Shopping Bag without delay.

Mr. Von der Ahe asked Myron Van Nese concerning plans for supplying certain Von's Stores with bread and rolls. Van replied that it required very little to be ready to service a limited number of stores. He recommended that six or eight items be selected to be supplied to not more than ten stores as a beginner, and that stores be added and items added as experience would indicate. He stated that it takes

about six weeks to make changes in bakery labels. Van Ness explained the functions of a "Bakery Girl" in Shopping Bag Stores, stating that in a store doing from $2500 to $2800 volume on our own bakery products it requires almost the full time of a well trained person if the stores continue to package pies, cakes, et cetera.

Mr. Bolstead suggested that the promotion of bread should precede delivery. After general discussion, Mr. Von der Ahe appointed Bud Ward, George Carter, Jack Hardesty and Myron Van Ness as a committee to come up with a workable plan to initiate delivery of Shopping Bag Bakery products to the Von's group. He asked Bud to serve as Chairman of this committee.

Mr. Von der Ahe asked all Division Heads to furnish him with a complete list of items that might be discontinued as a result of the merger, asking that Companies and brands be named and approximate volume estimated. He asked that this apply not only to items discontinued but also to items where volume might be substantially reduced. He asked everyone to make the best possible guess.

There was some discussion of buying methods of liquor and Ernie Plumb was asked to submit a study covering this question.

There being no further business, the meeting was adjourned.

CGH:ztm

PLAINTIFF'S EXHIBIT No. 52

January 14, 1960.

Mr. Charles Harvey
Manager of Safety,
and Employee & Labor Relations

Dear Charlie:

Please be prepared to submit your suggestions for the framework of the organization structure of the combined Shopping Bag and Von's operation, for your department, to the Executive Committee at 3:00 P.M., on March 9, 1960.

In this connection, we urge you to thoroughly familiarize yourself with the staffs of both companies, and the qualifications of each person, such as, years of experience, etc., in order for you to develop the best possible complement within your own Division.

We also suggest that you draw up the segment of the organization chart in so far as it concerns your operation. We also request that your efforts in this direction remain confidential to eliminate any possible embarrassment which may result from subsequent action of the Executive Committee.

Sincerely yours, Executive Committee, T. A. Von der Ahe, W. R. Hayden, W. L. Von der Ahe.

/f

PLAINTIFF'S EXHIBIT No. 53

January 14, 1960.

Mr. Victor Hinson
Insurance Department Manager

Dear Vic:

Please be prepared to submit your suggestions for the framework of the organization structure of the combined Shopping Bag and Von's operation, for your department, to the Executive Committee at 1:00 P.M., on March 8, 1960.

In this connection, we urge you to thoroughly familiarize yourself with the staffs of both companies, and the qualifications of each person, such as, years of experience, etc., in order for you to develop the best possible complement within your own Division.

We also suggest that you draw up the segment of the organization chart in so far as it concerns your operation. We also request that your efforts in this direction remain confidential to eliminate any possible embarrassment which may result from subsequent action of the Executive Committee.

Sincerely yours, Executive Committee, T. A. Von der Ahe, W. R. Hayden, W. L. Von der Ahe.

/f

PLAINTIFF'S EXHIBIT No. 54

January 14, 1960.

Mr. George Carter
Grocery Division Manager

Dear George:

Please be prepared to submit your suggestions for the framework of the organization structure of the combined Shopping Bag and Von's operation, for your department, to the Executive Committee at 2:00 P.M., on March 8, 1960.

In this connection, we urge you to thoroughly familiarize yourself with the staffs of both companies, and the qualifications of each person, such as, years of experience, etc., in order for you to develop the best possible complement within your own Division.

We also suggest that you draw up the segment of the organization chart in so far as it concerns your operation. We also request that your efforts in this direction remain confidential to eliminate any possible embarrassment which may result from subsequent action of the Executive Committee.

Sincerely yours, Executive Committee, T. A. Von der Ahe, W. R. Hayden, W. L. Von der Ahe.

/f

PLAINTIFF'S EXHIBIT No. 55

January 14, 1960.

Mr. Ernie Plumb
Non-food Division Manager

Dear Ernie:

Please be prepared to submit your suggestions for the framework of the organization structure of the combined Shopping Bag and Von's operation, for your department, to the Executive Committee at 9:00 A.M., on March 9, 1960.

In this connection, we urge you to thoroughly familiarize yourself with the staffs of both companies, and the qualifications of each person, such as, years of experience, etc., in order for you to develop the best possible complement within your own Division.

We also suggest that you draw up the segment of the organization chart in so far as it concerns your operation. We also request that your efforts in this direction remain confidential to eliminate any possible embarrassment which may result from subsequent action of the Executive Committee.

Sincerely yours, Executive Committee, T. A. Von der Ahe, W. R. Hayden, W. L. Von der Ahe.

/f

PLAINTIFF'S EXHIBIT No. 56

January 14, 1960.

Myron Van Ness
Bakery Division Manager

Dear Myron:

Please be prepared to submit your suggestions for the framework of the organization structure of the combined Shopping Bag and Von's operation, for your department, to the Executive Committee at 10:00 A.M., on March 9, 1960.

In this connection, we urge you to thoroughly familiarize yourself with the staffs of both companies, and the qualifications of each person, such as, years of experience, etc., in order for you to develop the best possible complement within your own Division.

We also suggest that you draw up the segment of the organization chart in so far as it concerns your operation. We also request that your efforts in this direction remain confidential to eliminate any possible embarrassment which may result from subsequent action of the Executive Committee.

Sincerely yours, Executive Committee, T. A. Von der Ahe, W. R. Hayden, W. L. Von der Ahe.

/f

PLAINTIFF'S EXHIBIT No. 57

September 29, 1959.

Mr. W. R. Hayden, President,
Shopping Bag Food Stores,
10150 Lower Azusa Road,
El Monte, California.

Dear Sir:

Pursuant to our conversation of September 28th. the following is a list of items I would appreciate having:

1. Plot plan
2. Rough layout of the Grocery Warehouse and approximate square footage of—
   (a) Dry Goods Dept.
   (b) Liquor Dept.
   (c) Drug & Cosmetics Dept.
   (d) Cigarette Dept.
   (e) Oleo Box
   (f) Number of tons handled per week or period.
3. Number of—
   (a) Tractors
   (b) Trailers
   (c) Bob-tail Trucks
4. Number of employees of—
   (a) Grocery Warehouse
   (b) Produce Warehouse
   (c) Delicatessen Dept.
   (d) Trucking Dept.
5. Location list of retail units

Thanks again for the time you spent with me going through your plant facilities.

Sincerely, Don Bushmeyer, Mgr., Distribution Center.

DB.S.

PLAINTIFF'S EXHIBIT No. 58

Shopping Bag Food Stores
10150 Lower Azusa Road, El Monte, California
CUmberland 3-6181
GIlbert 4-0306

January 26, 1960.

Mr. Norman Bolstad
Von's Grocery Company
3750 W. Santa Barbara
Los Angeles, California

Dear Mr. Bolstad:

Enclosed is a list of the proposed new districts for the supervision of Grocery, Meat and Produce about which we have already talked.

Copies of this list have been submitted to the Executive Committee for their review and approval.

Yours very truly, W. D. Hayden.

WDH:EF
Enc

New Supervisor's Districts

District No. 1			$220,472	
Store No.	17	Shopping Bag	4806 N. Peck Road	El Monte
	18	" "	137 E. Valley Blvd.	El Monte
	26	" "	16823 Foothill Blvd.	Fontana
	10	" "	304 E. Foothill Blvd.	Upland
	31	" "	2470 N. San Antonio	North Pomona
	36	" "	517 S. Glendora	Glendora
	30	" "	906 E. Arrow Highway	Covina
	32	" "	1170 W. Garvey	West Covina
	28	" "	15427 Amar Road	La Puente
	31	Von's	973 S. Glendora Avenue	West Covina
Ontario		"	Euclid Avenue	Ontario
		* * * * * * *		
District No. 2			$223,736	
Store No.	33	Shopping Bag	9922 Katella	Anaheim
	23	" "	1845 W. Orangethorpe	Fullerton
	1	" "	1611 W. Whittier Blvd.	La Habra
	21	" "	1183 Quad Way	Whittier
	22	" "	9130 E. Whittier	Pico-Rivera
	20	" "	9406 E. Washington	Pico-Rivera
	27	Von's	15740 Whitwood Lane	Whittier
	26	"	12151 Brookhurst Avenue	Garden Grove
Oceanside		"	1046 Mission Avenue	Oceanside
Add	19	"		
	25	"		
		* * * * * * *		
District No. 3			$328,717	
Store No.	40	Shopping Bag	1201 W. Whittier	Montebello
	27	" "	127 N. Garfield	Monterey Park
	16	" "	2200 W. Valley Blvd.	Alhambra
	35	" "	9058 E. Firestone	Downey
	29	Von's	1000 E. Valley Blvd.	Alhambra
	4	"	2280 Atlantic Blvd.	Monterey Park
	13	"	6607 Atlantic Blvd.	Bell
	1	"	11471 Long Beach Blvd.	Downey
	5	"	10001 Paramount Blvd.	Downey
	19	"	4480 Atlantic Avenue	Long Beach
	25	"	4200 N. Woodruff Avenue	Lakewood
		* * * * * * *		
Add	20	SB		
	22	"		
District No. 4			$280,000	
Store No.	14	Von's	1260 W. Redondo Beach Blvd.	Gardena
	18	"	8857 S. Western Avenue	Los Angeles
	12	"	5029 S. Vermont Avenue	Los Angeles
	15	"	3644 W. Santa Barbara Ave.	Los Angeles
	20	"	4917 La Tijera Blvd.	Los Angeles
	21	"	6571 W. 88th Street	Los Angeles
	16	"	10720 W. Pico Blvd.	Los Angeles
	2	"	1305 Wilshire Blvd.	Santa Monica
Torrance		"		Torrance
		* * * * * * *		

District No. 5		$277,098	
Store No.	24 Shopping Bag	2150 N. Glenoaks	Burbank
	38 " "	331 N. Glendale Avenue	Glendale
	8 " "	2222 Colorado Blvd.	Eagle Rock
	9 " "	1566 Colorado Blvd.	Eagle Rock
	24 Von's	1333 Riverside Drive	Sherman Oaks
	3 "	3667 W. Third Street	Los Angeles
	9 "	840 S. Alvarado	Los Angeles
	11 "	1500 W. Pico Blvd.	Los Angeles
	8 "	3334 W. Eighth Street	Los Angeles
	10 "	1020 S. Crenshaw Blvd.	Los Angeles
	7 "	1020 S. Fairfax Avenue	Los Angeles
	* * * * * *	*	
District No. 6		$244,174	
Store No.	37 Shopping Bag	1111 Avenue "I"	Lancaster
	4 " "	44816 N. Beech	Lancaster
	29 " "	816 E. Avenue Q-6	Palmdale
	34 " "	13730 Foothill Blvd.	Sylmar
	39 " "	19333 Victory Blvd.	Reseda
	23 Von's	9011 Woodman Avenue	Pacoima
	17 "	6625 Van Nuys Blvd.	Van Nuys
	22 "	18247 Sherman Way	Reseda
Granada Hills	"		Granada Hills
Northridge	"		Northridge
	* * * * * *	*	
District No. 7		$241,692	
Store No.	2 Shopping Bag	8325 Foothill Blvd.	Sunland
	3 " "	3100 Foothill Blvd.	La Crescenta
	5 " "	2256 Honolulu Blvd.	Montrose
	6 " "	920 Foothill Blvd.	La Canada
	7 " "	2408 Lincoln	Altadena
	12 " "	3841 E. Sierra Madre	Pasadena
	19 " "	140 W. Foothill Blvd.	Monrovia
	15 " "	1407 Baldwin Avenue	West Arcadia
	25 " "	2960 Huntington Drive	San Marino
	11 " "	2270 Huntington Drive	San Marino
	* * * * * *	*	

PLAINTIFF'S EXHIBIT No. 59

Shopping Bag Food Stores
10150 Lower Azusa Road, El Monte, California
CUmberland 3-6181
GIlbert 4-0306

January 26, 1960.

Mr. T. A. Von der Ahe
Executive Committee

Dear Mr. Von der Ahe:

Enclosed for your review and approval is a list of the proposed new districts for the supervision of Grocery, Meat and Produce. This is the recommendation of Walt Von der Ahe, Norman Bolstad and myself. The dollar volume shown for each district is for the grocery only.

As yet the districts for the division of Liquor, Bakery and Deli have not been discussed.

Thank you for giving this your attention.

Yours very truly, W. D. Hayden.

WDH:EF
Enc

New Supervisor's Districts

District No. 1			$220,472	
Store No.	17	Shopping Bag	4806 N. Peck Road	El Monte
	18	" "	137 E. Valley Blvd.	El Monte
	26	" "	16823 Foothill Blvd.	Fontana
	10	" "	304 E. Foothill Blvd.	Upland
	31	" "	2470 N. San Antonio	North Pomona
	36	" "	517 S. Glendora	Glendora
	30	" "	960 E. Arrow Highway	Covina
	32	" "	1170 W. Garvey	West Covina
	28	" "	15427 Amar Road	La Puente
	31	Von's	973 S. Glendora Avenue	West Covina
Ontario		"	Euclid Avenue	Ontario
		* * * * * * *		
District No. 2			$223,736	
Store No.	33	Shopping Bag	9922 Katella	Anaheim
	23	" "	1845 W. Orangethorpe	Fullerton
	1	" "	1611 W. Whittier Blvd.	La Habra
	21	" "	1183 Quad Way	Whittier
District 3	22	" "	9130 E. Whittier	Pico-Rivera
	20	" "	9406 E. Washington	Pico-Rivera
	27	Von's	15740 Whitwood Lane	Whittier
	26	"	12151 Brookhurst Avenue	Garden Grove
Oceanside		"	1046 Mission Avenue	Oceanside
		* * * * * * *		
District No. 3			$328,717	
Store No.	40	Shopping Bag	1201 W. Whittier	Montebello
	27	" "	127 N. Garfield	Monterey Park
	16	" "	2200 W. Valley Blvd.	Alhambra
	35	" "	9058 E. Firestone	Downey
	29	Von's	1000 E. Valley Blvd.	Alhambra
	4	"	2280 Atlantic Blvd.	Monterey Park
	13	"	6607 Atlantic Blvd.	Bell
	1	"	11471 Long Beach Blvd.	Downey
	5	"	10001 Paramount Blvd.	Downey
District 2	19	"	4480 Atlantic Avenue	Long Beach
	25	"	4200 N. Woodruff Avenue	Lakewood
		* * * * * * *		
District No. 4			$289,000	
Store No.	14	Von's	1260 W. Redondo Beach Blvd.	Gardena
	18	"	8857 S. Western Avenue	Los Angeles
	12	"	5029 S. Vermont Avenue	Los Angeles
	15	"	3644 W. Santa Barbara Ave.	Los Angeles
	20	"	4917 La Tijera Blvd.	Los Angeles
	21	"	6571 W. 88th Street	Los Angeles
	16	"	10720 W. Pico Blvd.	Los Angeles
	2	"	1305 Wilshire Blvd.	Santa Monica
Torrance		"		Torrance
		* * * * * * *		

District No. 5			$277,098	
Store No.	24	Shopping Bag	2150 N. Glenoaks	Burbank
	38	" "	331 N. Glendale Avenue	Glendale
	8	" "	2222 Colorado Blvd.	Eagle Rock
	9	" "	1566 Colorado Blvd.	Eagle Rock
	24	Von's	1333 Riverside Drive	Sherman Oaks
	3	"	3667 W. Third Street	Los Angeles
	9	"	840 S. Alvarado	Los Angeles
	11	"	1500 W. Pico Blvd.	Los Angeles
	8	"	3334 W. Eighth Street	Los Angeles
	10	"	1020 S. Crenshaw Blvd.	Los Angeles
	7	"	1020 S. Fairfax Avenue	Los Angeles
District No. 6			$244,174	
Store No.	37	Shopping Bag	1111 Avenue "I"	Lancaster
	4	" "	44816 N. Beech	Lancaster
	29	" "	815 E. Avenue Q-6	Palmdale
	34	" "	13730 Foothill Blvd.	Sylmar
	39	" "	19333 Victory Blvd.	Reseda
	23	Von's	9011 Woodman Avenue	Pacoima
	17	"	6625 Van Nuys Blvd.	Van Nuys
	22	"	18247 Sherman Way	Reseda
Granada Hills		"		Granada Hills
Northridge		"		Northridge
District No. 7			$241,692	
Store No.	2	Shopping Bag	8325 Foothill Blvd.	Sunland
	3	" "	3100 Foothill Blvd.	La Crescenta
	5	" "	2256 Honolulu Blvd.	Montrose
	6	" "	920 Foothill Blvd.	La Canada
	7	" "	2408 Lincoln	Altadena
	12	" "	3841 E. Sierra Madre	Pasadena
	19	" "	140 W. Foothill Blvd.	Monrovia
	15	" "	1407 Baldwin Avenue	West Arcadia
	25	" "	2960 Hungtington Drive	San Marino
	11	" "	2270 Huntington Drive	San Marino

PLAINTIFF'S EXHIBIT No. 60

Minutes of Executive Committee Meeting
Von's Grocery Co.

Tuesday and Wednesday, March 8-9, 1960

Committee Members present:

T. A. Von der Ahe
W. R. Hayden
W. L. Von der Ahe

Also Present:

Harold G. Ward
Norman Bolstad

1. The general subject of developing a company personality was discussed and it was the consensus of opinion that great emphasis should be placed on the merchandising of perishable products, listed in order of importance—

Meats
Produce
Delicatessen
Bakery

It was agreed that it would be difficult to effectively merchandise staple groceries to sustain continued patronage, whereas, on the other hand a vigorous effort put behind the sale and display of highest quality perishable products would be inducive to, not only holding volume, but increasing it.

2. There followed interviews with the respective Division Heads and members of the Management Committee to discuss their ideas of organization.

no

The first man to appear was JIM BALL, who recommended that Elmer Larsen be given a promotion and that he, Ball, would undertake to prepare and watch Budgets, consult with Larsen and take care of the other duties associated with the officership of Treasurer. Ball further sug-

gested that Jim Burson be next in line to E. Larsen and that Lightley, who was currently the manager of the office at S.B. could be relocated through the efforts of Lybrand, Ross Bros. & Montgomery.

Ball further recommended Harold Sieps to head up the I.B.M. Department and named Norman Reed as his assistant.

The question of timing the consolidating of Facilities was next discussed and it was agreed as follows:

Monday, August 15th, being the first day of the Ninth Period was set aside for the combining of both Grocery Warehouse Departments into the plant at El Monte, with service to all stores to commence out of said plant as of that date. This date was selected because it was felt that it would be physically impossible to effectively carry out the consolidating of warehousing any earlier.

Monday, July 18th., the first day of the Eighth Period was set aside for the combining of all office functions and facilities, such as the Buying, Personnel, Tabulating, Accounting etc. into the offices of S.B. and vacating the present offices of Von's at that time.

It was also decided that the Operational Departments of both companies should be combined as soon as possible with headquarters in El Monte. By this is meant that the Division Heads, their Supervisors, what Buyers and Accounting could be moved, should begin to operate out of El Monte as early as possible after the effective date of the merger.

The Auditing Department is preparing separate reports for the two companies through the first three periods and the fourth period beginning March 28th. will be the first showing the combined operating reports and statements.

It was brought out at this time that there will be a great deal of work required to merge the two companies and in this regard it was emphasized and repeated that all persons on the Organizational Chart should follow the lines of authority and responsibility so as to eliminate running at cross purposes, or one executive or administrative head attempting to solve problems and situations which should properly belong to another person. In other words, it was decided that the person responsible for operating a certain

Division or Department should be the one to whom all questions and problems relating to the operation of the department should be referred.

H. Ward was then interviewed and repeated that the function of his department was—

(1) To maintain the customer count and sales in dollars and cents.
(2) Increase the customer count and sales in dollars and cents.
(3) Preserve the gross margin and profits, both in percentages and dollars.

Ward further stated that he anticipated a Net of $3,500,000.00 or $1.18 per share which, coincidentally, was also 2.0% Net Profit after Taxes on sales of $183,000,000.00 without including new additions.

Ward further stated that his preliminary survey indicated that the Sales Percentage per department would be broken down as follows:

Grocery	51.6
Meat	23.6
Produce	11.7
Delicatessen	7.2
Liquor	3.3
Drug	2.0
Fountain	.5
Total	100 %

Ward further concluded that the Gross Profit in the respective departments should be as follows:

Grocery	18.0 %
Meat	24.75%
Produce	31.0%
Delicatessen	31.0%
Liquor	25.0%
Drug	25.0%
Fountain	52.0%

It was decided at this point that there would be one Buyer named to procure all supplies of any nature for any Department. This included items such as Paper Goods, Cellophane, Wrappers, Lamps, Packaging Supplies, or whatever it might be, all to be channeled through one Buyer.

N. H. Bolstad was next interviewed and the subject of one man for each twenty stores acting as an Overall Dis-

trict Manager was discussed without reaching a conclusion.

The question of Meetings was also brought up and it was finally decided that both Ward and Bolstad would conduct meetings as follows:

Division Heads—Every Monday afternoon
Supervisors —Once a month

It was also determined that the Division Heads would meet with their own respective Supervisors each Tuesday morning.

Victor Hinson, Secretary of the merged Company and manager of the insurance department stated that he intends to operate his department by installing a system of preventive measures to eliminate hazardous conditions, also that his department will take care of all customer claims and all calls regarding same, and that they will also provide us with statistical information concerning all claims and losses. The paper work would probably remain in the personnel department with Bob Carney continuing to produce the figures and also Hinson would be expected to overlook the insurance provided for personnel, particularly the Health & Welfare through the Unions and also the Health and Welfare for non-Union employees in addition to Workmen's Compensation Unemployment Insurance claims etc.

It was also suggested that Hinson in his capacity as Secretary discharge all of the duties of a Secretary, and one of the first tasks to be assigned to him would be to synopsize all leases in a form readily understandable by management, and this would mean that each market location should be treated separately showing a plot plan, dimensions, terms of the lease, taxes and all pertinent data including a photo of the store.

Geo. Carter, Manager of the Grocery Division, presented an organizational chart breaking the Buying functions into three separate categories, each of which is to be headed by Don Stuetz, Sam Hebley and Nick Alex.

There was discussion to the effect that we should retain Cliff. Koons as an interviewer for the time being in order to take the pressure off of the Buyers who could conceivably be very busy for the next few months.

Nick Alex was also nominated as the person in charge of buying all Supplies for all divisions.

Kenneth Olsen, Manager of the Meat Division, also presented his organizational study which was accepted by the Committee. He also presented Sales and Expenses for the combined operation for the current year and predicted a Net Profit of approximately $967,500.00 which was based on 2.25% of sales which he anticipated at $43,000,000.00. Olsen also presented a recap of supervisory costs and suggested a few salary adjustments to bring the S.B. personnel up to the Von's level.

Edward Hirschman also presented his recommendations for supervisorial districts and requested permission to break out the districts into the number of five.

Von's supervisor—Kenny Smith—was to be give 19 stores
Bill Hamilton —17 Stores
Harold Smith —10 Stores
Leonard Welch—10 Stores

and the other district was given to a new Von's Supervisor —Ted Alamshah formerly of No. 24.

Ernie Plumb, Manager of the Non-Foods Division, which included Drugs, Department Stores, Liquor, Fountain, presented a very thorough study of the conditions as they now exist and offered appropriate suggestions for future operations. Along this line it was agreed that each of the respective departments, such as those above-named were to be under the management of a manager who would be directly responsible to Ernie Plumb. The managers were named as follows:

Drug and Department Store —Dick Chute, Manager
Buyers to be—Dick Hougham—Soft Goods
Gil. Torrance —Housewares and Hardware
Art Plumb —Drugs & Sundries
Supervisors to be—Charles Thompson, Jack Wilson, Robert Hearns, Don Steed, Bill Lousen.

The Liquor Division is to be headed up by Stoddard Johnston with Harvey Ruf, Buyer, and Supervisors Ray Adams, Virgil Goshorn and Bud Moorman. In this connection it was decided that the Liquor Buyer would be the only person to buy all Beers, Wines, Liquors regardless of where they were eventually to be sold.

Jack Smith was named to head the Snack Bar operation.

No further discussion was held as to other executive or administrative personnel in the Snack Bar department.

It was decided to supply all stores with Liquor from the Shopping Bag Warehouse as soon after March 28th. as possible.

Paul Marshall, Advertising Manager, also submitted his ideas for the organization of his department, which was accepted with the one exception that Chuck Hughes was to be given a different title other than "Assistant Advertising Manager."

Don Bushmeyer will be the manager of both Distribution Centers which includes the Warehousing, the Traffic Garage Maintenance, Crate Yards etc. and was instructed to immediately lay out plans for the installation of a towveyor in the S.B. Warehouse.

There was discussion that Jim Ball should be contacted to determine how quickly we can adopt a uniform code system, and it was emphasized in capital letters that the four digit code was not enough to handle our requirements because it created problems both on the assembly line and in the Buying Department and that it must be expanded to a five digit code.

Jim Ball has some definite ideas on why we should retain the four digit code, but it appears that it does create operating problems and a compromise must be reached very soon.

At the present time we use the same code number for deal pack as for regular pack merchandise and all operating men were in agreement that two different code numbers should be used.

Kenneth Doyle, Manager of the Personnel Department, presented a very scholarly treatise on the effective utilization of human resources, but was prevented from going into it at any length because of the shortness of time. There were many questions brought up during the discussion which necessarily were postponed and we promised to give him

answers in the future when we could have a meeting with him. His suggestions for an organizational chart were accepted, especially in view of the fact that he promised the committee a savings of at least $700.00 per week or $35,000.00 per year in the administration of the Personnel Department.

Rudy Weber, Manager of the Security Department likewise presented his structural chart, showing that he would now be responsible for the security of 4200 employees and the recommendation and request of Mr. Weber was accepted and approved.

Meeting Adjourned.

——, ——, Chairman.

Secretary:

——, ——.

PLAINTIFF'S EXHIBIT No. 61

Agenda

Executive Meeting—No. 2
Tuesday, March 15, 1960

1. Highway 39 & Sugar—Fred White
2. Report on New Locations
   (a) Ontario—Additional Property
   (b) San Pedro
   (c) Santa Paula
   (d) Others
3. Review Time Schedule for Merger
4. Discussion with Hiram Bender
5. Review of New Supervisorial Districts
6. Review of Re-Numbering of Present Store Locations
7. Jerseymaid—
   (a) Voting
   (b) Pricing
8. Ontario Market Site
   (a) Offer to Purchase & Develop Entire Shopping Center Location
9. Review Decision on Combining Drug And Department Store Operations
10. Discuss Procedures For Combining Operational Functions
11. Review Progress Reports of New Store Expansions
12. Myron Van Ness
13. New Business
14. Adjourn

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PLAINTIFF'S EXHIBIT No. 62

True Copy
March 17, 1960.

Special Memo

To: G. Carter, Groc
K. Olsen, Meat
W. Pugh, Prod
E. Hirschman, Del.
E. Plumb, Non-Food
V. Van Ness, Bakery
K. Doyle, Personnel.
P. Marshall, Advertising.
D. Bushmeyer, Whse

From: H. G. Ward, Mgr Merch-
N. H. Bolstad, Mgr. Store Op-

There Will Be a Division Head Meeting Held at the Shopping Bag Office on March 21st at 3:00 P.M.

Please Be Prepared to Discuss the Following Agenda.....

1. Combined merger advertising.
2. In-store decorations with merger theme.
3. Merger progress report by Divisions.
   A. Buyers merchandise problems.
   B. Supervisors operational problems.
4. Oceanside and Torrance Openings—May
   A. Department Heads
   B. Personnel
5. Program for Management Conference on April 4th.
6. Second Period Operating Statements and plans for improving them.

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PLAINTIFF'S EXHIBIT No. 63

Minutes Of Executive Committee Meeting
Von's Grocery Co.

March 29, 1960

1. Liquor Licenses were to be transferred, which is now in actual process. The fee is $140.00 per license.
2. Victor Hinson was asked to analyze all leases in both the Von's and Shopping Bag names and to prepare a short synopsis of each lease for the executive Committee. Further, Mr. Hinson was requested to see that all terms, conditions and covenants of the respective leases are being complied with, both by the company and the Lessor. This applies particularly to parking lot agreements, waivers of rights of subordination etc.

It was also agreed that those leases in the name of Shopping Bag properties which provided for a one and one half percent excess rental should be modified to conform with the one and one fourth percentage rental in the Von's Property leases.

Mr. Hinson was also requested to coordinate the entire insurance program for the company, and in this connection it was suggested that he confer with Mr. John Tracy of Cass & Johansing to develop the best insurance program.

All claims for Public Liability and Property Damage are to be referred directly to Mr. Hinson. Miss Kathleen Saxelby has been taking care of these claims for the Von's group and is requested to consult with Mr. Hinson when she turns her files over to him so that he will have a working knowledge of the status of the claims at Von's.

The claims under Workmen's Compensation shall continue to be handled through the Personnel Departments, however, under the jurisdiction of Mr. Hinson. This is in order that he shall be in complete charge of the entire insurance program.

There was a discussion on the executive term excess insurance and it was decided that Mr. Hinson should request the broker to keep the insurance in effect exactly as it is now until such time as a new organizational chart will be developed and the insurance program modified to conform to the new chart.

Vic Hinson was also requested to "cash in" a life insurance policy on the life of Mr. W. R. Hayden which had a cash value of $57,270.00.

All other items pertaining to insurance such as the requirement for notices, or assignment or whatever were delegated to Mr. Hinson for execution.

2. Mr. James Ball was requested to set up a system of operating procedures and was asked to supply the operating personnel with as much statistical data as possible in order that they may have all the information they need. This included such statistics as Sales—Current against a year ago, and although it was explained that a year ago Gross Profits and other operating figures for the Shopping Bag Stores is not available, we would like to have whatever checkpoints we can find in order to establish progress reporting.

Mr. Ball was also instructed to prepare a cash flow budget with the idea in mind of indicating what needs, if any, the company will have for additional funds.

It was decided that we should draw down as much of the deposit with Certified Grocers as possible. The deposit at the present time is $95,858.13.

3. It was decided that the convertible debentures be allowed to ride until approximately this time next year at which time they are due and callable.

4. It was decided to expedite the consolidating of the warehouses, particularly the Grocery Warehouse as soon as possible and it was thought that perhaps this could be accomplished by June 15th.

5. Mr. Ball also agreed to handle the setting up of a new system for abbreviations to be used in the I.B.M. Department. It was suggested that a Standard Dictionary of Abbreviated Terms be employed so that the same words would be abbreviated each time and still adequately convey the descriptions.

6. T. A. Von der Ahe agreed to contact the Security First National Bank home office at 6th. & Spring and renew the present indebtedness, but eliminating the loan agreement which could possibly contain some provisions that would be unacceptable to us.

7. The question of authorized signatures on bank cards was discussed and it was determined that for inter-branch banking, transferring funds from one branch to the headquarters account, there would be one signature of either the President, Senior Vice President, Executive Vice President or Treasurer. And for withdrawal from the home office account at either the Bank of America or Security First National Bank that any two signatures of the above men would be required and the name of the Chairman of the Board was included in this latter category.

8. The weekly reports were discussed and it was decided to request from James Ball reports on the following:

1. Sales
2. Payroll
3. Markups and markdowns
4. Inventories

and those other reports that usually are given to the Supervisors.

9. It was brought out that the Blue Chip Stamp Company has issued 60 Shares of Class "A" Stock which is the controlling stock of the company, and said stock is held as follows:

Safeway	—6 Shares
Purity	—6 Shares
Lucky	—6 Shares
Thrifty Drug	—6 Shares
Alexander	—6 Shares
Thriftimart	—6 Shares
Ralph's	—6 Shares
Market Basket	—6 Shares
Shopping Bag	—6 Shares
Von's	—6 Shares
	60 Shares

The Shares cost $100.00 per Share and George Carter is the Director for the Shopping Bag Food Stores and Jim Ball is the Director on the Board for Von's Markets.

The Class "B" Stock is issued on a basis of one share

per store up to 45 stores. There will be a Board meeting of Blue Chips on April 29th. to decide whether Von's will be compelled to divest itself of the Shopping Bag Shares of both the "A" and "B" which they now own—33 Shares in Shopping Bag's name and 22 Shares in Von's name.

10. The subject of attempting to decide at this time the future location of the Distribution Plant was discussed without reaching any conclusion. A more thorough study of the advantages and disadvantages of both of the present plants should be undertaken and also the possibility of building an entirely new facility and disposing of the two plants should not be dismissed.

11. It was the consensus of the Committee to continue with negotiations for the lease on the Von's Grenada Hills site, being the northwest corner of San Fernando Mission Road and Woodley.

Mr. W. R. Hayden was requested to contact several other competing grocery firms to effect a trade of the San Fernando Mission-Balboa site.

He also mentioned that he might be able to make some kind of a deal for the Shopping Bag Garden Grove store.

12. Mr. Tom Trump was to be contacted regarding a complete package at the Von's No. 10 location with the idea in mind of working out a deal for a new market on additional property to be acquired by the purchase of adjacent dwellings.

13. Assignments for Walter Von der Ahe and Del Hayden were discussed and it was finally concluded that their most important contribution to the success of the new operation would be a continual contact with the retail stores.

It was brought out that the Supervisors for the respective Departments get so close to their own operation that they fail to see or report the overall store impression or appearance, and it was thought that both Walter and Del should visit all stores constantly to see if the store is maintaining the personality or image which we desire it to have, and this means that the store should be checked—

(a) General overall appearance or impression to the customer
(b) The atmosphere

(c) The merchandising effort in all departments
(d) The effort to compete with the other stores in the area
(e) The condition of the physical property and whether alterations, repairs or maintenance were required.

A report of each visit is to be made up and submitted to the Executive Committee. The visits to the stores are to be fact-finding and not supervisorial, nor should Del and Walter attempt to supervise because this could only lead to confusion. It might be a good idea if a reporting form is developed because this could save a lot of unnecessary duplication in preparing the reports.

The company must also accept its share of civic responsibility and it could very well be that Del and Walter could be the executives to represent and discharge our philanthropic and civic obligations.

14. Recently we named a Management Committee consisting of 19 persons. Upon reflection it was decided that this group is too large for effective management, so it was decided to re-vamp the structure of the Management Committee to include only the following persons:—to create Administration Committee.

James Ball
Harold Ward
Victor Hinson
Norman Bolstad
George Carter
Kenneth Olsen
Edward Hirschman

Mr. Del Hayden is the Chairman of the Administration Committee and is responsible for calling it into session on alternating weeks with the Division Head Meeting.

Mr. Victor Hinson is requested to act as Secretary of the Administration Committee meeting and submit the minutes of the proceedings to the members of the committee as well as the members of the Executive Committee.

15. The Division Heads will meet on alternating weeks with the Management Committee and shall be composed of

James Ball
Harold Ward
Norman Bolstad
Victor Hinson
Paul Marshall
Kenneth Doyle
Don Bushmeyer
George Carter
Kenneth Olsen
William Pugh
Edward Hirschman
Myron Van Ness
Charley Harvey
Stoddard Johnston
Jack Smith
Bob Hearn
Dick Chute

Mr. Walter Von der Ahe is in charge of calling this meeting into session and we request Mr. Charley Harvey to act as Secretary, take the minutes and provide copies to all members including the members of the Executive Committee.

It is emphasized that both committees shall have the right to request anyone in the organization to appear before them for any purpose whatsoever and this includes defining company policy to explaining or defending positions and decisions.

Both committees shall function pursuant to an Agenda, and in this regard Mr. Del Hayden is responsible for preparing the agenda of the Management Committee and Walter Von der Ahe, likewise, is responsible for the agenda of the Division Head's Meeting. It is suggested that both men consult with the members of their committees for the items which are to appear on the agenda. It is felt that the items for the agenda should emanate from the members of the Committee and not from the respective Chairmen, as we want these committees to function through the people represented on their respective rosters.

16. Mr. W. L. Von der Ahe was instructed to prepare a schedule of those persons recommended for consideration under the Stock Option plan.

17. Mr. W. R. Hayden should be included in the company's salary continuation plan for executives.

18. Mr. Charles Harvey was appointed to be in charge of customer relations and in this connection he will handle all customer complaints, whether received over the telephone or by mail. He is to make a memo of the complaint and refer it to the department in interest and then follow up to see that it is satisfactorily concluded. A duplicate copy of the memo should be given to either the operating or sales and merchandising head, or the personnel department, depending upon the nature of the complaint.

19. Charley Harvey is also requested to handle all requests for donations. Miss Kathleen Saxelby has been handling these for the Von's group and is now requested to turn her files over to Charley Harvey so that he can gradually assimilate all donations into one account. This also applies to the Discount Cards for charitable organizations etc.

Charles Harvey is also asked to get a list of memberships in—

1. All the respective Chambers of Commerce
2. Trade Associations and the like
3. Subscriptions to magazines etc.
4. Investigate the effectiveness and merit of each so that he can report to the Executive Committee on those which should be renewed and those which should be dropped.

In this connection we want all memberships etc. to expire with each calendar year and review them once a year in January to determine whether we shall continue with them or not.

20. Salaries, bonuses etc. were discussed and a schedule of personnel of both former companies showing the integration and amount of modifications and adjustment represented and approved as amended. Mr. W. L. Van der Ahe is in charge of putting the new schedule into effect beginning with the first day of the Fifth Period which is, April 25th. 1960.

21. Green tape was dicussed and it was decided to let the Tape Plan continue to dwindle out without any active effort

on the company's part to hasten its termination. At the present time there is approximately $158,000.00 in reserve.

22. The Fact's Consolidated questionnaire concerning the Haddad property on Ventura was approved and the company authorized to proceed with the interviewing.

23. The company's long term indebtedness was discussed and it was decided to pay off immediately the note to Elizabeth Sloan in the principle amount of $43,692.77, being the balance remaining as at April 16, 1960. There is another note with Equitable Life, original term 20 years for $2,500,000.00 dated December 2, 1958 at 5¼%, payable $43,594.00 each quarter, principal and interest. The balance as at April 1, 1960 was $2,120,000.00.

The other loan with the Security Bank has previously been discussed, however, it is interesting to note that the unpaid balance is at this date—$1,812,500.00. Payments are $62,500.00 principal plus interest each three months. The original note for 10 years, dated August 9, 1957 was for $2,500,000.00—interest at 5%.

T. A. Von der Ahe.

Dated:—

PLAINTIFF'S EXHIBIT No. 64

Interrogatory No. 11:

Supply the following information with respect to the purchasing policies of Von's, Shopping Bag and the Combined Companies for the period January 1, 1959 to June 1, 1960.

A. List each operating division or unit which purchased groceries and related products for each of the following organizations:

(1) Von's.
(2) Shopping Bag.
(3) The Combined Companies.

B. As to each operating division or unit listed in answer to interrogatory 11 A (1) to 11 A (3) above, list the name of each person or firm from whom purchases were made and supply the following information for each such person or firm for every month since January 1, 1959:

(1) The total dollar volume of purchases.
(2) Every item purchased.
(3) The terms of sale under which such purchases chases were made.
(4) The percentage of purchases from each supplier represented by the following:

(a) Products bearing the manufacturer's or seller's own brand name.
(b) Products bearing Von's brand name.
(c) Products bearing Shopping Bag's brand name.
(d) Products bearing a new brand name used by the Combined Companies.

Answer to Interrogatory No. 11:

A. As is indicated in Exhibits A, B and C attached hereto, the operating divisions of Von's Shopping Bag and the "Combined Companies" which purchased groceries and related products are as follows:

Von's	Shopping Bag	"Combined Companies"
Grocery Division	Meat, Produce and Frozen Food Div.	Grocery Division
Meat Division	Liquor, Department Store and Fountain Division	Meat Division
Produce Division	Grocery, Delicatessen, Drugs and Bakery Division	Produce Division
Delicatessen Div.		Delicatessen Div.
Liquor Division		Liquor Division
Drug Division		Drug Division
Fountain Division		Department Store Division
		Fountain Division
		Bakery Division

• • • • • • •

ORGANIZATIONAL CHART - VON'S GROCERY CO.

JANUARY 1, 1960

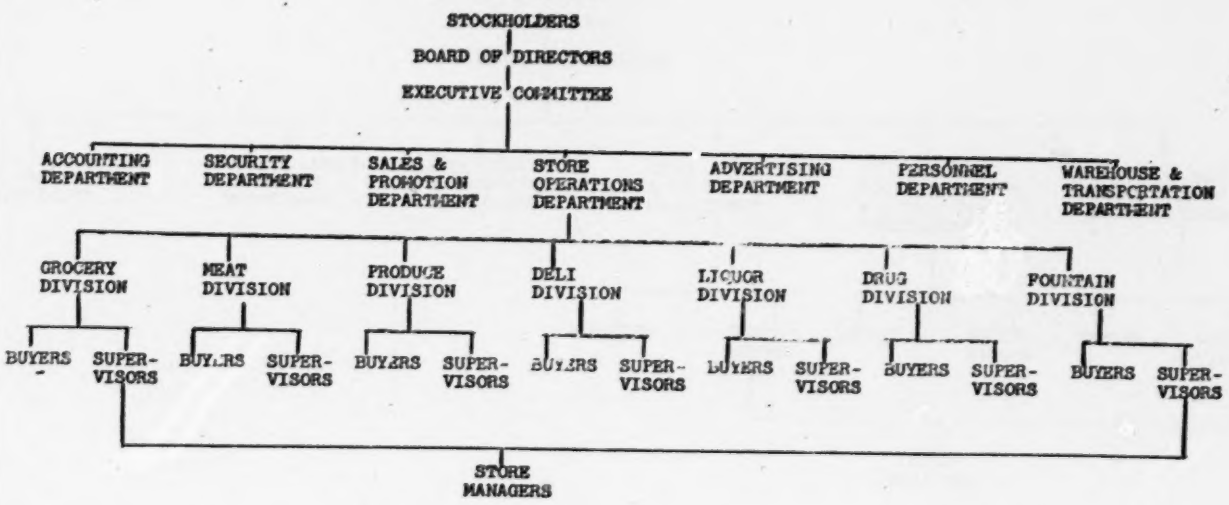


EXHIBIT A

47

2475

ORGANIZATIONAL CHART - SHOPPING BAG FOOD STORE

JANUARY 1, 1960

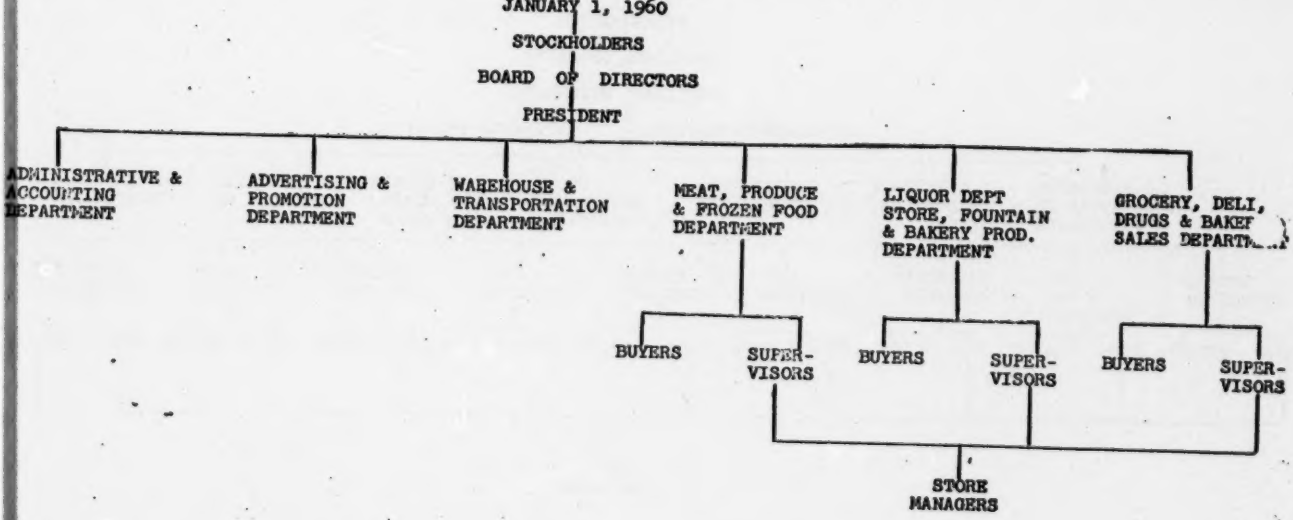
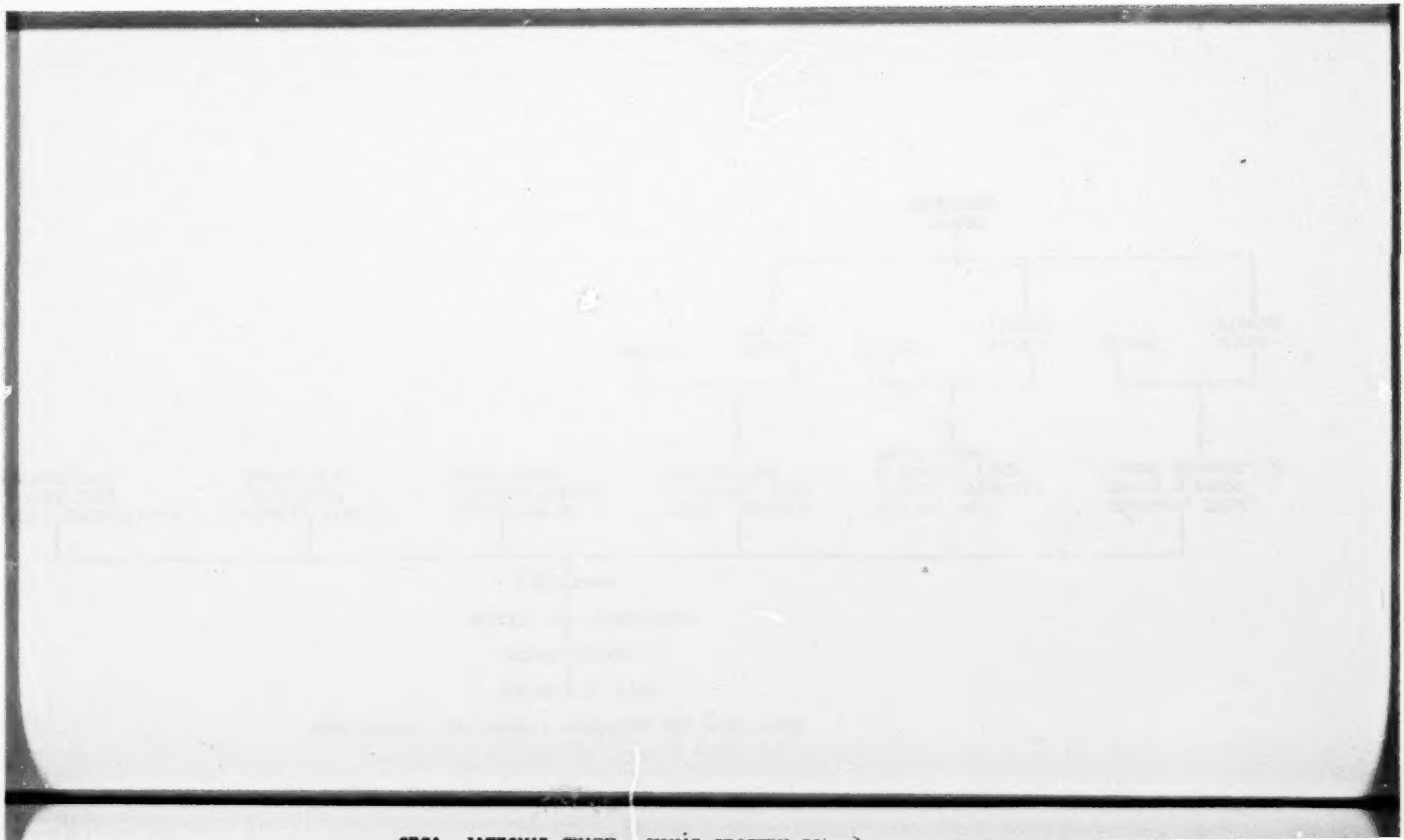


EXHIBIT B

48

247



ORGA ZATIONAL CHART - VON'S GROCERY CO

APRIL 1, 1960

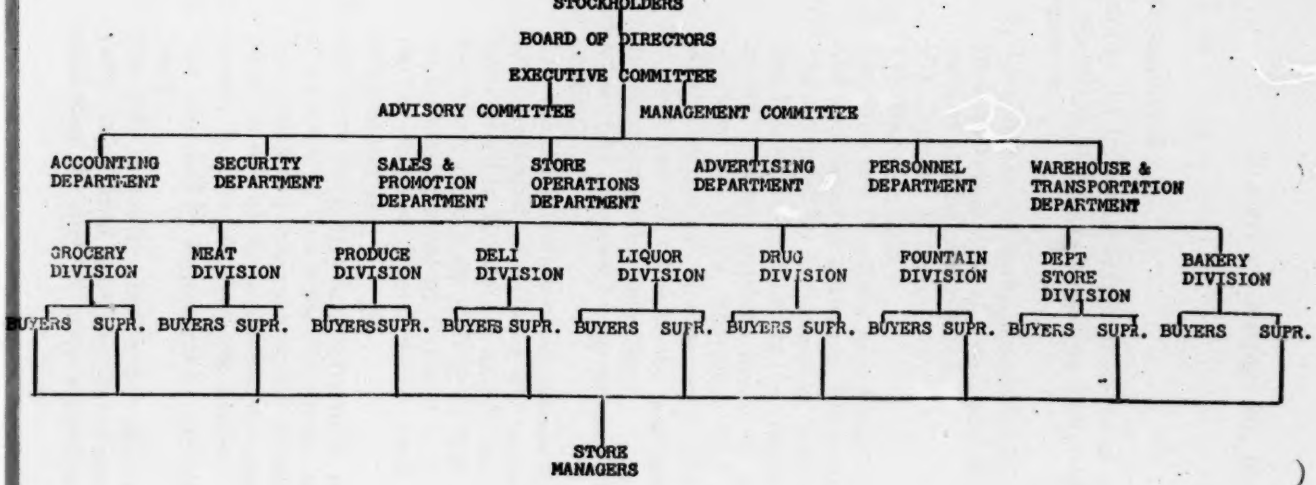


EXHIBIT C

49

24??

PLAINTIFF'S EXHIBIT No. 65

• • • • • • •

Interrogatory No. 2

Supply the following information as to the organization and operation of Von's, Shopping Bag, and the Combined Companies:

A. List each major management division and each separate operating unit of Von's and Shopping Bag on each of the following dates:
(1) January 1, 1960.
(2) March 1, 1960.

B. Describe the functions and duties of each division and unit listed in answer to Interrogatories 2A.

C. (As amended by agreement of counsel for the parties.) List the fixed assets (i.e., major facilities such as warehouses, produce docks or general offices) operated by Von's, Shopping Bag or "the Combined Companies" on January 1, March 25 and June 1, 1960, and the name of the management unit ultimately responsible therefor.

D and E. (As amended by agreement of counsel for the parties.)
List the total number of employees as of January 1, 1960 employed in each of the major management units listed in Exhibits A and B, and the total number of employees as of June 1, 1960 in each of the major management units listed in Exhibit C to the partial answers (filed June 27, 1960) to plaintiff's interrogatories.

F. Set forth the major management division and operating units of Von's and Shopping Bag which have been combined into each of the divisions, units and departments of the Combined Companies listed in answer to Interrogatory 2E, above.

G. (As amended by agreement of counsel for the parties.)
Are you currently considering the sale of any of your major fixed assets or the elimination or consolidation of any of your operations or depart-

ments? If so, describe the proposed changes and the reasons therefor.

H. If the answer to Interrogatory 2G above was in the affirmative, set forth the information requested in Interrogatories 2A to 2D(5) above based upon your plans or projected operations for the following dates:

A. January 1, 1961.
B. January 1, 1962.

Answer to Interrogatory No. 2 (As Amended):

A. This subdivision of the interrogatory was answered in Defendant's Partial Answers to Plaintiff's Interrogatories filed June 27, 1960.

B. This subdivision of the interrogatory was answered in Defendant's Partial Answers to Plaintiff's Interrogatories filed June 27, 1960.

C. (As amended)

Von's fixed assets or major facilities as of January 1, 1960 and the management units responsible therefor were as follows:

Asset	Management Unit
28 Retail Grocery Stores (and others in course of construction)	Sales and Promotion Department and Store Operations Department
Distribution Center (Warehouse and Garage, etc.)	Warehouse and Transportation Department
Delicatessen Kitchen	Delicatessen Division
Produce Dock	Produce Division
General Offices	Various Administrative Departments

There was no change in said assets or responsible management units between January 1 and March 25, 1960. Said assets were retained after the merger of March 28, 1960 and the appropriate management units of "the Combined Companies," as set forth below, became responsible therefor.

Shopping Bag's fixed assets or major facilities as of January 1, 1960 and the management units responsible therefor were as follows:

Asset	Management Unit
38 Retail Grocery Stores (and others in course of construction)	Meat, Produce and Frozen Food Department; Liquor, Department Store, Fountain and Bakery Production Department; and Grocery, Delicatessen and Bakery Sales Department
Distribution Center (Warehouse and Garage, etc.)	Warehouse and Transportation Department
Produce Dock	Meat, Produce and Frozen Food Department
Bakery	Liquor, Department Store, Fountain and Bakery Production Department
Delicatessen Wrapping Room	Grocery, Delicatessen and Bakery Sales Department
General Offices	Various Administrative Departments

There was no change in said assets or responsible management units between January 1 and March 25, 1960, except that Shopping Bag disposed of its produce dock during that time. All other of said assets were retained after the merger of March 28, 1960, and the appropriate management units of "the Combined Companies," as set forth below, became responsible therefor.

"The Combined Companies" fixed assets or major facilities as of June 1, 1960, and the management units responsible therefor were as follows:

Asset	Management Unit
67 Retail Grocery Stores (and others in course of construction)	Sales and Promotion Department and Store Operations Department
2 Distribution Centers	Warehouse and Transportation Department
Delicatessen Kitchen and Delicatessen Wrapping Room	Delicatessen Division
Produce Dock	Produce Division
Bakery	Bakery Division
General Offices	Various Administrative Departments

D and E. (As amended)

The total number of employees as of January 1, 1960 employed in each of Von's major management units as shown on said Exhibit A are as follows:

Management Unit	Number of Employees
Accounting Department	41
Security Department	6
Sales & Promotion Department	2
Store Operations Department	5
Advertising Department	5
Personnel Department	9
Warehouse & Transportation Department	107
Grocery Division	1118
Meat Division	308
Produce Division	145
Delicatessen Division	67
Liquor Division	40
Drug Division	34
Fountain Division	61

In addition, Von's had about 7 employees doing maintenance work and about 10 employees working in Von's general offices but not assigned to any department.

The total number of employees as of January 1, 1960 employed in each of Shopping Bag's major management units as shown on Exhibit B are as follows:

Management Unit	Number of Employees
Administrative & Accounting Department	79
Advertising & Promotion Department	8
Warehouse & Transportation Department	99
Meat, Produce & Frozen Food Department	343
Liquor, Department Store, Fountain & Bakery Production Department	441
Grocery, Delicatessen, Drugs & Bakery Sales Department	1117

In addition, Shopping Bag employed about 16 employees who did maintenance work.

The total number of employees as of June 1, 1960 employed by the major management units of "the Combined Companies" as shown on said Exhibit C are as follows:

Management Unit	Number of Employees
Accounting Department	127
Security Department	6
Sales & Promotion Department	3
Store Operations Department	5
Advertising Department	7
Personnel Department	14
Warehouse & Transportation Department	200
Grocery Division	2100
Meat Division	543
Produce Division	255
Delicatessen Division	82
Liquor Division	150
Drug Division	38
Fountain Division	84
Department Store Division	116
Bakery Division	108

In addition, Von's had about 23 employees doing maintenance work as of June 1, 1960.

F. This subdivision of the interrogatory was answered in Defendant's Partial Answers to Plaintiff's Interrogatories filed June 27, 1960.

G. (As amended)

Yes. The former Von's distribution center is up for sale. That distribution center is being sold because the former Shopping Bag distribution center is adequate to serve the needs of "the Combined Companies." A new tenant is being sought for Von's general offices because the former Shopping Bag offices are adequate to serve the needs of "the Combined Companies." See also the answer to Interrogatory No. 26.

H. It is not presently known what changes, if any, will be made in Von's fixed assets, management divisions, operating units or number of employees as of January 1, 1961 or January 1, 1962. New stores will be constructed and operated in the future, however. See Exhibit F to the answer to

Interrogatory No. 6. Likewise, it may be that certain stores will be disposed of prior to January 1, 1962.

Interrogatory No. 2:

Supply the following information as to the organization and operation of Von's, Shopping Bag, and the Combined Companies:

A. List each major management division and each separate operating unit of Von's and Shopping Bag on each of the following dates:

(1) January 1, 1960.
(2) March 1, 1960.

B. Describe the functions and duties of each division and unit listed in answer to Interrogatories 2A.

C. List every asset or facility operated or controlled by Von's and Shopping Bag on each of the dates listed in paragraphs A(1) and A(2), and designate the management division or operating unit listed in Interrogatory 2A which was responsible for the operation of the asset or facility. Supply the following information as to each such asset or facility:

(1) The address of the asset or facility.
(2) A description of the asset or facility.
(3) A statement as to whether the facility was owned or leased.

D. List the total number of employees employed by Von's and Shopping Bag on each date listed in paragraphs A(1) and A(2) of these interrogatories for each of the following organizations or uints:

(1) Employed by both firms.
(2) Employed by Von's.
(3) Employed by Shopping Bag.
(4) Employed by each of the management divisions and operating units listed in answer to Interrogatory 2A.
(5) Employed by each operating asset or facility listed in answer to Interrogatory C. (This will include each separate warehouse facility or each separate store.)

E. Supply the information requested in Interrogatories 2A to 2D (5) inclusive, for the Combined Companies for each of the following dates:

A. April 1, 1960.
B. June 1, 1960.

F. Set forth the major management division and operating units of V on's and Shopping Bag which have been combined into each of the divisions, units and departments of the Combined Companies listed in answer to Interrogatory 2E, above.

G. State whether any consideration has been given to future changes in the organizational setup or operation of the Combined Companies. If so, state the nature of the consideration given to such changes showing the following:

(1) The date of such consideration.
(2) The persons participating in the consideration.
(3) The nature and extent of the consideration.
(4) The statements made by each person at each such meeting.
(5) The decision reached as a result of such consideration.
(6) Whether any documents were prepared or received with respect to such consideration. If so, supply the date and a statement as to the nature of such documents.

H. If the answer to Interrogatory 2G above was in the affirmative, set forth the information requested in Interrogatories 2A to 2D (5) above based upon your plans or projected operations for the following dates:

A. January 1, 1961.
B. January 1, 1962.

Answer to Interrogatory No. 2:

A and B. The basic operating units of Von's as of January 1, 1960 were 28 retail food stores. Von's also had a warehouse and distribution center, a produce dock, a delicatessen kitchen and general offices. The major manage-

ment divisions of Von's as of that date are set forth in
organizational chart attached hereto and marked Exhibit
There was no change in said operating units or major m
agement divisions between January 1 and March 1, 196(

The basic operating units of Shopping Bag as of Janu
1, 1960 were 38 retail food stores. Shopping Bag also l
a warehouse and distribution center, a produce dock, a b
ery and general offices. The major management divisi
of Shopping Bag as of January 1, 1960 are set forth in
organizational chart marked Exhibit B and attached her
There were no changes made in said operating units
major management divisions from January 1, 1960 to Ma
1, 1960, except that during that period of time, Shopp
Bag disposed of its produce distribution center and be
using Von's.

(Defendant has objected to Interrogatories Nos. 2C
2D).

E and F. (Defendant has objected to that portion of s
interrogatories calling for information similar to that ca
for in Interrogatories 2C and 2D).

The basic operating units of the "Combined Companie
as of April 1, 1960 were 66 retail food stores represent
a combined total of the stores formerly operated by Vo
and Shopping Bag separately. The "Combined Com
nies" also retained the warehouses, produce dock, bak
delicatessen kitchen and general offices each had as of Ma
1, 1960, as set forth in answer to Interrogatory No. 2A.
major management divisions of the "Combined Com
nies" as of April 1, 1960, which divisions represent an i
gration of the major management divisions of Von's
Shopping Bag as depicted on Exhibits A and B, are
forth in the organizational chart attached hereto
marked Exhibit C. There was no change in the operat
units or major management divisions of the "Combi
Companies" between April 1, 1960 and June 1, 1960, ex
that an additional retail food store was opened during
period of time.

PLAINTIFF'S EXHIBIT No. 66

Von's Survey—Shopping Bag
By Division Heads

J. Ball — 12/19/59

SB. Hidden jewel
Von's can improve S.B. operation
a/c 1—Lack Management-Direction
2—Too much cross purposes
3—Figures are not utilized
No daily sales
No good cash handling
Gross'—they don't have—
SB Has finest equipment & facilities
" good people—could do a good job if let alone & guided.
Conclusion—continue to negotiate

N. H. Bolstad

SB Has 31 good locations
4 doubtful—i.e.
i.e. new or Heavy Exp.
3 loosers
i.e. 2 old—
1 stonewood

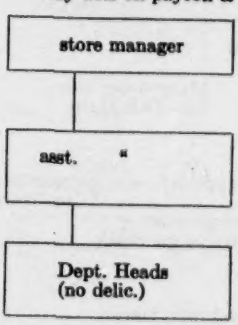
Payroll	SB—9.10% net vs—	8.74	Von's
	(softgoods—14%)	8.85	
Can save 1/3 of 1% if we can		8.30	
get to our level		8.65	

week 11/15/59

	SB		V
Payroll	154,700	vs	153,900
Vol	1.7000.		1.700—
	identical		

Supervision lacks direction

i.e.—doesn't direct merchandising
—Can't direct markdown
—Only acts on payroll & Sales



NHB

Stores get no operating figures
except sales & Payroll—
Big area for us to help-hire
Excellent Personnel
Incentive plan—weak
50,000 " store required
Their lack of bonus—could excite
their managers up—
Conclusion—Keep negotiating
a/c—improve perishables
" merchandising
—
Dep't stores do 5–6% total sales—
400
6,700,000

Ward—

Grocery —carry more items than we do—but don't display well
Meat —lack variety & selection
Prod —Very poor
Del —no excitement
Liq —good & well presented
Dept Store—not good—

No one wants to make a decision
Office dictates displays & merchands'g
No "esprit de corps"—at store level—lot of bitching re other departments
We can increase volume
i.e. a—more people
b—"$ per"
We must *charge in*—Mds'g way.
They do have a real personnel morale problem—we should proceed as fast as possible.
Heart & not head buying—2nd cousins
Conclusion—can improve
keep going

Hardesty

Lack of a sense of urgency
i.e. holes in shelf
long check lines
too many items—movement sheets should help eliminate many items.
Supervision—Routine calls—
Future optimistic—on what we can do—

K. Olsen

Personnel —happy V taking over
Mergers —where sales decline
Many 6 day men
R-20%-off A B & Raisin— Eli—Deli Mgrs
FGT & Clark
Dal & Albers
etc
shouldn't happen here a/c they are not spoiled—a/c No incentive
" motivation
SB people know their business but need guidance—
C. Gibbs can help buying they were paying too much
Expense is in line—
Merchandising we can improve
i.e. Poultry and Fresh Fish
K.O. Sees nothing but good from merger

J. Osberg

D. Hayden does not know salaries of Sup and store mgrs etc.
Very weak operation
Good wet racks a/c Japs
Gondola merchandising poor
No set pattern in mdsg. apparently up to the manager—
Supervisory set up
4—Supervisors
Tad—
1—1 Jap—charge of retail operation—under Del H.
Not aggressive in produce dept.
Heavy Japanese personnel could present problem:—
Feels can improve operations
Must refixturize—
definitely should continue negotiations

Ed. H

SB. sales—325,000—gross $101,000
potential very good gross can be improved
many pre wrapped—outside vendor — 31.21%
SB prices are higher than V — No cottage cheese etc
No romance in Deli. Dept.
They deliver via 3 trucks
No Deli. Mgr's.
Merger—*Can't miss*
Nothing but good—

S. H. Johnston

Harvey Ruf—good man—Buyer and probably runs under E. Plumb
Sales 3 x V—
2 x V number of stores—
Mdsg is not what it should be.
S.H.J. says can improve on operation
S.B. & V. compliment each other.
To check on reason for warehousing—

P. Marshall

SB — 68 Newspaper
V 51
12—Duplicate
Est. saving 8400.00 week
52

16800
42000

436.800

New cost 24.500
52

49000
102500

185)1.074,000(.60%
1 1 2 0

.06 projected new media cost

W.K.

Now
14.388
19.576
6.700
7.500
14.200
13

42.600
142.00

185.000

P. Marshall

Sign & Display—savings hard
to estimate
SB—9 persons in staff.
SB—undersigned & badly set up—
costs could increase because
they need better sign work
plastic signs are out.—
Mickey says 142% more sign work
60% " payroll
O.K.

K. Doyle

Personnel does very little hiring in
1—produce
2—meat
principally at store level
a friend of a friend basis

Don Bushmeyer

Definitely Savings to be made
1—Liquor
2—Dry goods—
37 Drivers 3—Trucking
4—Man power since cut 12
5—Shop S.B. —72 people
6—Maintenance V. 30 "
8 SB- 4V 7—Drug
3 Deli. trucks— } 4 days week
7 Bakery " & } loads can be
grocery consolidated
Area—90 miles V—1401—SB—1500 —
Freight—R'wy—
Interstate—same rate
most Intra " "
except line haul re shuttle—goods
originating in L.A. Basin —
Tax

		Cty	
20	Land & Bldg		6.4
	personal prop		5.8
			El Monte
35	Land & Bldg	8.2	8.6
	personal	7.7	8.08
		25 ac	10 ac

Savings in Trucking
Convert to propane
Consolidating loads
Enlarge grocery
Kitchen OK
Produce *too* small
10 acres—produce
Delic—Kitchen
Pre-wrap—

J. Ball people

Savings on payroll 866,000
Administrative Does not include
Maintenance store help

J. Ball

12/19/59

Effect of Merger

V—Op. pft.		3,900,000
	Payroll	850,000
	J'maid—x Ardne	650,000
	Adv.	500,000
	1 BM etc.	90,000
S.B.	Op. pft.	500,000
		6,490,000
	N.A.T.	3,115,000
	per share	1.04

PLAINTIFF'S EXHIBIT No. 67

Admissions in Deposition of Theodore A. Von der Ahe, May 4, 1961.

* * * * * * *

Q. What items does Certified handle? Specifically do they handle dairy products?

A. Specifically they do not handle those items you call dairy products, such as fresh milk and cream and cottage cheese and things of that nature.

Q. Do they handle meats?

A. No.

Q. Do they handle bakery products such as bread?

A. No. (pp 41-42)

* * * * * * *

Q. Did you have to make a deposit with Certified?

A. Yes.

Q. How much of a deposit would that be?

A. At that time I believe the deposit was an amount equal to two weeks purchases. (p. 43)

PLAINTIFF'S EXHIBIT No. 68

Admissions in Deposition of William R. Hayden, Former President of Shopping Bag Food Stores, on May 12, 1960.

* * * * * * *

Q. As a result of the merger between Von and Shopping Bag has the purchasing of the two firms been consolidated?

A. I would say a great part of it has, yes. (p. 19)

* * * * * * *

PLAINTIFF'S EXHIBIT No. 69

Admissions in Deposition of Theodore A. Von der Ahe, President of Von's Grocery Company, on May 4, 1961.

* * * * * * *

Q. Prior to the merger did all the Von's stores carry the same price on the same item of merchandise?

A. That was our policy, uniform pricing, yes.

Q. Since the merger have the Shopping Bag stores started to carry the same prices as the Von's stores?

A. We are on a uniform pricing system, yes. (p. 19)

PLAINTIFF'S EXHIBIT No. 70

Admissions in Deposition of Theodore A. Von der Ahe, President of Von's Grocery Company, on May 12, 1960.

• • • • • • •

Q. What facilities did you refer to as being "complementary"?

A. We have a new distributing center with a very adequate delicatessen kitchen with products for sale through the delicatessen, which Shopping Bag had none.

Shopping Bag has a bakery department, which the Von's had none.

We have a produce distributing dock which is adequate to handle both companies. Shopping Bag had a very inadequate setup.

Q. Have you discontinued the Shopping Bag produce distributing dock?

A. Yes.

Q. Are you now being supplied by the Shopping Bag bakery department?

A. To a minor degree.

Q. Do you expect to increase the degree to which they will supply you?

A. That at the moment is a question we have not fully determined, whether Von's will give bigger support to the Shopping Bag bakery or not. This becomes an operational problem we haven't answered yet. (pp. 10-11)

• • • • • • •

Q. Now, referring back to page 1 of the proxy statement marked for identification as Exhibit No. 1, you say, "(a) Overhead, general and administrative expenses are expected to be reduced as a result of the elimination of duplication."

As part of this elimination of duplication have you merged the purchasing departments of Von and Shopping Bag?

A. Yes, sir. (pp. 53-54)

• • • • • • •

By Mr. Coyle:

Q. Now, referring to paragraph (b) on page 1 of the document marked for identification as Exhibit 1, it states that the "Total advertising expenses are expected to be substantially reduced, since duplication will be avoided, and the advertising campaigns of the combined companies can be more economically and effectively carried out."

What's been done to effectuate this advantage which you say will result from the merger?

A. Well, Mr. Coyle, I think that's almost self-explanatory. We have avoided duplication in advertising with the consequent savings in the advertising expenses.

Q. Have you merged the advertising staffs of the two companies?

A. Yes, sir, we have. (pp. 59-60)

PLAINTIFF'S EXHIBIT No. 71

Admissions in Deposition of Theodore A. Von der Ahe, President of Von's Grocery Company, on May 12, 1960.

• • • • • • •

Q. Does Von's, in the course of its business, seek new store locations in new areas?

A. Yes.

Q. Do you have any people employed by Von's whose major job is to seek new locations?

A. Well, Mr. Hayden is the man who is in charge of store expansion, which includes new locations. So I guess I would have to answer yes, Mr. Hayden, working for Von's, is in charge of new store locations.

Q. Prior to Mr. Hayden's coming with Von's was anyone employed in this activity?

A. That is work that fell upon my shoulders, store expansion and new locations; and I did have one or two brokers working for us always looking for new store locations. (pp. 43-44)

• • • • • • •

Q. In the business of seeking new store locations does more than one chain ever seek the same location?

A. I would answer by saying that probably once in a while an area is being developed where a major shopping center would be construced [sic] and the developers could conceivably be contacted by several chains for the market location. (p. 44)

• • • • • • •

Q. Do you keep a record, or do you have records in your business of these instances?

A. No. Every day we are submitted quite a few possible market locations. The file would be voluminous if we attempted to keep them. We only retain what is of interest to us.

Q. Who submits these new market locations?

A. They come in from all sources; owners themselves, prospective developers and from real estate agents.

Q. Can you name some of the real estate agents who customarily send you locations?

A. Coldwell Banker submits quite a few. W. I. Hollingsworth has submitted a few.

I would say almost all of them from time to time submit locations to us.

Q. When these locations are submitted do you have any procedure for processing them?

A. Well, I can't say that we have a procedure, no. We usually go out and look at the site and if it looks good, then we try to negotiate.

Q. You say "we." Does that mean you or Mr. Hayden, or both of you?

A. Well, speaking of the merged companies now, Mr. Hayden goes out and looks at them.

Q. Prior to the merger was it you?

A. Prior to the merger it fell my responsibility in Von's and Mr. Hayden in Shopping Bag. (pp. 49-50)

PLAINTIFF'S EXHIBIT No. 73

STATE OF CALIFORNIA
BOARD OF EQUALIZATION
DEPARTMENT OF BUSINESS TAXES—SALES TAX

APPLICATION FOR SELLER'S PERMIT and REGISTRATION AS A RETAILER
AND
DEPARTMENT OF EMPLOYMENT REGISTRATION AS AN EMPLOYER

FOR HQ. USE ONLY

1. O/S LOCATION CODE STATE	CITY	ZONE	2. REPORTING BASIS CODE	3. TYPE OF ACCOUNT
			3	1

5. PERMIT FEE AMOUNT	RECEIPT NUMBER	6. CASH DEPOSIT RECEIPT NUMBER	IND. CODE	4. TAX AREA CODE	STARTING DATE	7. NEW ACCOUNT NUMBER
$ 1.00	525425	525426	24	1950	1-61	~~AA 29-731~~ AB 59859

9. OWNER (S): MR. CHARLES B. DOSS
MRS. SELINA A. DOSS

10. DOING BUSINESS AS: C & S SANDWICH STAND

11. MAILING ADDRESS: P. O. BOX OR STREET AND NUMBER: 2231 So. GRIFFITH AVE. CITY OR TOWN: Los ANGELES ZONE: 11 STATE: CALIF COUNTY: L.A.

12. LOCATION OF BUSINESS (If different from above): SAME (Describe)
IS BUSINESS LOCATED WITHIN CITY LIMITS? NO ☐ YES ☒

13. A. TYPE OF ORGANIZATION: INDIVIDUAL ☐ PARTNERSHIP ☒ CORPORATION ☐ OTHER ☐
DATE STARTED AT ABOVE ADDRESS: 1-11-61

B. CORPORATION OFFICERS: PRESIDENT ____ VICE-PRESIDENT ____ SECRETARY ____ TREASURER ____

14. MOVING FROM: ____ ACCOUNT NUMBER ____

15. DO YOU NOW OPERATE, OR HOLD INTEREST IN, ANOTHER BUSINESS? NO ☒ YES ☐ LOCATION OF SUCH BUSINESS ____ ACCOUNT NUMBER ____

16. ARE YOU BUYING A BUSINESS? NO ☒ YES ☐ DATE OF PURCHASE ____ PURCHASE PRICE ____ NAME AND D.B.A. OF SELLER FROM WHOM BUSINESS HAS BEEN OR IS BEING PURCHASED ____ SELLER'S ACCOUNT NUMBER ____
DID YOU ACQUIRE ALL OR ONLY A PART OF THE SELLER'S BUSINESS ACTIVITIES? ALL ☐ PART ☐

REGISTRATION - DEPARTMENT OF EMPLOYMENT

17. HAVE YOU EVER BEEN REGISTERED WITH THE DEPARTMENT OF EMPLOYMENT? NO ☒ YES ☐ IF YES ENTER ACCOUNT NUMBER →

18. DO YOU INTEND TO HIRE EMPLOYEES TO THE EXTENT THAT YOUR PAYROLL WILL EXCEED $100.00 IN A CALENDAR QUARTER? NO ☒ YES ☐
A. NUMBER OF EMPLOYEES: 0
B. ENDING DATE OF QUARTER IN WHICH QUARTERLY PAYROLL WILL BE (OR WAS) OVER $100.00: 0

19. NOTICE OF REQUIREMENTS - BOARD OF EQUALIZATION

YOU ARE HEREBY NOTIFIED THAT YOU ARE REQUIRED, PURSUANT TO SECTION 6701 OF THE SALES AND USE TAX LAW, TO DEPOSIT WITH THE BOARD SECURITY
TO THE VALUE OF $ 100.00 BY CASH ☐ OR BY ____

YOU ARE FURTHER NOTIFIED THAT YOU ARE REQUIRED, PURSUANT TO SECTION 6455 OF THE SALES AND USE TAX LAW, TO FILE RETURNS AND PAY TAX
QUARTERLY
YOUR FIRST RETURN WILL BE DUE 4-30-1961
FOR THE PERIOD BEGINNING 1-11-1961 AND INCLUDING 3-31-1961
THEREAFTER ON OR BEFORE THE LAST DAY OF THE MONTH FOLLOWING THE PRECEDING QUARTER

20. FIRST RETURN TO BE MAILED FROM HEADQUARTERS FOR 1st Qtr '61.

21. ☒ NEW 22. ☐ CONSOLIDATION 23. ☐ TEMPORARY
24. ☐ ISSUE & CANCEL (Attach S-406) 25. ☐ TRAVELING
26. ☐ MOVE WITHIN DISTRICT 27. ☐ INTER-DISTRICT MOVE (Attach S-253)
28. ☐ REINSTATEMENT AFTER REVOCATION 29. ☐ REINSTATEMENT AFTER CLOSE OUT

32. APPLICATION TAKEN IN DISTRICT AA AT LOS ANGELES CALIFORNIA
BY: R. Thomas DATE 1-11-61

33. CHECKED IN H. Q. PERMIT UNIT BY: JAN 17 1961 17 DATE

30. TYPE OR NATURE OF BUSINESS (If mixed, Underscore Principle Type): A. SANDWICH STAND TYPE OF A.B.C. LICENSE: NO A.B.C.L.
B. IS OPERATION PART TIME? NO ☒ YES ☐
C. MORE THAN 50% OF RECEIPTS FROM ALL SOURCES COME FROM (Check one box only)
☒ RETAILING IN A STORE ☐ JOBBING (WHOLESALING OTHER PRODUCERS' GOODS) ☐ PERFORMING BUSINESS, PROFESSIONAL OR PERSONAL SERVICES
☐ ITINERANT SALES OF: TO:
☐ MANUFACTURING (List principal products) 1. (2. 3. (
☐ REPAIRING (
☐ CONTRACTING (Specify type)
D. PRINCIPAL TAXABLE SALES: MEALS.

31. CERTIFICATE: THE ABOVE STATEMENTS ARE HEREBY CERTIFIED TO BE CORRECT TO THE BEST KNOWLEDGE AND BELIEF OF THE UNDERSIGNED WHO IS DULY AUTHORIZED TO SIGN THIS APPLICATION.
SIGNED X Selina A. Doss 438-09-5821
TITLE PARTNER. S.S.A. #
RESIDENCE ADDRESS: 1057 E. 23rd St. L.A. 11
RESIDENCE PHONE: RI-8-2780
BUSINESS PHONE: - SAME -
DATE 1-11-61

S-400 REV. 4 (9-59)

Marshall Ex # 50

PLAINTIFF'S EXHIBIT No. 74

Table 3

Comparison of Chains of Less Than Ten Stores With Chains of Ten or More Stores in Terms of Total Number of Stores Operated and Percentage of All Chain Stores for the Years 1953 and 1962

	All Chain Stores		Chains of 2 to 9 Stores		Chains of 10 or More Stores	
	1953	1962	1953	1692	1953	1962
No. of Stores	704	1,085	300	346	404	739
Percentage	100%	100%	42.6%	31.8%	57.4%	68.2%

PLAINTIFF'S EXHIBIT No. 75

Table 4

Comparison in Number of Grocery Stores and Percentages of all Grocery Stores in the Los Angeles Metropolitan Area Between the 40 Chains With the Most Stores in 1953 and the 24 Chains With the Most Stores in 1962

	All Grocery Stores		40 Chains with the Most Stores	24 Chains with the Most Stores
	in 1953	in 1962	in 1953	in 1962
Number of Stores	5,551	4,621	574	739
Percentage	100%	100%	10.3%	16.0%

PLAINTIFF'S EXHIBIT No. 76

Table 5

Number of Grocery Stores Operated by Chains Expressed as a Percentage of all Grocery Stores Operated in the Los Angeles Metropolitan Area in 1953 and 1962

	All Grocery Stores		Chains of 2 or More Stores	
	1953	1962	1953	1962
Number of Stores	5,551	4,612	704	1,085
Percentage	100%	100%	12.7%	23.6%

Plaintiff's Exhibit No. 77

Table 6

Chains operating in the Los Angeles Metropolitan Area in the Period 1953–1962

		No. of Chains	Percentage
Chains of 2 and 3 Stores			
Total Number of Chains		208	100%
Out of Business	58		
Reduced to Single Store	27		
Acquired	12		
Total—No Longer Separate Chains		97	46%
Chains of 4 to 9 Stores			
Total Number of Chains		56	100%
Out of Business	8		
Reduced to Single Store	1		
Reduced to 2 or 3 Stores	5		
Acquired	11		
Total—No Longer Separate Chains of 4 to 9 Stores		25	45%
Chains of 2 to 9 Stores			
Total Number of Chains		253 *	100%
Out of Business	66		
Reduced to Single Store	28		
Acquired	23		
Total—No Longer Separate Chains		117	46%

* Chains in the 2 and 3 store category combined with chains in the 4 to 9 store category and adjusted for the chains which were in both categories during part of the period.

(GROUP STATUS AS OF 1953 OR FIRST ENTRY)

FOOD CHAINS OPERATING 2 OR MORE STORES IN LOS ANGELES AND ORANGE COUNTIES
IN 1953 and 1962, WITH CHANGES IN INTERMEDIATE YEARS

	COMPANY	HDQ. LOCATION	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962
A I	A. B. C. MARKETS	Los Angeles	3/3	3/3	3/3	3/3	3/3	2/2	4/4	4/4	4/4	4/4
I D	ACORD'S MARKETS	Laguna Beach	-	3/3	3/3	2/2	2/2	2/2	2/2	-	-	- Reduced G-1
I B	ADAIR'S MARKETS	San Clemente	2/1	2/1	2/1	-	-	-	-	-	-	-
I D	ALBERT'S FOOD CO.	Van Nuys	-	2/2	-	-	-	-	-	-	-	-
A II	ALEXANDER'S	Glendale	5/5	7/7	7/7	7/7	8/8	9/9	9/9	9/9	11/11	12/12
I D	ALLEN'S MARKETS	Reseda	-	2/1	2/1	2/1	-	-	-	-	-	-
I D	ALLISON'S MKTS.	Anaheim	-	-	-	-	-	2/2	2/2	2/2	-	-
A III	ALPHA BETA	LaHabra	~~26/26~~ 24/24	30/30	27/27	30/30	32/32	54/54	54/54	52/52	50/50	~~51/51~~ 49/49
I D	ANDERSON'S	Huntington Park	-	-	-	2/2	-	-	-	-	-	- 12 am Alpha Beta
I D	ARROYO FOOD MKTS.	Pasadena	-	-	-	-	-	-	-	-	2/0	-
A I	ARVO'S MKTS.	Norwalk, formerly Bell	2/2	2/2	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3
I C	BALIAN'S MKTS.	Inglewood	-	-	-	-	-	-	-	-	-	3/3
A	BALLAS & SONS	Los Angeles formerly Floyd Lubinski	2/2	2/2	Bkd 3/1	3/1	4/1	3/1	3/1	3/1	3/1	3/1
I C	BARGAIN BASKET	Placentia	-	-	-	3/3	-	-	-	-	-	3/3
A I	BEACH GROCERY	Los Angeles	4/4	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3
I C	BENON BROS.	Los Angeles	-	-	-	-	-	-	-	-	-	3/2
A II	BETTER FOOD MKTS.	Los Angeles	9/9	10/10	5/5	5/5	5/5	6/6	6/6	6/6	6/6	10/10
I C	BIG DOLLAR MKTS.	Los Angeles	-	-	-	-	-	2/2	3/3	2/2	2/2	2/2 Now in El Monte
I C	BIG SAVER FOODS	Los Angeles	-	-	-	-	-	-	-	-	-	2/2

IC = 5

2503

2504

			1953	1954	1955	1956	1957	1958	1959	1960	1961	1962
I C	BIG "6" MARKETS	Los Angeles	-	-	-	-	-	-	-	-	-	2/2
II C	BILL'S RANCH MKT.	Burbank	-	-	-	-	-	-	2/2	2/2	3/3	5/5
I C	BILL'S RANCH MKT.	Garden Grove	-	-	-	-	-	-	-	-	2/2	2/2
I B	BE-RITE & BIG BEAR	Los Angeles	3/3	3/3	3/3	3/3	3/3	Sc-D	To Piper Mart	Jan. 1957		
A I	BI-RITE SUPER MKT	Los Angeles	2/2	2/2	2/2	2/2	2/2	2/2	2/2	2/2	2/2	2/2
A	LEE R. BISHOP CO.	Los Angeles from Sunday	2/2	2/2	3/3	3/3	4/4	4/4	4/4	4/4	4/4	5/5
I B	BIXBY'S MKTS.	Los Angeles	2/1	2/1	2/1	-	-	-	-	-	-	-
I C	BATE BLUM, INC.	Inglewood	-	-	-	2/2	3/3	3/3	3/3	3/3	2/2	2/2
I B	BOB'S SUPER MKT.	Buena Park	2/2	3/3	3/3	4/4	5/5	7/7	Sold to MAYFAIR '58			
I C	BOB'S SUPER MKT.	Sun Valley	-	-	-	-	-	-	-	-	2/2	2/2
II B	BOND'S MKTS.	Beverly Hills	4/4	-	-	-	-	-	-	-	-	-
I D	BORDNER'S MKTS.	Redondo Beach	-	-	-	2/2	2/2	3/3	3/3	3/3	3/3	- Sold to Better Foods
I C	BORO BROS.	Quarts Hill	-	-	-	-	-	-	-	-	2/2	2/2
A II	THE BOYS MKTS.	Los Angeles (now in Pasadena)	5/5	5/5	5/5	6/6	6/6	7/7	8/8	12/12	10/10	18/18
I D	BRADBURY'S MKTS.	Alhambra	-	-	2/2	-	-	-	-	-	-	-
A I	BROOKLIN & FORD aka First St. Food Center now Jenson's	Los Angeles	2/2	2/2	2/2	3/3	3/3	4/4	4/4	5/5	5/5	4/4
I C	BRUCE'S	Long Beach	-	-	-	-	2/1	2/0	2/0	2/1	2/1	2/1
I C	BUDDHA MKTS.	Los Angeles	-	-	-	-	-	-	-	-	3/3	3/3
I B	BUDGET RANCH	Monrovia	2/2	2/2	2/2	2/2	Reduced to 1 store		-	-	-	-
I C	BUDGET RANCH	Pomona	-	-	-	-	-	-	-	2/2	2/2	2/2
I C	BUSS BOYS	Long Beach (now in Buena Pk)	-	-	-	-	-	2/1	2/1	3/1	3/1	2/2

(now in Buena Pk)			-	-	-	-	-	2/1	2/1	3/1	3/1	2/2
I D	BUDY-B MKTS.	Los Angeles	-	-	-	-	-	-	2/2	2/2	-	-
IC	BUY FAIR MKTS.	Whittier	-	-	-	-	-	-	-	-	-	3/3
I D	CAL-FAIR MKTS.	Pasadena	-	-	-	2/2	2/2	2/2	-	-	-	SOLD TO SUNFAIR
II	CARL'S RANCH	Los Angeles	5/5	5/5	7/7	7/7	7/7	6/6	8/8	8/8	6/6	4/4
I D	CARL'S TRIANGLE	Los Angeles	-	-	-	2/1	-	-	-	-	-	-
Ic	CARSO'S	Van Nuys	-	-	-	-	-	-	-	2/2	2/2	2/2
B	CARTY BROS.	Los Angeles	8/8	8/8	SOLD TO KURY'S MARKETS 1954							
I c	CENTURY FOODS	Los Angeles	-	-	-	-	-	-	-	2/0	2/0	2/0
B	CENTURY SUPER	Venice	2/2	2/2	2/2	2/2	2/2	-	-	-	-	-
B	CLARK MKTS.	Los Angeles	8/8	8/8	9/9	10/10	10/10	10/10	-	SOLD TO FED GIANT 1958		
Ic	CLARO'S MKTS.	San Gabriel	-	-	-	-	-	-	-	-	-	2/0
Ic	CLEM'S SUPER	Los Angeles	-	-	2/1	2/1	2/1	2/1	2/1	2/1	2/0	2/0
I D	CODD'S MARKETS	La Puente	-	-	-	-	-	-	-	2/2	2/2	-
I C	COLE'S MKTS.	Baldwin Park	-	-	-	-	2/1	2/1	2/1	2/1	2/1	2/1
II	COLE'S MKTS., INC.	Long Beach	6/6	7/7	7/7	5/5	7/7	8/8	8/8	6/6	6/6	7/7
I C	COLIMA FOOD	Whittier	-	-	-	-	-	-	2/2	2/2	2/2	2/2
II C	COMMUNITY MKTS.	Burbank	-	-	3/3	3/3	4/4	4/4	5/5	6/6	7/7	5/5
II C	CONVENIENT FOOD	Los Angeles	-	-	-	-	-	-	-	2/0	5/0	13/0
I D	COOPER'S MKTS.	El Monte	-	-	-	-	3/1	-	[illegible]			
II C	COUNTRY COUSINS	Newhall	-	-	-	-	-	-	-	3/3	5/5	5/5
I	CRACKER BARREL	Van Nuys (now Glendale)	2/2	2/2	1/1	1/1	2/2	2/2	2/2	2/2	2/2	2/2

2506

			1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	
A II	CRAWFORD STORES	Alhambra	5/5	5/5	5/5	5/5	5/5	4/4	4/4	4/4	6/6	6/6	
A I	CUMMINGS MKTS.	Lynwood	3/3	5/5	5/5	5/5	4/4	(name changed to: Food Giant Markets, Inc., see listing)					
I D	D & B MARKETS	Downey	-	-	-	-	-	-	2/2	-	Now Dorlo, Thrifty		
I B	D & W MARKETS	Long Beach	2/2	2/2	2/2	2/2	-	-	-	-	-	-	
III C	DALE'S FOOD MARTS	Glendale (now North Hollywood)	-	2/2	2/2	3/3	3/3	3/3	8/6	7/6	9/8	11/8	
A I	DAYLITE SUPER	Los Angeles	2/2	2/2	2/2	3/3	2/2	3/3	3/3	3/3	3/3	2/2	
II C	DELAMART, INC.	Van Nuys	-	-	-	-	-	-	2/2	2/2	4/2	5/2	
I C	DEL RE'S FOOD	Los Angeles	-	-	-	-	-	-	-	-	-	2/2	
II D	DESERT FAIR	Lancaster	-	-	-	4/4	-	-	-	-	SOLD	To Fox	
I C	DIAMOND MKTS.	Pasadena	-	-	-	-	-	-	-	-	2/2	2/2	
I C	DIXIE FARMS	Bell	-	-	-	-	-	-	2/2	2/2	2/2	2/2	Now as Red Rooster
II B	DODD'S MARKETS	Long Beach	4/4	-	-	-	-	-	-	-	-	-	
I C	DON'S FOODS	Pasadena	-	-	-	-	-	-	-	-	-	2/0	
I C	DORR'S MARKETS	Inglewood	-	-	-	-	2/2	2/2	2/2	2/2	2/2	2/2	
I C	DOW'S SUPERETTES	Anaheim	-	-	-	-	-	-	2/0	2/0	2/0	3/1	
I D	ECON-O-MART	Los Angeles	-	-	-	-	-	-	2/1	2/1	-	-	
I D	EDWARD BROS.	Manhattan Beach	-	-	2/2	-	-	-	-	-	-	-	
I C	EL RANCHO MKTS.	San Marino	-	-	3/3	3/3	2/2	3/3	3/3	2/2	2/2	3/3	Now as Arabia
I D	EMPIRE FOOD	Redondo Beach	-	-	-	-	-	2/2	2/2	2/2	-	-	
I C	EMRIM CO.	Los Angeles	-	2/2	2/2	2/2	2/2	2/2	2/2	2/2	2/2	2/2	
A II	[illegible], Inc.	Los Angeles	-	-	4/4	3/3	3/3	3/3	3/3	3/3	3/3	3/3	

I C	KEHOE CO.	Los Angeles	-	2/2	2/2	2/2	2/2	2/2	2/2	2/2	2/2	2/2	
A	[illegible]	[illegible]		4/4	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3
I D	FAMOUS GREEN	San Gabriel		-	-	-	2/2	2/2	2/2	-	-	-	-
I C	FARMER BOYS	Torrance		-	-	-	-	-	-	-	-	2/2	2/2
I D	FARMER FRED'S	Huntington Park		-	-	-	2/2	2/2	2/2	2/2	-	-	-
I D	FEDER BROS.	Los Angeles		-	-	-	2/2	-	-	-	-	-	-
I D	52nd St. MKT.	Los Angeles		-	-	-	-	-	-	-	-	2/0	-
II C	FINE'S FOOD	Sun Valley (now Los Angeles)		-	-	-	4/2	4/3	4/3	4/4	4/3	5/3	5/5
—	FIRST ST. FOOD CENTER (see BROOKLYN & FORD MKT.)	Now listed as Jonson's											
III —	FITZSIMMONS STORES LTD. (see THRIFTIMART)												
I —	FLOYD'S MKTS.	Lawndale		2/2	2/2	-	New Balla & sev.	-	-	-	-	-	-
I B	FOOD BOWL	Long Beach		2/2	2/2	2/2	-	-	-	-	-	-	-
I C	FOOD CAPITOL	Los Angeles		-	-	-	-	-	-	-	-	2/1	2/1
I D	FOODFAIR MKTS.	Van Nuys		-	-	2/2	2/2	2/2	-	-	-	-	-
I C	FOOD GARDENS	Bell Gardens		-	-	-	3/2	3/2	3/2	3/2	3/2	3/2	3/2
—	FOOD GIANT (formerly CUMMINGS MARKETS, see listing)	Los Angeles		-	-	-	-	-	20/20	31/31	31/31	36/36	~~43/43~~ ~~53/53~~
A	FOOD HOUSE (formerly GLICKMAN BROS.)	Los Angeles		3/3	3/3	3/3	4/4	4/4	3/3	3/3	3/3	3/3	3/3
I C	FOODLAND MKTS.	Bell Gardens		-	-	4/4	3/3	2/2	2/2	2/2	2/2	2/2	2/2
I C	FOODLINE MKT.	Long Beach		-	-	-	-	-	-	2/2	2/2	2/2	2/2
I B	FOOD RANCH	Santa Ana		2/2	2/2	2/2	2/2	2/2	2/2	2/2	-	-	-
I C	FOOD ROUND-UP	Van Nuys		-	-	-	-	-	-	-	-	-	2/2

+ 10 slots in other Brackets

2507

55

2508

			1953	1954	1955	1956	1957	1958	1959	1960	1961	1962
A I	FOODS CO.	Torrance formerly L.A	2/2	2/2	3/3	4/4	3/3	3/3	3/3	6/6	6/6	7/7
I B	FOOD STORES, INC.	Los Angeles	2/2	2/2	3/3	3/3	3/3	-	-	-	-	-
III C	FOX MARKETS	Los Angeles	-	-	3/3	5/5	28/28	40/40	44/44	43/43	47/47	38/38 ~~45/45~~ +5 in other counties
I D	FRONTIER SUPER	Redondo Beach	-	-	-	-	-	2/1	2/1	-	-	-
II	FUTTERMAN & GACH (see: SHOPPERS MARKETS)	Inglewood										
A I	F W MARKETS	Long Beach	3/3	3/3	4/4	4/4	3/3	3/3	1/1	2/2	2/2	2/2
II D	G. K. W. CO.	Fullerton	-	-	-	-	-	-	-	-	4/3	-
I D	GABRIEL'S	Pasadena	-	2/2	1/1	2/2	2/2	2/2	2/2	-	-	-
I D	GARDEN CITY MKTS.	Los Angeles	-	-	-	-	-	-	-	2/2	-	-
I C	GARFIELD MKTS.	Glendale	-	-	-	-	-	-	-	-	-	2/1
II D	GARVEY MKTS.	El Monte	-	5/2	-	-	-	-	-	-	-	-
A II	GATEWAY STORES	Los Angeles	6/6	7/7	7/6	10/10	10/10	11/11	12/11	13/13	13/13	11/10
I D	GAYLE'S MKTS.	Anaheim	-	2/1	-	-	-	-	-	-	-	-
I C	GELSON'S	Encino	-	-	-	-	-	-	-	2/2	2/2	2/2
I C	GERTMENIAN'S	Pasadena	-	-	-	-	-	-	-	-	2/2	2/2
I	GLICKMAN BROS. (see: FOOD HOUSE MKTS)	Los Angeles										
I C	GRAND MKTS.	Santa Ana	-	-	-	-	-	-	-	-	-	2/1
I D	GRAND UNION MKTS	Los Angeles	-	-	-	-	-	-	-	2/1	2/1	-
A III	The GREAT A & P	Los Angeles	17/17									21/21
A II	GREATER ALL AMERICAN MKTS.	Downey formerly Norwalk	5/5	6/6	6/6	7/6	10/9	11/9	15/15	14/14	17/16	13/13
I D	HALL'S SUPER	Bell Gardens	-	-	-	2/2	2/2	-	-	-	-	-

I	D	HALL'S SUPER	Bell Gardens	-	-	-	2/2	2/2	-	-	-	-	-
I	D	HEMSLEY'S MKTS.	Los Angeles	-	-	-	2/2	-	-	-	-	-	-
I	D	HERKEN FOODS	Los Angeles	-	-	-	2/2	2/2	-	-	-	-	-
I	D	HILLROSE MARKET	Tujunga	-	-	-	2/1	-	-	-	-	-	-
I	D	HILL ST. MKT.	Los Angeles	-	2/1	2/1	2/1	-	-	-	-	-	-
I	C	HILLTOP FOOD	Los Angeles	-	-	-	-	-	-	2/1	2/1	2/1	2/1
I	B	HI-LO SUPER	Inglewood	2/2	2/2	2/2	-	-	-	-	-	-	-
II	B	HIRAM'S	Los Angeles	4/4	4/4	5/5	5/5	5/5	6/6	6/6	SOLD TO LUCKY 1954		
I	B	HOLLYWOOD RANCH	Los Angeles	3/3	3/3	2/2	2/2	2/2	NEW	SUPREME FOODS, BURBANK			
III	C	HUGHES MKTS.	Los Angeles	-	-	-	4/4	6/6	7/7	8/8	11/11	11/11	13/13
I	D	INTRA CITY FOOD	San Pedro	-	-	2/2	2/2	-	-	-	-	-	-
II	B	IOWA PORK SHOPS	Long Beach	6/5	5/5	7/7	8/8	9/9	11/11	SOLD TO FOX			-
I	C	J & R MKTS.	Los Angeles	-	-	-	-	-	-	-	-	2/0	2/0
I	D	JAY'S MARKETS	El Monte	-	-	-	2/2	2/2	2/2	2/2	-	-	-
III	B	JIM DANDY MKTS.	Los Angeles	10/10	10/10	11/11	9/9	NEW	LUCKY	-	-	-	-
I	C	JIM'S MEATS	Whittier	-	-	-	-	2/2	2/2	3/3	3/3	3/3	3/3 NEW Pico Rivera
I	B	JOE'S SUPER FOOD	Santa Ana	3/2	2/2	2/2	2/2	2/2	-	-	-	-	-
I	C	JOHN CARTERS FARM	Stanton	-	-	-	-	-	-	2/2	2/2	2/2	2/2
I	C	JOHNNY'S	Westminster	-	-	-	-	-	-	-	-	-	2/1
I	B	JOLLEY'S BROADWAY	Long Beach	2/2	2/2	-	-	-	-	-	-	-	-
I	C	JONGEWAARD'S	Long Beach	-	-	-	-	-	-	-	-	-	2/0
—		JONSON'S MKTS. (see: BROOKLYN & FORD MKT.)	Los Angeles										

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			1953	1954	1955	1956	1957	1958	1959	1960	1961	1962
A II	JURGENSEN'S GROC.	Pasadena	5/0	6/4	6/4	7/5	8/6	8/6	11/8	10/7	11/9	11/9
I D	K & K MARKETS	Downey	-	-	-	2/2	2/2	2/2	2/2	-	-	-
I B	KARNES MARKETS	Montebello	2/2	2/2	-	-	-	-	-	-	-	-
I C	KAYEL STORES	Anaheim	-	-	-	-	-	-	-	-	3/0	3/0
I D	KENTNER'S SUPER	Monrovia	-	-	2/2	2/2	2/2	-	-	-	-	-
I D	KEYS MARKETS	Sepulveda	-	-	2/2	-	-	-	-	-	-	-
A II	KING COLE SUPER	Los Angeles	7/7	6/6	5/5	5/5	5/5	5/5	5/5	5/5 ~~4/6~~	6/6	3/3
I C	KING COLE MKTS.	Whittier	-	-	-	-	-	-	-	-	-	2/2
I C	KORY'S MKTS.	Los Angeles	-	-	5/5	10/10	8/8	7/7	8/8	8/8	8/8	3/3
I C	KUDOW'S MKTS.	Los Angeles	-	-	-	-	-	-	-	-	2/0	2/0
I D	LaMAR'S FRIENDLY	San Gabriel	2/1	Sold to Fox	-	-	-	-	-	-	-	-
A I	LANDS MARKETS	Los Angeles, formerly Inglewood	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3	2/2
I D	LIBERTY MKTS.	Downey	-	-	-	2/2	-	-	-	-	-	-
I C	LILES & WHIPPLE	Anaheim	-	-	-	-	-	-	-	-	-	2/0
I C	LILLYWHITE'S	Santa Monica	-	-	-	2/2	2/2	3/3	3/3	3/3	2/2 ~~2/3~~	2/2
I C	LITTLE GIANT	Long Beach	-	-	-	2/1	2/1	2/1	2/1	2/1	3/0	3/0
II C	LLOYD'S MKTS.	South Gate	-	-	-	3/3	3/3	3/3	4/4	4/4	4/4	4/4
A I	LOCKYER'S MKTS.	Long Beach	2/2	2/2	2/2	2/2	2/2	3/3	3/3	3/2	3/2	2/2
—	LUCKY STORES	Los Angeles										
I D	LUCKY 'V' MKTS.	Inglewood	-	-	-	-	2/2	-	-	-	-	-
A II	McGOWAN'S MKTS.	San Pedro	~~4/3~~ 4/4	4/3	2/2	2/2	2/2	2/2	2/2	2/2	2/2	2/2

A II McCOY'S MARKETS Bellflower 7/6 7/6 10/10 10/10 11/11 11/11 11/11 ~~11/12~~ 13/13 15/15
(NOW GREATER McCOY'S) formerly

A II	McCOY'S MARKETS (now GREATER McCOY'S)	Bellflower formerly Paramount	7/6	7/6	10/10	10/10	11/11	11/11	11/11	~~12/12~~ 11/11	13/13	15/15		
II B	McDANIEL'S MKTS.	Pico Rivera formerly L.A.	8/8	8/8	8/8	13/13	13/13	14/14	20/20	~~16/16~~ 16/16	16/16	SOLD TO Lucky FOOD GIANT		
II B	McFADDEN STORES	Burbank	5/5	5/5	BANKRUPT	-	-	-	-	-	-	-		
I C	McGUIRE'S MKTS.	Santa Monica	-	-	-	-	-	-	-	-	-	2/2		
I C	McKEON BROS.	Los Angeles	-	-	-	-	-	-	-	2/2	2/2	2/2		
I C	McKIBBON MKT.	Los Angeles	-	-	-	-	-	-	-	-	-	2/2		
I B	MACMART FOOD	Long Beach	2/1	2/1	-	-	-	-	-	-	-	-		
I B	MAJOR MKTS.	Los Angeles	2/2	2/2	2/2	-	-	-	-	-	-	-		
I C	MANOR MKTS.	Pasadena	-	-	-	2/2	2/2	2/2	2/2	2/2	2/2	2/2		
A III	THE MARKET BASKET	Los Angeles	29/29	30/30	30/30	30/30	37/37	41/41	43/43	44/44	44/44	~~43/43~~ 45/45	+11 in Other Counties	
I C	MARKET PLACE	Glendale	-	-	-	-	-	-	3/1	3/1	3/1	3/1		
I D	MARKET TOWN	Gardena	-	-	-	2/2	2/2	SOLD TO	FOX		-	-		
I B	MARTIN MELTON	Los Angeles	3/3	2/2	2/2	2/2	2/2	2/2	-	-	-	-		
A III	MAYFAIR MARKETS	Los Angeles	32/32									40/40	+12/ outside the Area	
I C	MAYFLOWER MKTS.	Monrovia	-	-	-	-	2/2	2/2	2/2	2/2	2/2	2/2	Now Glendora	
A II	MEDDICK BROS. (SAV-MOR MKTS.)	South Gate	5/5	4/4	4/4	5/5	4/4	4/4	5/5	5/5	5/5	6/6		
I C	MICHAEL'S MKTS.	Orange	-	-	-	-	-	-	-	-	2/2	3/3		
I B	MIFFLIN'S MKTS.	Long Beach	2/2	2/2	2/2	2/2	2/2	-	-	-	-	-		
I D	MILLER'S FOOD	Los Angeles	-	-	-	2/2	2/2	2/2	2/2	2/2	-	-		
II D	MINIT MKTS.	Newport Beach	-	-	-	-	-	5/0	7/0	20/0	SOLD TO SPEEDEE 20/0	-		

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			1953	1954	1955	1956	19[illegible]	1958	1959	1960	1961	1962
I B	MIRACLE MKTS.	Monrovia	2/2	2/2	-	-	-	-	-	-	-	-
I C	MODEL MKTS.	Whittier	-	-	3/3	2/2	3/3	2/2	2/2	3/3	3/3	3/3
A I	MODERN VILLAGE	El Monte	2/2	2/2	2/2	2/2	3/3	2/2	2/2	2/2	2/2	2/2
I B	MUELLER GROC.	Los Angeles	3/3	-	-	-	-	-	-	-	-	-
I C	NAGAISHI BROS.	LosAngeles	-	-	-	-	-	-	-	-	-	2/1
A I	NEW FOOD KING	Los Angeles	3/3	-	-	2/1	2/1	2/1	2/1	2/1	2/1	2/1
I B	NEWMAN'S MARKETS	Los Angeles	2/2	2/2	2/2	2/2	-	-	-	-	-	-
I B	OPPEN'S MKTS.	Los Angeles	3/3	3/3	3/3	3/3	3/3	2/2	2/2	2/2	2/2	-
I D	ORR'S MKTS.	Lancaster	-	-	-	2/2	2/2	-	-	-	-	-
I D	OUR QUALITY MKTS	Wilmington	-	-	2/2	-	-	-	-	-	-	-
I D	PANORAMA MKTS.	Van Nuys	-	-	3/3	5/5	3/3	-	-	-	Sold	To Food Giant
III C	PANTRY FOOD	Altadena	-	-	-	2/2	3/3	4/4	5/5	5/5	8/8	10/10
I D	PARKWAY MART	Baldwin Park	-	-	-	2/1	2/2	-	-	Sold To Pix	-	-
II C	PATTON'S MKTS.	Los Angeles	-	-	-	-	-	4/4	4/4		-	4/4 (New)
I B	PAY-LESS	Long Beach	3/3	-	-	-	-	-	-	-	-	-
I D	PENNY FOOD MKTS.	Mar Vista	-	-	3/3	-	-	-	-	-	-	-
I C	PENNY FOOD MARTS	Inglewood	-	-	-	-	-	-	-	-	2/2	2/2
I D	PENNY WISE	S. San Gabriel	-	-	-	-	-	-	-	-	2/0	-
II B	PESSIN GROCERY	Compton	5/5	5/5	5/5	5/5	5/5	Sold	To	Fox	-	-
A I	PIGGLY WIGGLY	Reseda (formerly Van Nuys)	3/3	3/3	4/4	3/3	4/4	5/5	5/5	5/5	8/8	9/9
II C	PIX MARKETS	Los Angeles	-	-	-	-	-	-	-	13/13	19/19-	7/7 + 4 -
II B	RAISIN MKTS.	Los Angeles	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/0

II B	RAISIN MKTS.	Los Angeles	7/7	7/7	8/8	8/8	11/11	13/13	Sold to Alpha Beta				
A III	RALPHS GROCERY	Los Angeles	33/33	33/33	32/32	33/33	34/34	36/36	36/36	40/40	41/41	45/45	
I D	RANKINS MKTS.	Tujunga	-	-	-	2/2	4/4	4/4	4/4	4/4	-	-	Sold to Pecor Dairy
I B	RELIABLE FOOD	Los Angeles	3/3	-	-	-	-	-	-	-	-	-	
I D	RICHARD'S MKTS.	Hawthorne	-	-	-	-	-	2/1	-	-	-	-	
A I	ROMAN BROS.	Los Angeles	2/2	2/2	1/1	1/1	1/1	1/1	2/2	2/2	2/2	2/2	Now in Huntington Pk
II B	ROTH'S MKTS.	Los Angeles	8/8	6/6	8/8	7/7	8/8	Sold to Fox	-	-	-	-	
I D	S & K MKTS.	Van Nuys	-	-	-	-	-	-	2/2	-	Sold to Fox	-	
A IV	SAFEWAY STORES	Los Angeles	175	———								147	
II B	SALE'S MKTS.	Beverly Hills	4/4	4/4	4/4	4/4	4/4	2/2	2/2	2/2	2/2	-	
I D	SANTA ANA FOOD	Santa Ana	-	-	-	2/2	2/2	-	-	-	-	-	
I C	SAVEMART MKTS	Glendale	-	-	-	2/2	2/2	2/2	2/2	2/2	3/3	3/3	
A I	SAV-MART, INC.	Long Beach	3/3	3/3	3/3	3/3	2/2	2/2	2/2	2/2	2/2	2/2	
A I	SCHAUB'S, INC.	Temple City	2/2	2/2	2/2	4/1	4/1	4/1	4/1	4/1	4/1	2/2	
I C	SEKO BROS.	Wilmington	-	-	-	-	-	-	-	-	-	2/0	
A I	SERBER'S FOOD	Los Angeles	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3	2/2	
I C	SHOP-EASY	Pacoima	-	-	-	-	-	-	-	-	-	2/1	(Formerly Listed as Patterman & G. Inglewood
A	SHOPPERS MKTS.	Los Angeles	4/4	4/4	4/4	5/5	6/6	6/6	9/9	9/9	10/10	13/13	
III B	SHOPPING BAG	El Monte	25/25	25/25	25/25	29/29	32/32	33/33	37/37	37/37	Merged with Von's		Formerly in L.A.
A I	SHOPPING BASKET	South Gate	3/3	2/2	2/2	2/2	2/2	2/2	2/2	3/3	3/3	4/4	
II C	SHOP-RITE	Los Angeles	-	-	-	-	-	-	-	-	5/2	5/5	

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			1953	1954	1955	1956	1957	1958	1959	1960	1961	1962
I B	SHOPRIGHT MKTS.	Pomona	2/2	2/2	3/3	3/3	3/3	4/4	3/3	SOLD TO PIX		
I C	SHOP-MISE MKTS.	Los Angeles	-	-	-	-	-	-	-	-	2/1	2/2
II B	C. S. SMITH	Compton	9/9	9/9	8/8	8/8	7/7	5/5	SOLD TO	YOR-WAY	-	-
I B	SPECTOR'S MKTS.	Burbank	2/2	2/2	-	-	-	-	-	-	-	-
I D	SPOT MARKETS	Gardena	-	-	-	-	-	2/2	2/2	-	-	-
I C	STAN RAY MKTS.	Venice	-	-	-	-	-	-	-	-	-	2/0
I C	STAR MARKETS	Monterey Park	-	-	-	2/2	2/2	2/2	2/2	2/2	3/3	2/2
I D	STOP & SHOP MKTS.	Los Angeles	-	-	2/2	2/2	-	-	-	-	-	-
I D	SUNBURY MKTS.	Los Angeles	-	-	2/2	2/2	-	-	-	-	-	-
II D	SUNFAIR MKTS.	Los Angeles	-	-	-	4/2	5/3	10/10	11/11	10/10	10/10	SOLD TO INDIVIDUALS
I	SUNFAX MKTS. (see: LEE R. BISHOP CO.)	Los Angeles										
I C	SUNKIST MKTS.	Covina	-	-	-	-	-	-	-	-	-	2/2
I D	SUNSHINE GROCERY	Buena Park	-	-	-	2/2	2/2	-	-	-	-	-
I C	SUNSHINE MKTS.	Artesia	-	-	-	-	-	-	-	-	-	2/0
I D	SUPERIOR GROCERY	Lomita	-	-	-	-	-	-	-	3/2	3/2	~~3/2~~
—	SUPREME FOODS (see: HILL'S RANCH MKTS)	Burbank										
I B	SURLOW'S MKTS.	Long Beach	3/3	3/3	1/1	2/2	2/2	2/2	-	-	-	-
A	THRIFTIMART	Lynwood, Fitzsimmons	51/51	55/55	56/56	36/36	40/40	48/48	47/47	47/47	58/58	55/50 + 15/15 outside Area
I C	THRIFT TOWN	Los Angeles	-	-	-	-	-	-	-	2/2	2/2	2/2
I D	TIME SAVER	Los Angeles	-	-	-	-	-	-	2/0	3/0	3/0	~~3/0~~

I D	TIME SAVER	Los Angeles	-	-	-	-	-	-	-	-	-	-	2/0
C I	TINY TIM MKTS.	Tustin	-	-	-	-	-	-	-	-	-	-	2/0
D I	TOLUCA MARTS	Burbank	-	-	-	2/2	2/2	Sold to Food Giant 3/57					
C I	TONY & JIM'S	Canoga Park	-	-	-	-	-	-	-	-	-	-	2/2
D II	TOPS MKTS.	Alhambra	-	4/4	5/5	2/2	-	-	-	-	-	-	-
D I	TRIANGLE MKTS.	Claremont	-	-	2/0	-	-	-	-	-	-	-	-
C I	TRIANGLE MKTS. CORP.	Los Angeles	-	-	-	-	-	-	-	-	-	-	2/2
B I	TROPIC SUPER	Los Angeles	2/1	2/1	2/1	-	-	-	-	-	-	-	-
B I	TYLER AVE. MKTS.	El Monte	2/2	2/2	2/2	-	-	-	-	-	-	-	-
D II	U-TEL-EM MKTS.	Fullerton	-	6/6	6/6	8/8	10/10	Sold to Mayfair 2/57					
C I	V & S MKTS.	Santa Monica	-	-	2/2	2/2	2/2	2/2	2/2	2/2	2/2	2/2	
D I	VALLEY STORES	North Hollywood	-	-	2/2	2/2	3/3	2/2	2/2	2/2	-	-	
C I	VARELA'S MKTS.	Los Angeles	-	-	-	-	-	-	-	-	-	-	2/0
A II	VAUGHN'S GROCERY	Los Angeles	4/4	4/4	3/3	3/3	3/3	3/3	3/3	3/3	1/1	2/2	
C I	VICKERY'S MKTS.	Gardena	-	-	-	-	-	-	-	-	-	-	2/1
C I	VICTOR'S MKT.	North Hollywood	-	-	-	-	-	-	-	-	-	-	2/0
D I	VILLAGE MART	Los Angeles	-	-	-	3/1	2/2	-	-	-	-	-	-
C I	VISTA MKTS.	Lomita	-	-	-	-	-	-	2/1	2/1	2/1	2/1	
A II	VON'S GROCERY CO.	El Monte (merged with Shopping Bag)	19/19	20/20	22/22	24/24	27/27	27/27	27/27	28/28	71/71	76/76	weighed 6 outside of area
B I	WAGNER'S MKT.	San Pedro	2/1	2/1	2/2	2/2	2/2	2/2	2/2	-	-	-	
	WESTERN INDUSTRIES (see: JIM DANDY MKTS.)	Inglewood											

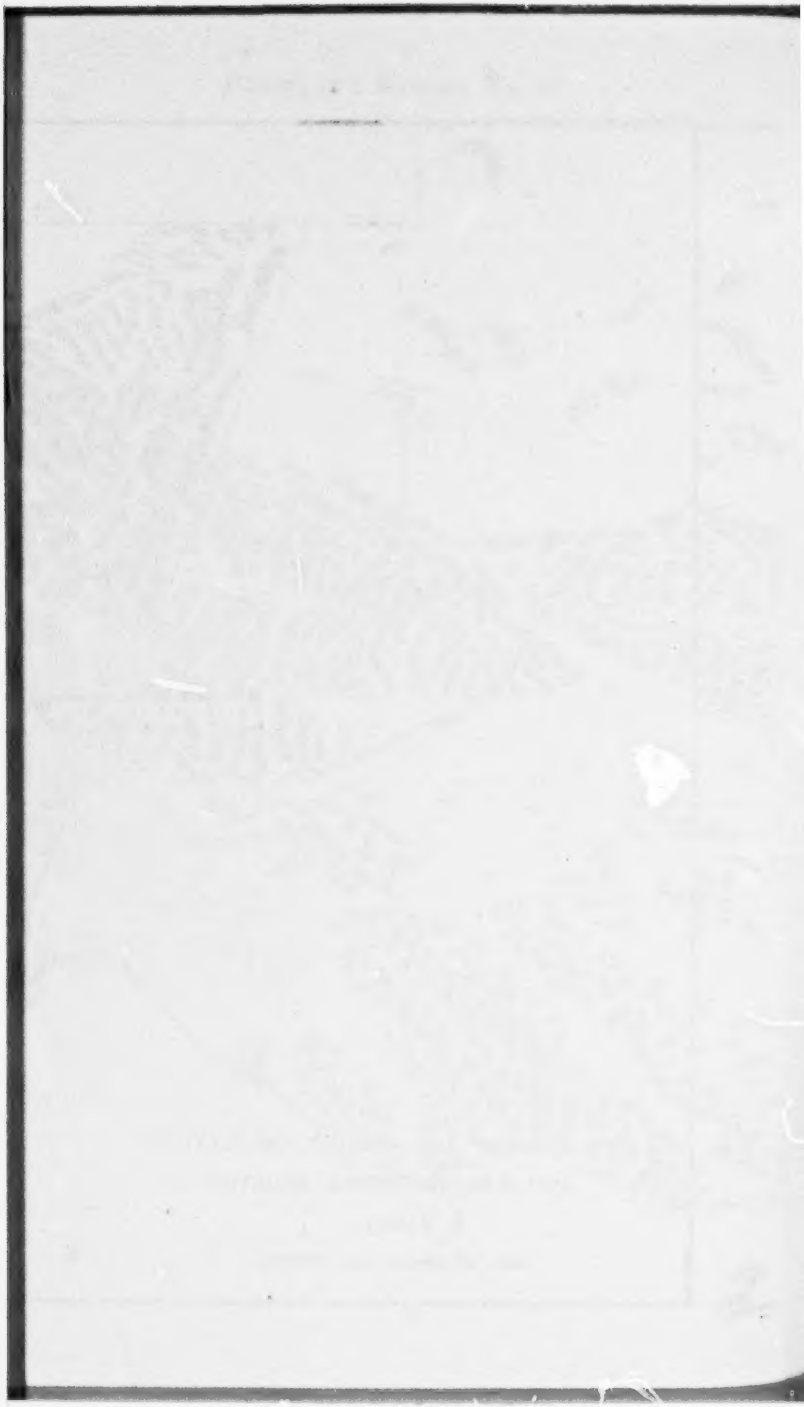
2515

63

			1953	1954	1955	1956	1957	1958	1959	1960	1961	1962
II C	WESTWARD MO	Los Angeles	-	-	-	-	2/2	2/2	2/2	2/2	2/2	4/4
I C	WOLFE'S MKTS.	Claremont	-	-	-	-	-	-	-	-	2/2	2/2
I C	WONG'S PIONEER	Norwalk	-	-	-	-	-	-	-	-	2/1	2/1
I B	WRIGLEY'S MKTS.	Los Angeles	2/2	2/2	1/1	2/2	2/2	3/3	3/3	3/3	3/3	-
I C	Y & Y MARKETS	Los Angeles	-	-	-	-	-	-	2/0	2/0	2/0	2/0
I D	YALE MKTS.	Santa Monica	-	-	-	-	-	2/0	-	-	-	-
II D	YOR-MAY MKTS.	Compton	-	4/4	5/5	5/5	9/9	15/15	18/18	18/18	19/19	CLOSED ON SOLD ALL STORES ON DEATH OF OWNER
I C	YOUR MKTS.	Downey	-	-	-	-	-	-	-	-	-	2/2

Other chains, with headquarters outside of area, operated stores in the Area as follows:

III C	LUCKY STORES	San Leandro	16/16
III C	SPEEDEE	La Mesa	27
II C	STATER	Colton	5
II C	U-TOTE-EM	Bellaire, Tex.	7



DEFENDANT'S EXHIBIT A

Office of
STATE BOARD OF EQUALIZATION
State of California
1020 N Street
Sacramento

May 16, 1961

Mail Address: P. O. Box 1799
Sacramento 8, California

Mr. Wililam W. Vaughn
O'Melveny & Myers
433 South Spring Street
Los Angeles 13, California

Re Your File Number 896,450-13

Dear Mr. Vaughn:

In your letter of May 11 you asked us for information on the number of grocery stores operating in Los Angeles and Orange Counties during each year since 1940. The information you requested is shown on the attached sheet for the years 1947 to date.

We furnished the data for grocery stores and other food stores in order that the information could be furnished for the last three years of the 1940 decade. Prior to January 1, 1947, our sales tax permits were classified in a manner which would not permit us to identify either grocery stores or other foods stores because no distinction was made between manufacturers, wholesalers, or retailers. We hope the information on grocery stores for the past 12 years and for food stores for the past 15 years will prove useful to your purpose.

Here are the answers to the specific questions raised in your letter concerning our data.

(a) The number of outlets are derived from outstanding permits which are issued to applicants for sales tax permits.

(b) We use the Standard Industrial Classification Manual for classifying our food stores. We do not use sales

volume, store area, or any other factors. If the majority of the gross receipts from a business concern stems from the sale of groceries or products usually handled by grocery stores, the establishment is classified as a grocery store.

(c) We do not classify meat markets, poultry markets, delicatessens, produce markets, or other specialty shops such as dairy drive-ins, as grocery stores. All of these establishments have been classified as other food stores since January 1, 1950.

The cost of compiling these data was $15.00. Please make a check for this amount payable to the State Board of Equalization and mail to Mrs. Gladys Burrows, Cashier, 1020 N Street, Sacramento 14.

Very truly yours, John B. Marshall, Senior Statistician Research and Statistics.

JBM:mv
Enc.

Number of Permits to Sell Tangible Personal Property Issued to Grocery Stores and Other Food Stores in Los Angeles and Orange Counties

1947—1961

	Los Angeles County			Orange County		
As of Jan. 1	Grocery stores	Other food stores	Total	Grocery stores	Other food stores	Total
1947.....	n.a.	n.a.	5,682	n.a.	n.a.	394
1948.....	n.a.	n.a.	6,103	n.a.	n.a.	434
1949.....	n.a.	n.a.	6,148	n.a.	n.a.	441
1950.....	5,789	1,088	6,877	432	85	517
1951.....	5,678	1,038	6,716	436	70	506
1952.....	5,450	1,017	6,467	426	64	490
1953.....	5,129	1,020	6,149	422	71	493
1954.....	5,016	1,070	6,086	402	79	481
1955.....	4,905	1,005	5,910	386	76	462
1956.....	4,746	1,008	5,754	361	85	446
1957.....	4,700	1,085	5,785	390	102	492
1958.....	4,508	1,048	5,556	391	101	492
1959.....	4,474	1,073	5,547	388	117	505
1960.....	4,401	1,105	5,506	395	129	524
1961.....	4,324	1,134	5,458	417	154	571

DEFENDANT'S EXHIBIT B

STATE OF CALIFORNIA
BOARD OF EQUALIZATION
DEPARTMENT OF BUSINESS TAXES—SALES TAX

APPLICATION FOR SELLER's PERMIT and REGISTRATION AS A RETAILER
AND
DEPARTMENT OF EMPLOYMENT REGISTRATION AS AN EMPLOYER

DISTRICT OFFICE COPY

5. PERMIT FEE AMOUNT	5. PERMIT FEE RECEIPT NUMBER	6. CASH DEPOSIT RECEIPT NUMBER	4. CODES IND.	4. CODES TAX AREA	STARTING DATE	7. NEW ACCOUNT NUMBER
$					—	

9. OWNER (S)

DATE STARTED THIS ADDRESS

☐ ACCOUNT DELINQUENT FOR 69 PERIOD

FROM_____ TO_____

ACTION TAKEN TO CLEAR:

☐ RETURN(S) FILED ☐ DELAYED

☐ FORM S-523 (ATTACHED)

☐ AUDIT ☐ FIELD BILLING ORDER

10. DOING BUSINESS AS

11. MAILING ADDRESS — P. O. BOX OR STREET AND NUMBER — CITY OR TOWN — ZONE — STATE — COUNTY

12. LOCATION OF BUSINESS (If different from above)

IS BUSINESS LOCATED WITHIN CITY LIMITS? NO ☐ YES ☐

13. A. TYPE OF ORGANIZATION (Describe)

INDIVIDUAL ☐ PARTNERSHIP ☐ CORPORATION ☐ OTHER ☐

B. CORPORATION OFFICERS — PRESIDENT — VICE-PRESIDENT — SECRETARY — TREASURER

14. MOVING FROM — ACCOUNT NUMBER

	5. PERMIT FEE		6. CASH DEPOSIT RECEIPT NUMBER	4. CODES		STARTING DATE	7. NEW ACCOUNT NUMBER
	AMOUNT	RECEIPT NUMBER		IND.	TAX AREA		
	$					—	

8. OWNER (S)		DATE STARTED THIS ADDRESS
		☐ ACCOUNT DELINQUENT FOR 69 PERIOD
		FROM TO
		ACTION TAKEN TO CLEAR:
		☐ RETURN(S) FILED ☐ DELAYED
10. DOING BUSINESS AS		☐ FORM S-523 (ATTACHED)
		☐ AUDIT ☐ FIELD BILLING ORDER

11. MAILING ADDRESS	P. O. BOX OR STREET AND NUMBER	CITY OR TOWN	ZONE	STATE	COUNTY	— —
12. LOCATION OF BUSINESS (If different from above)					IS BUSINESS LOCATED WITHIN CITY LIMITS?	NO ☐ YES ☐
13. A. TYPE OF ORGANIZATION	(Describe) INDIVIDUAL ☐	PARTNERSHIP ☐	CORPORATION ☐	OTHER ☐		
B. CORPORATION OFFICERS	PRESIDENT	VICE-PRESIDENT	SECRETARY	TREASURER		
14. MOVING FROM					ACCOUNT NUMBER	
15. DO YOU NOW OPERATE, OR HOLD INTEREST IN, ANOTHER BUSINESS? NO ☐ YES ☐	LOCATION OF SUCH BUSINESS				ACCOUNT NUMBER	
16. ARE YOU BUYING A BUSINESS? NO ☐ YES ☐ DID YOU ACQUIRE ALL OR ONLY A PART OF THE SELLER'S BUSINESS ACTIVITIES? ALL ☐ PART ☐	DATE OF PURCHASE	PURCHASE PRICE	NAME AND D.B.A. OF SELLER FROM WHOM BUSINESS HAS BEEN OR IS BEING PURCHASED		SELLER'S ACCOUNT NUMBER	

REGISTRATION - DEPARTMENT OF EMPLOYMENT

17. HAVE YOU EVER BEEN REGISTERED WITH THE DEPARTMENT OF EMPLOYMENT? NO ☐ YES ☐ IF YES ENTER ACCOUNT NUMBER →

18. DO YOU INTEND TO HIRE EMPLOYEES TO THE EXTENT THAT YOUR PAYROLL WILL EXCEED $100.00 IN A CALENDAR QUARTER? NO ☐ YES ☐	A. NUMBER OF EMPLOYEES	B. ENDING DATE OF QUARTER IN WHICH QUARTERLY PAYROLL WILL BE (OR WAS) OVER $100.00

THE EXTENT THAT YOUR PAYROLL WILL EXCEED $100.00 IN A CALENDAR QUARTER? NO ☐ YES ☐

WILL BE (OR WAS) OVER $100.00

18. NOTICE OF REQUIREMENTS - BOARD OF EQUALIZATION

YOU ARE HEREBY NOTIFIED THAT YOU ARE REQUIRED, PURSUANT TO SECTION 6701 OF THE SALES AND USE TAX LAW, TO DEPOSIT WITH THE BOARD SECURITY

BY CASH

TO THE VALUE OF $ _____ ☐ OR BY _____

YOU ARE FURTHER NOTIFIED THAT YOU ARE REQUIRED, PURSUANT TO SECTION 6455 OF THE SALES AND USE TAX LAW, TO FILE RETURNS AND PAY TAX

YOUR FIRST RETURN WILL BE DUE 19

FOR THE PERIOD BEGINNING 19 AND INCLUDING 19

THEREAFTER ON OR BEFORE THE LAST DAY OF THE MONTH FOLLOWING THE PRECEDING

20. FIRST RETURN TO BE MAILED FROM HEADQUARTERS FOR

21. ☐ NEW 22. ☐ CONSOLIDATION 23. ☐ TEMPORARY

24. ☐ ISSUE & CANCEL (Attach S-406) 25. ☐ TRAVELING

26. ☐ MOVE WITHIN DISTRICT 27. ☐ INTER-DISTRICT MOVE (Attach S-253)

28. ☐ REINSTATEMENT AFTER REVOCATION 29. ☐ REINSTATEMENT AFTER CLOSE OUT

32. APPLICATION TAKEN

IN DISTRICT AT CALIFORNIA

BY: DATE

33. CHECKED IN H. O. REGISTRATION UNIT BY: DATE

S-400 REV. 6 (7-61) 01

30. TYPE OR NATURE OF BUSINESS (If mixed, Underscore Principal Type) — TYPE OF A.B.C. LICENSE

A.

B. IS OPERATION PART TIME? NO ☐ YES ☐

C. MORE THAN 50% OF RECEIPTS FROM ALL SOURCES COME FROM (Check one box only)

☐ RETAILING IN A STORE ☐ JOBBING (WHOLESALING OTHER PRODUCERS' GOODS) ☐ PERFORMING BUSINESS, PROFESSIONAL OR PERSONAL SERVICES

☐ ITINERANT SALES OF: TO:

☐ MANUFACTURING (list principal products) 1.

2. 3.

☐ REPAIRING

☐ CONTRACTING (Specify type)

D. PRINCIPAL TAXABLE SALES

31. CERTIFICATE: THE ABOVE STATEMENTS ARE HEREBY CERTIFIED TO BE CORRECT TO THE BEST KNOWLEDGE AND BELIEF OF THE UNDERSIGNED WHO IS DULY AUTHORIZED TO SIGN THIS APPLICATION.

SIGNED

TITLE S.S.A. #

RESIDENCE ADDRESS:

RESIDENCE PHONE:

BUSINESS PHONE:

DATE 10

2525

DEPARTMENT OF BUSINESS TAXES
SALES AND USE TAX

REPORT ON CLOSE-OUT OF ACCOUNT

Account Number

Master and All Subs ☐

Reporting Basis M☐ Q☐ Y☐

NAME

Close-Out Date

DBA

Starting Date

Business Address

Present Mail Address

Phone No.

Nature of Business

REASON FOR CLOSE-OUT Code No.

Name of New Owner

Did not operate ☐ ..... 1.
Bus. Discontinued ☐ ..... 2.
Change in Ownership ☐ ..... 3.
Change in Business Location ☐ ..... 4.

Account No.

Receipt No.

Is New Owner Liable as Successor? Yes ☐ No ☐

Purchase Price $

Receipt No.	Purchase Price $	Location ☐ 4.

REPORT ON CLOSE-OUT AUDIT

Value of Furniture and Equipment Sold—Subject to Tax (Ruling 81): $		Included in Final Return ☐	To be Included in:	Audit S-414-B ☐
Source of Information re Value of Furniture and Equipment:				
Ruling 81 Not Involved (Explain)				
Cert. of Payment of Tax, Form S-471, Requested in Writing: Yes ☐ No ☐		Date of Request:		
Location of Records				
In Care of:		Phone No.		
Prior Audit Completed	Covering Period from	to	Liability Recommended $	
Close-Out Audit Recommended: Yes ☐ No ☐	S-414: In District Office ☐ Order from HQ Off. ☐	Prepared:	S-414-B ☐ S-414-C ☐	
Reasons for Recommendation Regarding Audit (and other remarks):				
Audit Recommendation Made by:	Date	Approved by	Date	

Request (S-406) Prepared by_____ Date_____ Dist._____

Request (S-406) Approved by_____

2526

ESCROW AGENTS AND PREDECESSORS

Escrow Agent _____ Escrow No. _____

Address _____ Phone No. _____

Name of Predecessor _____ Account No. _____

Was Predecessor's Account Closed-Out? Yes ☐ No ☐ Close-Out Date _____

DISPOSITION OF SECURITY AVAILABLE

Other (describe)

Treasury Bond $ _____ No. _____ _____

Surety Bond $ _____ No. _____ Effective Date _____

Name of Surety _____

Balances _____ Date Bal. and Del. Checked _____

Delinquencies _____

RETURNS AND BILLINGS	TOTAL DUE		AMOUNT PAID		* EVIDENCE OF PAYMENT	DEDUCT			
						CASH DEPOSIT			
Final Period Form S-401									
Form S-401									
Form S-401									
Form S-401									
Final Audit									
Unpaid Balance									
Predecessor's Balance									
Liability Under Related Account Nos.									
						TOTAL DEDUCTIONS			
						Amount to be Refunded			

* If payment made by personal check, indicate by circling amount.

☐ **Balance Owing $** _____

☐ **Escrow Claim Filed $** _____

☐ **Escrow Withhold Filed $** _____

☐ **Escrow Release Approved *By*** _____

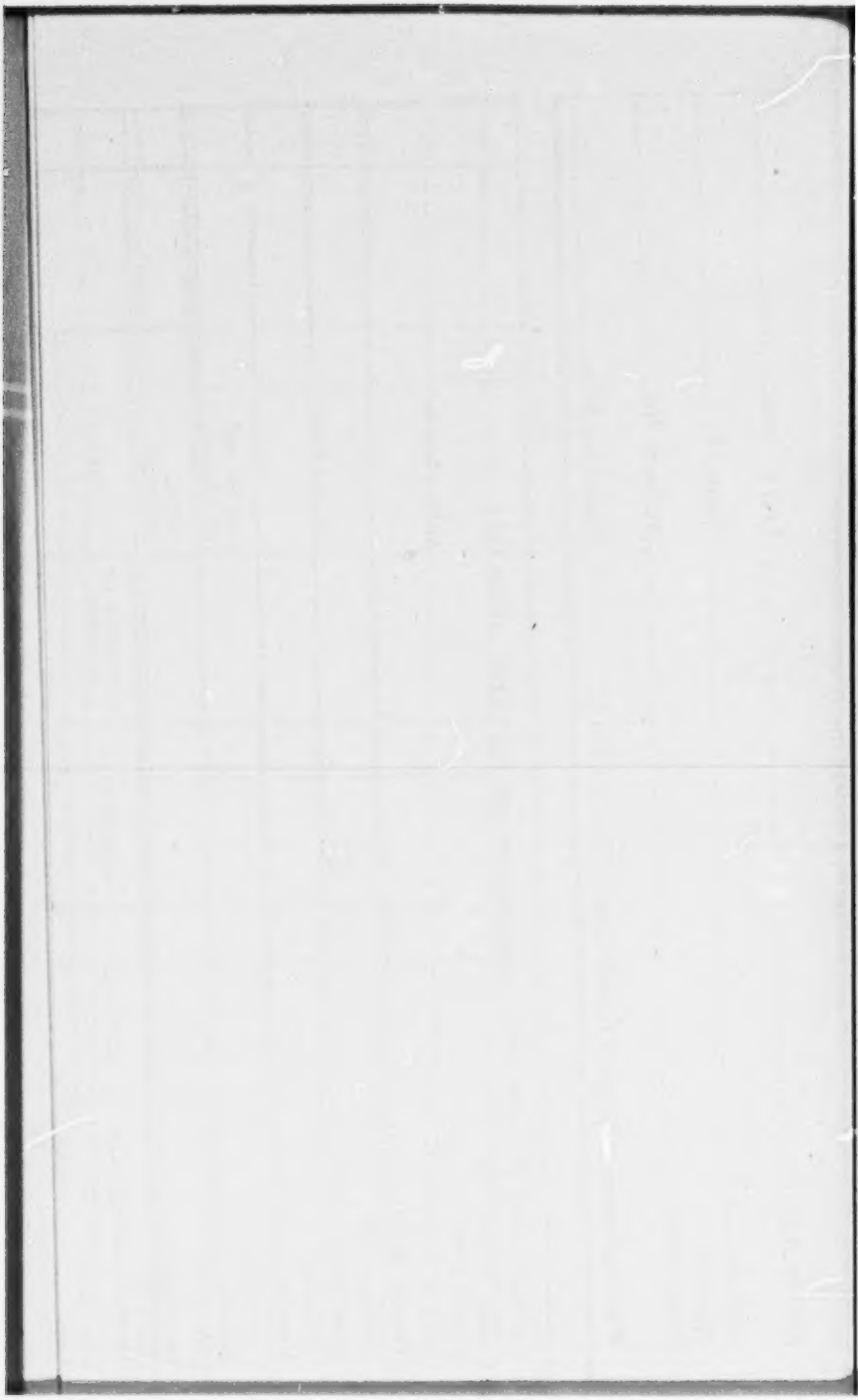
To: NAME _____

Address _____

Security Report Prepared by _____ Date _____

Security Report Approved by _____ Date _____

25227



DEFENDANT'S EXHIBIT D

Office of
STATE BOARD OF EQUALIZATION
State of California
1020 N Street
Sacramento

September 7, 1961

Mail Address: P. O. Box 1799
Sacramento 8, California

Mr. William W. Alsup
O'Melveny & Myers
433 South Spring Street
Los Angeles 13, California

Dear Mr. Alsup:

This is in reply to your letter of June 21 requesting information on the gross sales of grocery stores whose sales tax permits were closed out in 1960.

We have identified all of the grocery stores in Los Angeles County and in Orange County whose sales tax permits were terminated in 1960. For each of these places of business we have established the actual or estimated annual gross sales as reported to us on tax returns. In the overwhelming majority of the cases we had the actual gross sales for the last full year immediately preceding the quarter in which the business was discontinued. In some instances the stores were not in business for a full year. In these instances we used the available full quarters of reported gross sales and expanded the figures to an estimated annual gross sales figure. In a very few cases the estimate of the annual gross sales had to be based on a period of less than a full quarter. In these instances we used the number of days the business was actually in operation to establish an estimate of the gross for a full year.

Altogether there were 837 single outlet concerns and 102 grocery stores operated by multiple outlet concerns that were closed out in 1960 in the two counties under study.

The frequency distribution of the annual gross sales of these concerns are shown on the next page.

Annual gross sales Under	Grocery stores operated by multiple outlet concerns*	Other grocery stores	Total
$10,000	1	68	69
$10,000 to $19,999	1	98	99
$20,000 to $49,999	1	239	240
$50,000 to $99,999	4	189	193
$100,000 to $199,000	3	114	117
$200,000 to $499,999	19	85	104
$500,000 to $999,999	35	24	59
Over $1,000,000	38	20	58
Total	102	837	939

* This excludes the Shopping Bag Stores which were involved in a merger of which we were aware.

The cost of compiling these data was $225.00. Please make a check for this amount payable to the State Board of Equalization and mail it to Mrs. Gladys Burrows, Cashier, 1020 N Street, Sacramento 14.

Let me know if I can be of any further assistance to you.

Very truly yours, John B. Marshall, Senior Statistician Research and Statistics.

JBM:vm

DEFENDANT'S EXHIBIT E

Office of
STATE BOARD OF EQUALIZATION
State of California
1020 N Street
Sacramento

April 9, 1962

Mail Address: P. O. Box 1799
Sacramento 8, California

Your file number 896,450-13

Mr. William W. Vaughn
O'Melveny & Myers
433 South Spring Street
Los Angeles 13, Calfornia

Re United States v. Von's Grocery Co.

Dear Mr. Vaughn:

In your letter of February 20 you requested certain information relative to the names and addresses of grocery stores located in the Los Angeles Metropolitan Area that were closed out since January 1, 1960, and a more detailed breakdown of gross sales of grocery stores in the area opened in 1960 and closed out by November 15, 1961.

The information that you have requested is being transmitted herewith. It was not possible to provide you with the names and addresses of all of the grocery stores in the Los Angeles Metropolitan Area that closed their businesses in 1960. We have found 38 of the grocery stores operated by multiple outlet concerns that were closed out in the period under study and 176 of those operated by independent concerns. We do not keep records of closed-out accounts indefinitely. When a taxpayer has paid his liability in full and is no longer in business we transfer the records to the archives where they are retained for a relatively short period of time, after which they are destroyed. Only a few of the accounts in which you are interested were still in our active files. Most of them were in archives and a substantial number of them had already been destroyed.

I hope the lists that have been compiled will be useful. The accounts whose taxable transactions were shown in Table B has been identified and the names and addresses of the particular stores for which you want information has been compiled and is enclosed.

The frequency distribution that you requested with respect to grocery stores doing less than $500,000 of annual gross sales has also been prepared and is being transmitted herewith.

The cost of compiling this data was $260. Please make a check for this amount payable to the State Board of Equalization and mail to Mrs. Gladys Burrows, Cashier, 1020 N Street, Sacramento.

Very truly yours, John B. Marshall, Senior Statistician Research and Statistics.

JBM:mv
Encs

Defendant's Exhibit F

Table A

Names and Addresses of Grocery Stores of Multiple-outlet Concerns in the Los Angeles Metropolitan Area that were Closed Out (Discontinued Without a Successor) During 1960

Safeway	16241 S. Paramount Blvd., Pasadena
Safeway	676 E. Green Street, Pasadena
Safeway	1208 E. Compton Blvd., Compton
Safeway	7515 Long Beach, Walnut Park
Safeway	908 S. Hillview, East Los Angeles
Safeway	1045 W. Washington Blvd., Los Angeles
Safeway	5121 W. Pico Blvd., Los Angeles
Safeway	120 S. Eucalyptus, Inglewood
Safeway	220 E. Chapman St., Orange
Safeway	115 W. Colorado, Monrovia
Safeway	9130 W. Olympic, Beverly Hills
Safeway	7323 S. Main Street, Los Angeles
Safeway	8207 S. Western Avenue, Los Angeles
Safeway	3455 W. Eighth Street, Los Angeles
Safeway	8221 Melrose Avenue, Los Angeles
Safeway	5425 Long Beach Blvd., Long Beach
Safeway	1930 E. Walnut Street, Pasadena
Safeway	501 W. Fourth Street, Santa Ana
Safeway	4903 S. Normandie Avenue, Los Angeles
Jolly Jim Markets	1945 E. Fourth Street, Long Beach
Jolly Jim Markets	2420 Santa Fe Avenue, Long Beach
Fred Geonette	900 Aragon Avenue, Los Angeles
Rankins, Inc.	7421 Hillrose Avenue, Los Angeles
Kram's Foods, Inc.	12714 Sherman Way, North Hollywood
Kram's Foods, Inc.	7133 Crenshaw Blvd., Los Angeles
Kram's Foods, Inc.	105 Windward Avenue, Venice
Carl's Ranch Markets	12005 S. Avalon Blvd., Los Angeles
Walkers Markets	700 W. Lower Azusa Road, El Monte
The Pantry Food Markets	2044 E. Colorado, Pasadena
Mayfair	402 Colorado Avenue, Santa Monica
Mayfair	2225 West Whittier Blvd., Whittier
Mayfair	8725 S. Broadway, Los Angeles
Valley Stores, Inc.	14907 Magnolia Blvd., Van Nuys
Mayfair Companies	18401 Van Owen Street, Reseda
Mayfair Companies	1131 E. Wardlow Road, Long Beach
La Salle Market	2093 W. Washington Blvd., Los Angeles
La Salle Market	1914 W. Washington Blvd., Los Angeles
La Salle Market	1900 W. Washington Blvd., Los Angeles

4-6-62

Table A—Continued

Names and Addresses of Independent Grocery Stores in the Los Angeles Metropolitan Area that were Closed (Discontinued Without a Successor) During 1960

Name	Street Address	City or town
Frank De Leon	1146 Effie Street	Los Angeles
Frank Pino	1467 Hooper Avenue	Los Angeles
Jacob E. Hill	4709 Melrose Avenue	Los Angeles
Alphonse Straub (Straub's Grocery)	2057 Judson	Los Angeles
Courtesy Market	1908-10 N. Hillhurst Ave.	Los Angeles
Michael Poti	4711 Melrose Avenue	Los Angeles
Ben's Market	1102-04 S. Lorena Street	Los Angeles
Harry K. Eug	821 W. Third Street	Los Angeles
H. B. Market	2027 S. Hoover Street	Los Angeles
Pilar Duran	3027 Garnet Street	Los Angeles
Sim's Market	1335 W. Fifth Street	Los Angeles
Antonia's	1146 Effie Street	Los Angeles
Sam's Market	334 W. Venice Blvd.	Los Angeles
Morris' Market	1408 Venice Blvd.	Los Angeles
Charles & Selina Doss	2231 South Griffith Avenue	Los Angeles
J & H Food Market	2366 W. Pico Blvd.	Los Angeles
Mr. R. M. Saches	945 N. Beaudry Avenue	Los Angeles
Emilio Flores	156 S. Main Street	Los Angeles
Olivas Market	1020 S. Lorena Street	Los Angeles
Allan D. Thompson	4416 W. Pico Blvd.	Los Angeles
Bills Market	3735 N. Mission Road	Los Angeles
Joe's Market	7276 Melrose Avenue	Los Angeles
Chicago Creamery	2116 Brooklyn Avenue	Los Angeles
Hernandez Grocery	1529 W. 11th Street	Los Angeles
Paul's Grocery Store	833 N. Alma	Los Angeles
Petri's Market	5422 Alhambra Avenue	Los Angeles
Mrs. Corine Davis	1561 E. 25th Street	Los Angeles
Marsh's Market	3201 S. San Pedro Street	Los Angeles
Lara's Market	7414 Hooper Avenue	Los Angeles
Willard G. Hammack	330 S. Catalina	Redondo Beach
Bertha Mae Bragg	16525 Prairie Avenue	Lawndale
Frank & Mary Martin	5511½ Figueroa Street	Los Angeles
Leon Scott	1417 E. Brenon Avenue	Los Angeles
Weissman, Cohen Market	1745 East 41st Street	Los Angeles
Aiko Sone	3725 S. Western Avenue	Los Angeles
Harry's Market	4331 Dalton Avenue	Los Angeles
John's Market	2054 E. 103rd Street	Los Angeles
N. L. Stutts	15827 Hawthorne	Lawndale
Little David Kennedy	11208 Wilmington Avenue	Los Angeles
Joe & Rose Fregoso	4181 S. Alameda	Los Angeles
Eugene Wade	7410 S. Central Avenue	Los Angeles
Pic N Save Food Market	8115-19 Avalon Blvd.	Los Angeles
Leo's Market	2059 Nadeau Street	Los Angeles
Charlie's Market	5511½ S. Figuero Street	Los Angeles
Hardy & Grace Thomas	642 E. 109th Place	Los Angeles
B & L Market	11941 Inglewood Bl.	Hawthorne
Simon & Adela Bernstein	4219 S. Alameda Street	Los Angeles
Doug's Food Market	6738 Compton Avenue	Los Angeles
Roy's Market	5114 Central Avenue	Los Angeles
Jefferson Market	1886 W. Jefferson Blvd.	Los Angeles
Anthony & Helen Wright	4908½ S. Broadway	Los Angeles
Scott's Market	725 S. Broadway	Los Angeles
Bob Matsumoto	11105 S. Wilmington Avenue	Los Angeles

Table A—Continued

Name	Street Address	City or town
Henry McRay & Ceaser LeFlore	6524 S. San Pedro	Los Angeles
Ralph Campobasso	8634 S. Main Street	Los Angeles
Ruby Huey Prince	4821 S. Hooper Avenue	Los Angeles
Pasto & Carlott Herrera	5555 Bandero Street	Los Angeles
Thor's Market	11001 S. Figueroa Street	Los Angeles
Eleventh Ave. Market	3301 W. 54th Street	Los Angeles
Mrs. Salvadore Rivera	3819½ S. Vermont	Los Angeles
Echo Market	642 S. Ramona Avenue	Hawthorne
Quality Pi-Up Market	4801-03 Avalon	Los Angeles
Fred's Ranch Market	7400 S. Avalon	Los Angeles
Flavius & Zora Rowell	5011 S. Western Avenue	Los Angeles
Toini La Mont, Maria Rajala	2305 Redondo Beach	Redondo Beach
Hommes Market	9101 S. Normandie Avenue	Los Angeles
Lee's Grocery Store	4070 S. San Pedro Street	Los Angeles
Friendly Grocery	6524 S. San Pedro Street	Los Angeles
Best Way Market	120 S. Eucalyptus	Inglewood
Joe Duchin	10912 Compton	Compton
Magnuson's Food Market	1016 W. Magnolia Blvd.	Burbank
Harry & Evelyn Steffel	11119 Burbank Blvd.	North Hollywood
E & W Market	9407 San Fernando Road	Sun Valley
Ray's Liquor & Grocery	601 Kalisher Street	San Fernando
Art's Market	14047 Van Owens	Van Nuys
Jimmie & Martha Peterson	4742 Woodman Avenue	Sherman Oaks
William Drake	20059 Roscoe Blvd.	Canoga Park
Jerry Market	16109 Van Owen	Van Nuys
Josefina Villavana	615 San Fernando Mission Blvd.	San Fernando
Hyde's	8714 Glen Oaks Blvd.	Sun Valley
La Perla Market	1300 Woodsworth Street	San Fernando
Robert C. Woolfork	3505 W. Avenue F	Lancaster
Valley Food Service	13735 Victory Blvd.	Van Nuys
La Scala Bros.	7879 San Fernando Rd.	Sun Valley
Qik Market	7601 Vineland Avenue	Sun Valley
Mouis Mart	8549 Sepulveda Blvd.	Sepulveda
Shady Lane Trailer Court Grocery	13890 La Rue Street	San Fernando
Cox's Market	1619 Burbank Blvd.	Burbank
Phil's Kosher Market	9930 Commerce Avenue	Tejunga
Tony's Market	1619 Burbank Blvd.	Burbank
Mid Valley Whlse Foods Inc.	14532 Friar	Van Nuys
Sypherd's Grocery	13428 Telegraph Rd.	Santa Fe Springs
Shefferd Johnson	7933 E. 7th Street	Downey
La Economia Grocery	10211 E. Whittier Blvd.	Whittier
Joe & Julia Ramirez	401 S. Rowan Ave.	Los Angeles
Clarence L. Russell	3910 E. Florence Avenue	Bell
Monterey Market	3558 E. 1st Street	Los Angeles
Spurlin's Market	7052 E. Compton	Paramount
Joseph Campagna	726 S. Atlantic	Los Angeles
Perez Market	3493½ Brooklyn Avenue	Los Angeles
Edmond F. Alva	3920 E. Third	Los Angeles
Salvatore Segura	2962 E. Gage	Huntington Park
Anthony Lo-Cicero	2806 Bellgrave	Huntington Park
Pasquale & Anna Cutrona	247 S. Painter Avenue	Whittier
Morrison's Market	358 W. Poplar Street	Compton

Table A—Continued

Name	Street Address	City or town
Robert Tate	903 W. Compton Blvd.	Compton
Joseph C. Scott	5840 Main Street	Hollydale
James Labrum	6812 Live Oak Street	Bell Gardena
Mercy Market	420½ N. Poplar Avenue	Montebello
Village Mart	16509 Leffingwell Rd.	Whittier
C & M Market	2100 Hatchway	Compton
Brac's Market	4214 E. Olympic Blvd.	Los Angeles
Francisco Grenado	446 N. Gage Avenue	Los Angeles
Owen C. Lindner	15037 Alondra Blvd.	La Mirada
Family Produce Co.	13027 E. Rosecrans	Norwalk
Aurelio & Maria G. Urangia	921 N. Hazard Avenue	Los Angeles
Speedee Mart	209 Beverly Blvd.	Montebello
Speedee Mart	4520 E. Alondra Blvd.	Compton
Star Food Market	3426 Eagle Rock Blvd.	Los Angeles
Len's Market	1901 Glendale Blvd.	Glendale
Bob's Market	521 Museum Dr.	Los Angeles
Joe B. Ramos	1882 Normandie Ave.	Gardena
Garden St. Market	2207 W. Compton Blvd.	Gardena
Dusan's Market	4335 E. 10th	Long Beach
Bay Market	1150 E. 7th St.	Long Beach
Ida M. Brewer	450 Oliver St.	San Pedro
Kinser's Market	821 Lime Avenue	Long Beach
Mrs. Emma Brunner	25004 Narbonne Avenue	Lomita
The Corner Store	1123 E. Anaheim	Wilmington
Juan N. Rubio	1034 E. Pac, Coast Hiway	Wilmington
Gaffey Public Market	1400 S. Gaffey St.	San Pedro
Rancho Market	415 W. 2nd St.	San Pedro
Napoleon Market	214 Atlantic Ave.	Long Beach
Slick's Market	540 E. 1st St.	Long Beach
Alfred & Fred Nieto	7124 Seabright Ave.	Long Beach
Elm Haven Mkt	18630 S. Figueroa	Gardena
Elm Haven Market	18630 S. Figueroa St.	Gardena
Ideal Pork Shop	655 Pine Ave.	Long Beach
Little Farmers Market	640 E. Carson St.	Torrance
Farm Boy Market	10425 E. Alondra	Bellflower
John L. Grabill	300 E. 2nd St.	Pomona
Frank & Mary Salmon	285 Martello Ave.	Pasadena
Irvine Dectar	6375 N. Figueroa	Los Angeles
James & Jerrell Smith	1190 S. Main	Pomona
Ted's Triangle Market	5661 Aldama Avenue	Los Angeles
Benner Market	5934 Benner Street	Los Angeles
Virginia Inn Market	616 E. Valley Blvd.	El Monte
Oatley's	261 Linda Rosa	Pasadena
Jung's Food Mart	4203 N. Huntington Drive	Los Angeles
West Woodbury Market	543 W. Woodbury Road	Altadena
Butler's Pantry	2225 N. Glenrose Avenue	Altadena
Variety Wholesale Food Dist.	9526 E. Las Tunas Dr.	Temple City
Grindlers Market	5210 York Blvd.	Los Angeles
Edw. L. Martinez	4414 Huntington Drive	So. Los Angeles
Handy Market	303 Pasadena Avenue	S. Pasadena
G. Atinsky	3212 E. Century Blvd.	Lynwood
Donald Ellis	14345 E. Garvey	Baldwin Park
R & J Market	2545 Rosemead	S. El Monte
Vern-O-Kay Grocette	58 E. Holly St.	Pasadena
S. H. Eggleston	11625 Santa Monica Blvd.	West Los Angeles
David Sperling	321 Ocean Front	Venice

Table A—Continued

Name	Street Address	City or town
Abell Foods Inc.	812 S. La Brea Avenue	Los Angeles
B & B Stores	12912 Venice Blvd.	Los Angeles
Norborhood Grocery	200-30th Street	Newport Beach
The Little Ranch Market	14022 S. Flowers	Garden Grove
McCowan Market	1111 S. Bristol	Santa Ana
Florence Market	10542 Wintersburg Avenue	Santa Ana
Palisades Market	2002 S. E. Palisades Rd.	Santa Ana
Knott Avenue Market	6521 Knott Avenue	Buena Park
John Nora Market	326 W. Santa Fe	Placentia
Cabinland Market	28424 Silverado Road	Silverado Canyon
Pennywise Market	312 E. Central Avenue	La Habra
Victor's Super Mart	2561 Sawtelle Blvd.	W. Los Angeles
Sale's Fulton Market	345 N. Beverly Drive	Beverly Hills
Gill's Savon Market	3511 Centinela Ave.	Los Angeles
Robert L. Miller	461 North Beverly Drive	Beverly Hills

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Table B

Names and Addresses of Grocery Stores of Multiple-outlet Concerns in the Los Angeles Metropolitan Area Opened in 1960 and Closed by November 15, 1961*

Lucky Stores	306 Florence Avenue, Los Angeles
Shoppers Markets	2750 Pacific Coast Highway, Torrance
McDaniel's Markets	1117 W. Manchester, Inglewood
McDaniel's Markets	126 S. Glendora Boulevard, West Covina
Yourway Markets	16635 Crenshaw, Torrance
F & W Markets	1945 E. 4th Street, Long Beach
Minit Market	26881 Camino De Estaella, Los Angeles County
Minit Market	12816 S. Van Ness, Gardena
Minit Market	1530 S. Flower St., Santa Ana
Dearborn Stores	1600 W. 5th Ave., Pomona
Dearborn Stores	6127 Sepulvada Blvd., Los Angeles
Dearborn Stores	14545 Friar St., Los Angeles
Jolly Jim Markets	2420 Santa Fe Ave., Long Beach
The Buss Boys	3922 E. Anaheim, Long Beach
The Buss Boys	2444 E. 4th, Long Beach
Carl's Ranch Market	1500 W. 6th St., Los Angeles
Sunfair Market	7822 E. Garvey Blvd., S. San Gabriel
La Salle Market	2093 W. Washington Blvd., Los Angeles
McCoy's Market	5425 Long Beach Blvd., Long Beach
Yor Neighbors Market	5519 Cherry Ave., Long Beach
Chatsworth Market	10249 Topanga Canyon Blvd., Chatsworth
Chatsworth Market	21213 Devonshire St., Chatsworth
Pennywise Market	427 S. Holt, El Monte
Farmer Boys	203 N. Harbor Ave., Los Angeles
Bradbury Grocery	Los Angeles County
Tobias Tuchmayer & Alex Schwartz	2112 S. LaBrea Avenue, Los Angeles
Story & Miller Company	18121 Saticoy Street, Los Angeles
Sureway Markets	2461 W. Washington Blvd., Los Angeles
Hollywood Food Town, Inc.	6630-34 Hollywood Blvd., Los Angeles
Beef's Chuck	4926-30 Hollywood Blvd., Los Angeles
Blue Goose	1528 Sunset Blvd., Los Angeles
Hernandez Grocery	1529 W. 11th Street, Los Angeles
Petri's Market	5422 Alhambra Avenue, Los Angeles

Table B—Continued

Mr. Solomon Chasin	2116 Brooklyn Avenue, Los Angeles
Food Spot Market	9315 S. Avalon Blvd., Los Angeles
Mr. Bartolome Merced	10956 S. Main Street, Los Angeles
Ernest Newsom	5043 S. Normandie, Los Angeles
Lee's Grocery Store	4070 S. San Pedro St., Los Angeles
Bestway Market	120 S. Eucalyptus Street, Inglewood
Leonard Cohen	823 Garnet Street, Redondo Beach
Tenerelli's Italian Food Market	308 Avenue I, Redondo Beach
Snappy Food Mart	4172 W. Imperial Highway, Inglewood
Simmons Market	101 S. Broadway, Redondo Beach
Dave's Market	4610 S. Avalon, Los Angeles
Tony's Market	1619 Burbank Blvd., Burbank
Grant & Son (Mr. Robert Grant)	13069 Van Nuys Blvd., Pacoima
Mr. Harry Woods	11940 Ventura Blvd., Studio City
Speedee Mart	209 Beverly Blvd., Montebello
Mr. Anthony Valdes	373 W. Compton Blvd., Compton
Hasting's Market	6836 E. Motz, Paramount
Speedee Mart #304	4520 E. Alondra Blvd., Compton
Mac's Market	5559 S. Atlantic Blvd., Maywood
Arnold's Market	1900 E. 139th St., Compton
Speedee Mart #305	12142 Downey Ave., Downey
Speedee Mart #301	209 E. Beverly Blvd., Montebello
Bull's Market	1545 Wilmington Blvd., Wilmington
Elm Haven Mkt	18630 S. Figueroa, Gardena
Ideal Pork Shop	655 Pine Avenue, Long Beach
Little Farmers Market	640 E. Carson Street, Torrance
Mr. Ralph M. White	3961 W. 17th Street, Torrance
Parkwood Market	17101 Woodruff Ave., Bellflower
Mr. James E. Gunn	747 W. Willow Street, Long Beach
Mr. Edward M. Smith	5115 E. Willow Street, Long Beach
Norman Wallenfand & Robert DeVaun	18630 S. Figueroa Street, Gardena
Food Market Company	12816 S. Van Ness Avenue, Gardena
Handy Market	303 Pasadena Avenue, S. Pasadena
Mr. Finis C. Myers	303 N. First Ave., Arcadia
R & J Market	2545 Rosemead, S. El Monte
Vern-O-Kay Grocette	58 E. Holly Street, Pasadena
Mr. Anthony G. Donato	20 W. Valley Blvd., Alhambra
The Viking Shop	1610 Montana Avenue, Santa Monica
Mr. James I. Yamamoto Sr.	1800 Sawtelle Blvd., Los Angeles
Charles & Irene Uller	7461 La Palma, Buena Park
Mr. John T. Maxwell	1310 Nicholas Street, Fullerton
Pennywise Market	312 E. Central Avenue, La Habra
Carl & Mary K. J. Ellin	12562 Garden Grove Blvd., Garden Grove
Mr. Rayford L. Jones	10541 Bolsa Avenue, Garden Grove
John & Sarah Stevens	801 S. Euclid, Anaheim
Jack H. Roop	2437 Ball Road, Anaheim
Kenneth Roundy	536 S. Brea Blvd., Brea
In and Out Market	4622 W. Bolsa Avenue, Santa Ana

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* Data requested in your letter of February 20, 1962.

Defendant's Exhibit J

Record of Chain Store Grocery Locations in the Los Angeles Market Area

(See Accompanying Map)
(Not attached)

Chain Grocery Store Locations

This Booklet accompanies the map on which Grocery Chain locations are spotted—a different color, or pattern, map tack for each of 28 chains.

The map is the responsibility of The Business Research Department of *The Los Angeles Examiner.*

The store locations were provided, upon our request, by the grocery chains listed. The suggested cut-off date was July, 1961. To the best of our knowledge, these lists represent the number of Chain Grocery stores in this area at that time. However, with new markets being opened so frequently, it is obvious that no listing would be strictly up to date.

List of Chain Stores

Name of Chain	Stores within Metropolitan Area
A & P Food Stores	19
Alexander's Markets	12
Alpha Beta Markets	46
Better Foods, Inc.	7
The Boys Markets, Inc.	11
Carls Ranch Markets	4
Coles Markets	6
Crawford Stores	6
Food Giant Markets, Inc.	42
Fox Markets, Inc.	37
Gateway Markets	13
Greater All American Markets, Inc.	14
Hughes Markets	12
Jurgensen's Grocery Co.	10
Kory's Markets, Inc.	8
Lucky Stores, Inc.	17
Market Basket	48
Mayfair Markets	26
Mc Coys Markets, Inc.	14
Mednick Brothers Markets	4
Pix Food Markets	9
Ralphs Grocery Company	41
Safeway Stores, Inc.	140
Shoppers Markets, Inc.	12
Shopping Bag	36
Sunfair	4
Thriftimart, Inc.	57
Von's	32

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A & P Food Stores

Stores within the Los Angeles Metropolitan Area:

1120 S. Bristol Ave.
Santa Ana
3745 E. Foothill Blvd.
Pasadena
13630 Victory Blvd.
Van Nuys
16051 E. Whittier Blvd.
Whittier
2828 Wilshire Blvd.
Santa Monica
370 Woodbury Road
Altadena
7910 Sunset Blvd.
Los Angeles
2095 Atlantic Blvd.
Monterey Park
610 W. Las Tunas Dr.
Arcadia
1835 S. La Cienega Blvd.
Los Angeles
4243 Woodruff Ave.
Lakewood
4770 Lankershim Blvd.
North Hollywood
3426 E. 7th St.
Long Beach
200 E. Spruce St.
Inglewood
5116 E. 2nd St.
Long Beach
10929 Lindbrook Dr.
Westwood
5635 Hollywood Blvd.
Los Angeles
1853 N. Vermont Ave.
Los Angeles
310 Glenneyre St.
Laguna Beach

Other stores beyond the boundaries of the Los Angeles Metropolitan Area:

5385 El Cajon Blvd.
San Diego
2665 Fifth Ave.
San Diego
3309 State St.
Santa Barbara
235 W. 4th St.
Oxnard
320 E. Central
Redlands
844 Orange Ave.
Coronado
7829 Girard Ave.
La Jolla
82-730 Miles Ave.
Indo
481 Main St.
El Centro
145 2nd St.
Calexico

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Alexander's Markets

Stores within the Los Angeles Metropolitan Area:

204 West Wilson Avenue
Glendale 3, California
3029 South Vermont Avenue
Los Angeles 7
4813 West Washington Blvd.
Los Angeles 19
18426 Roscoe Blvd.
Northridge
260 East Magnolia Blvd.
Burbank
6355 Bellingham Ave.
North Hollywood
1601 North Vermont Ave.
Los Angeles 27
421 West Foothill Blvd.
La Canada
273 East Gladstone Ave.
Azusa
328 West Huntington Drive
Monrovia
1640 North Puente Ave.
Baldwin Park
550 E. First Street
Tustin

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Alpha Beta Markets

Stores within the Los Angeles Metropolitan Area:

5071 Rodeo Rd.
Los Angeles
2189 Lakewood Blvd.
Long Beach
360 E. 5th Street
Pomona
1304 N. Main Street
Santa Ana
8970 Bolsa
Westminster
13031 Harbor Blvd.
Garden Grove
1795 N. Garey Avenue
Pomona
178 S. Glassell Street
Orange
1275 E. Center Street
Anaheim
15025 E. Whittier Blvd.
Whittier
1020 Euclid Avenue
Anaheim
241 E. 17th Street
Costa Mesa
6436 E. Spring Street
Lakewood
625 S. Citrus
Covina
2040 Third Street
La Verne
1670 Indian Hill Blvd.
Pomona
17305 E. Valley Blvd.
La Puente
17311 Nichols Avenue
Huntington Beach
2228 E. 17th Street
Santa Ana
940 N. Tustin
Orange

A & P Food Stores

Stores within the Los Angeles Metropolitan Area:

1120 S. Bristol Ave.
Santa Ana
3745 E. Foothill Blvd.
Pasadena
13630 Victory Blvd.
Van Nuys
16051 E. Whittier Blvd.
Whittier
2828 Wilshire Blvd.
Santa Monica
370 Woodbury Road
Altadena
7910 Sunset Blvd.
Los Angeles
2095 Atlantic Blvd.
Monterey Park
610 W. Las Tunas Dr.
Arcadia
1835 S. La Cienega Blvd.
Los Angeles
4243 Woodruff Ave.
Lakewood
4770 Lankershim Blvd.
North Hollywood
3426 E. 7th St.
Long Beach
200 E. Spruce St.
Inglewood
5116 E. 2nd St.
Long Beach
10929 Lindbrook Dr.
Westwood
5635 Hollywood Blvd.
Los Angeles
1853 N. Vermont Ave.
Los Angeles
310 Glenneyre St.
Laguna Beach

Other stores beyond the boundaries of the Los Angeles Metropolitan Area:

5385 El Cajon Blvd.
San Diego
2665 Fifth Ave.
San Diego
3309 State St.
Santa Barbara
235 W. 4th St.
Oxnard
320 E. Central
Redlands
844 Orange Ave.
Coronado
7829 Girard Ave.
La Jolla
82-730 Miles Ave.
Indo
481 Main St.
El Centro
145 2nd St.
Calexico

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Alexander's Markets

Stores within the Los Angeles Metropolitan Area:

204 West Wilson Avenue
Glendale 3, California
3029 South Vermont Avenue
Los Angeles 7
4813 West Washington Blvd.
Los Angeles 19
18426 Roscoe Blvd.
Northridge
260 East Magnolia Blvd.
Burbank
6355 Bellingham Ave.
North Hollywood
1601 North Vermont Ave.
Los Angeles 27
421 West Foothill Blvd.
La Canada
273 East Gladstone Ave.
Azusa
328 West Huntington Drive
Monrovia
1640 North Puente Ave.
Baldwin Park
550 E. First Street
Tustin

9/61

Alpha Beta Markets

Stores within the Los Angeles Metropolitan Area:

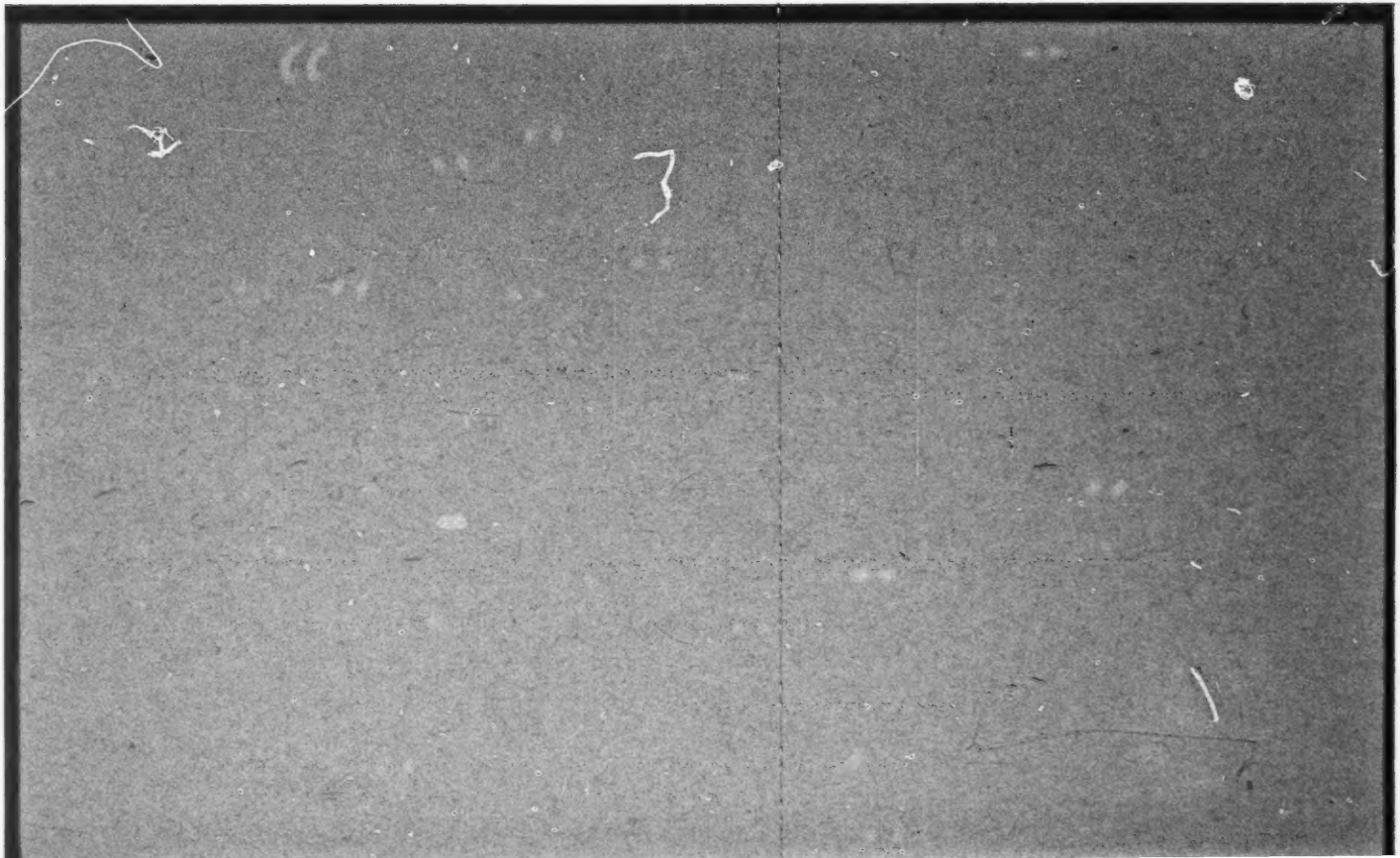
5071 Rodeo Rd.
Los Angeles
2189 Lakewood Blvd.
Long Beach
360 E. 5th Street
Pomona
1304 N. Main Street
Santa Ana
8970 Bolsa
Westminster
13031 Harbor Blvd.
Garden Grove
1795 N. Garey Avenue
Pomona
178 S. Glassell Street
Orange
1275 E. Center Street
Anaheim
15025 E. Whittier Blvd.
Whittier
1020 Euclid Avenue
Anaheim
241 E. 17th Street
Costa Mesa
6436 E. Spring Street
Lakewood
625 S. Citrus
Covina
2040 Third Street
La Verne
1670 Indian Hill Blvd.
Pomona
17305 E. Valley Blvd.
La Puente
17311 Nichols Avenue
Huntington Beach
2228 E. 17th Street
Santa Ana
940 N. Tustin
Orange

Alpha Beta Markets—Continued

30822 S. Coast Highway
So. Laguna Beach
1010 S. Main Street
Santa Ana
600 S. Sunset
West Covina
247 N. Los Robles
Pasadena
150 E. Live Oak
Arcadia
1250 E. Chapman
Fullerton
1322 E. Huntington Drive
Duarte
5935 Temple City Blvd.
Temple City
14333 Clark
Bellflower
1067 N. Grand
Covina
580 W. Central
La Habra
20 W. Foothill Blvd.
Arcadia
1216 S. Magnolia
Anaheim
2109 S. Garey
Pomona
3581 Century
Lynwood
915 S. Bookhurst
Anaheim
10951 E. Rosecrans Blvd.
Norwalk
11961 Paramount Blvd.
Downey
421 N. Atlantic
Monterey Park
10231 S. Lakewood Blvd.
Downey
13451 Telegraph Road
So. Whittier
1701 W. Orangethorpe
Fullerton
11382 Stanton Avenue
Stanton
12091 S. Harbor Blvd.
Garden Grove
2120 S. Bristol
Santa Ana
676 Bellevue
Pomona

Other stores beyond the boundaries of the Los Angeles Metropolitan Area:

154 Baseline
Rialto
430 N. Mountain
Ontario
203 W. Sixth Street
Corona
1339 E. 4th Street
Ontario
8616 California
Riverside
155 E. 40th Street
San Bernardino
12350 California St.
Yucaipa



Better Foods, Inc.

Stores within the Los Angeles Metropolitan Area:

3993 S. Western Avenue
Los Angeles 62
5817 S. Western Ave.
Los Angeles 47
4317 Beverly Blvd.
Los Angeles
130 S. Central Ave.
Glendale
4466 Tweedy Blvd.
South Gate
16100 Lakewood Blvd.
Bellflower
306 E. Florence Ave.
Los Angeles

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The Boys Market, Inc.

Stores within the Los Angeles Metropolitan Area:

5531 Monte Vista St.
Los Angeles 42
33 N. Lake
Pasadena
120 E. Valley Blvd.
San Gabriel
3670 S. Crenshaw Blvd.
Los Angeles 16
4600 Daneland St.
Lakewood
1575 E. Holt Ave.
Pomona
625 N. Hawthorne Blvd.
Hawthorne
11922 S. Vermont Ave.
Los Angeles 44
15015 Imperial Highway
La Mirada
3750 E. Anaheim St.
Long Beach
2201 Redondo Beach Blvd.
Gardena

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Carl's Ranch Markets

Stores within the Los Angeles Metropolitan Area:

508 North Doheny
Beverly Hills
3488 West 8th
Los Angeles
2500 Pasadena Avenue
Los Angeles
1500 West 6th
Los Angeles

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Coles Markets

Stores within the Los Angeles Metropolitan Area:

1000 East 4th St.
Long Beach
1320 East Alondra
Compton
5548 Woodruff
Lakewood
6191 Atlantic Avenue
Long Beach
10581 Garden Grove Blvd.
Garden Grove
3401 East Artesia St.
Long Beach

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Crawford Stores

Stores within the Los Angeles Metropolitan Area:

1200 North Central
Glendale
910 W. Valley
Alhambra
1421 W. Valley Blvd.
Alhambra
800 W. Whittier Blvd.
Montebello
2660 E. Colorado Blvd.
Pasadena
639 N. Euclid Avenue
Anaheim

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Food Giant Markets, Inc.

Stores within the Los Angeles Metropolitan Area:

3831 E. Century Blvd.
Lynwood
4848 W. 190th St.
Torrance
11161 E. Washington Blvd.
Whittier
11202 S. Crenshaw Blvd.
Inglewood
423 S. Hawthorne Blvd.
Hawthorne
4020 W. Alameda Blvd.
Burbank
21001 Sherman Way
Canoga Park
2724 N. Main St.
Santa Ana
14990 S. Crenshaw Blvd.
Gardena
2400 Sepulveda Blvd.
Manhattan Beach
3731 Pacific Coast Highway
Torrance
13925 Elliot Ave.
La Puente
15906 San Bernardino Rd.
West Covina
6831 Westminster Ave.
Westminster
5115 Citrus Ave.
Covina
5646 E. Whittier Blvd.
E. Los Angeles

Food Giant Markets, Inc.—Continued

10912 Katella
Garden Grove
8340 Van Nuys Blvd.
Panorama City
10321 Sepulveda Blvd.
San Fernando
7134 Sepulveda Blvd.
Van Nuys
18135 Sherman Way
Reseda
8932 Miller St.
Buena Park
2231 W. Central Ave.
La Habra
22741 Victory Blvd.
Woodland Hills
28849 Western Ave.
San Pedro
2300 Harbor Blvd.
Costa Mesa
1045 Exline St.
El Monte
21740 S. Hawthorne Blvd.
Torrance
7316 Compton Ave.
Florence
11208 S. Western Ave.
Los Angeles
8060 Dale St.
Buena Park
9036 E. Beverly Blvd.
Pico-Rivera
4033 Laurel Canyon Blvd.
Studio City
12451 Los Alamitos Blvd.
Los Alamitos
700 Lower Azusa Rd.
El Monte
6135 Atlantic Blvd.
Maywood
325 N. Canon Dr.
Beverly Hills
5119 E. Pomona Blvd.
E. Los Angeles
14103 W. Ramona Blvd.
Baldwin Park
2235 E. Garvey Blvd.
West Covina
13942 E. Imperial Highway
La Mirada
2190 N. Garey Ave.
Pomona

Other stores beyond the boundaries of the Los Angeles Metropolitan Area:

17283 Foothill Blvd.
Fontana
1655 Euclid Ave.
San Diego
391 N. Magnolia Ave.
El Cajon
1666 Rosecrans Blvd.
San Diego
555 Sweetwater Rd.
Spring Valley
1383 E. Foothill Blvd.
Upland
1248 Market St.
San Diego 2
3077 Clairemont Dr.
San Diego 17

Food Giant Markets, Inc.—Continued

3994 Clairemont Mesa Blvd.
San Diego
3015 Clairemont Dr.
San Diego
1702 Garnet St.
Pacific Beach
3908 Clairemont Mesa
San Diego 17
212 E. Broadway
San Diego 1
159 Concorse
College Gro., San Diego 15

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Fox Markets, Inc.

Stores within the Los Angeles Metropolitan Area:

18632 Ventura Blvd.
Tarzana
4411 W. Slauson Ave.
Los Angeles
706 W. Las Tunas Dr.
San Gabriel
5472 Crenshaw Blvd.
Los Angeles
10919 Sepulveda
Mission Hills (Pacoima)
14206 Van Ness Ave.
Gardena
20060 Ventura Blvd.
Woodland Hills
5767 White Oak Ave.
Encino
18345 Vanowen St.
Reseda
1321 Post Ave.
Torrance
1320 San Fernando Rd.
San Fernando
10040 Rosecrans Ave.
Bellflower
9320 E. Slauson Ave.
Pico Rivera
2121 W. 182nd St.
Torrance
15124 S. Atlantic Blvd.
Compton
14900 Magnolia Blvd.
Van Nuys
520 W. Willow
Long Beach
3010 E. Artesia Blvd.
Compton
1940 Bullis Road
Compton
7425 Van Nuys Blvd.
Van Nuys
1540 W. Valley Blvd.
El Monte
175 E. 17th St.
Costa Mesa
2279 Pacific Ave.
Long Beach
1140 E. Carson St.
Long Beach
2217 Palo Verde Ave.
Long Beach
5595 Atlantic Blvd.
Long Beach

Fox Markets, Inc.—Continued

12021 W. Washington Blvd.
Los Angeles
3024 S. Sepulveda Blvd.
Los Angeles
20900 Hawthorne Blvd.
Torrance
2412 W. Pico Blvd.
Santa Monica
130 East Avenue J
Lancaster
2101 E. Palmdale
Palmdale
909 S. Central Ave.
Compton
1900 E. Alondra Ave.
Compton
1051 W. Rosecrans Ave.
Compton
1220 E. 4th St.
Long Beach
4929 Woodruff Ave.
Lakewood

Other stores beyond the boundaries of the Los Angeles Metropolitan Area:

1316 Payne Ave.
Edwards
2713 E. Main St.
Ventura
831 "B" Street
Oxnard
3501 Saviers Road
Oxnard
420 S. Fairview Ave.
Goleta

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Gateway Markets

Stores within the Los Angeles Metropolitan Area:

1007 Cypress Avenue
Los Angeles 65
513 West Avenue
Los Angeles 65
3342 Verdugo Road
Los Angeles 41
5449 N. Rosemead Blvd.
San Gabriel
440 W. Las Tunas
San Gabriel
15735 Gale Ave.
La Puente
409 W. Valley Blvd.
Alhambra
100 North Garfield
Alhambra
2532 W. Valley Blvd.
Alhambra
8219 E. Garvey Blvd.
San Gabriel
160 East Garvey Ave.
Monterey Park
2050 W. Central Ave.
La Habra
649 West Duarte Rd.
Arcadia

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Greater All American Markets, Inc.

Stores within the Los Angeles Metropolitan Area:

7814 E. Firestone Blvd.
Downey
2600 Coast Highway
Newport Beach
3094 Coast Highway
Corona Del Mar
11750 Firestone Blvd.
Norwalk
535 W. 19th Street
Costa Mesa
7511 Orangethorpe
Buena Park
9858 Garden Grove Blvd.
Garden Grove
602 El camino real
San Clemente
6381 Ball Road
Cypress
12233 Centralia Road
Artesia
700 Coast Highway
Laguna Beach
13111 S. San Pedro Street
San Pedro
6351 Westminster Blvd.
Westminster
1706 West Chapman
Orange

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Hughes Markets

Stores within the Los Angeles Metropolitan Area:

12836 Ventura Blvd.
Studio City
14440 Burbank Blvd.
Van Nuys
1900 N. Highland Ave.
Hollywood 28
16940 Devonshire St.
Granada Hills
15120 Sunset Blvd.
Pacific Palisades
3075 San Fernando Road
Los Angeles 65
4520 Van Nuys Blvd.
Sherman Oaks
14620 Parthenia Street
Panorama City
6657 Laurel Canyon Blvd.
North Hollywood
1100 N. San Fernando Rd.
Burbank
10400 N. Sepulveda Blvd.
Mission Hills
11361 National Blvd.
Los Angeles 64
To open in 1961:
Canoga and Devonshire
Chatsworth

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Jurgensen's Grocery Co.

Stores within the Los Angeles Metropolitan Area:

842 E. California St.
Pasadena 1
1172 Linda Vista Avenue
Pasadena 2
250 Broadway
Laguna Beach
1071 Glendon Avenue
Los Angeles 24
353 North Rodeo Drive
Beverly Hills
2650 Mission Street
San Marino 9
409 North Beverly Drive
Beverly Hills
11 Fashion Square
Santa Ana
(Balzer's)
133 North Larchmont Blvd.
Los Angeles 4
(Sale's Markets)
17019 Ventura Blvd.
Encino

Other stores beyond the boundaries of the Los Angeles Metropolitan Area:

Santa Barbara

Kory's Markets, Inc.

Stores within the Los Angeles Metropolitan Area:

4710 S. Broadway
Los Angeles 37
5801 S. Vermont Ave.
Los Angeles 44
500 W. Florence Ave.
Los Angeles 44
10807 S. Avalon Blvd.
Los Angeles 61
2250 W. Pico St.
Los Angeles 6
120 W. Anaheim
Wilmington
5841 Lankershim Blvd.
North Hollywood
6215 York Blvd.
Los Angeles 42

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Lucky Stores, Inc.

Stores within the Los Angeles Metropolitan Area:

2510 Pacific Coast Hwy.
Hermosa Beach
6801 Atlantic Ave.
Bell
24911 S. Western Ave.
Lomita
1001 S. LaBrea Ave.
Inglewood
1516 Pacific Coast Highway
Redondo Beach
2515 Torrance Blvd.
Torrance
3860 Sepulveda Blvd.
Torrance
4630 E. Pacific Coast Hwy.
Long Beach
11029 Alondra Blvd.
Norwalk
720 W. La Palma Ave.
Anaheim
10801 Prairie Ave.
Lennox
933 E. Las Tunas Blvd.
E. San Gabriel
10721 Atlantic Ave.
Lynwood
4601 Silva
Lakewood Center
6235 E. Spring St.
Long Beach
2630 E. Workman
West Covina
15200 E. Rosecrans Ave.
La Mirada

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Market Basket

Stores within the Los Angeles Metropolitan Area:

1500 On The Mall
Pomona
2821 W. Pomona Blvd.
Montebello 2
880 Lincoln Blvd.
Venice
155 N. Glendora Ave.
City of Industry
9451 E. Las Tunas Blvd.
Temple City
1160 N. Fair Oaks Ave.
Pasadena 3
401 E. Whittier Blvd.
Whittier
900 Huntington Dr.
San Marino
111 West Valley Blvd.
San Gabriel
1260 N. Lake Ave.
Pasadena 6
2515 N. Fair Oaks Ave.
Altadena
3030 N. Bellflower Blvd.
Long Beach
6298 W. Third St.
Los Angeles
605 E. Foothill Blvd.
Azusa
920 W. Commonwealth Ave.
Fullerton

Market Basket—Continued

2270 N. Lake Avenue
Altadena
3847 Culver Center
Culver City
3601 E. Foothill Blvd.
Pasadena
40 N. Santa Anita
Pasadena
4160 N. Main Avenue
Baldwin Park
1859 E. Washington St.
Pasadena
14029 S. Pioneer Blvd.
Norwalk
920 Fair Oaks Ave.
South Pasadena
128 W. Lemon St.
Monrovia
4910 Huntington Drive
Los Angeles
30 South First Avenue
Arcadia
16123 S. Bellflower Blvd.
Bellflower
1221 S. Los Angeles St.
Anaheim
6340 N. Rosemead Blvd.
San Gabriel
12030 E. Valley Blvd.
El Monte
11550 Telegraph Rd.
Santa Fe Springs
3981 Chicago St.
Riverside
14014 S. Valley View
La Mirada
949 W. San Bernardino
Road
Covina
910 W. 17th St.
Santa Ana
1040 N. Mountain Ave.
Ontario
1800 N. Long Beach Blvd.
Compton
1645 W. Holt Ave.
Pomona
630 S. "D" St.
Tustin
932 E. Badillo Ave.
Covina
2311 S. Bristol St.
Santa Ana
3100 Balboa Blvd.
Newport Beach
20821 Vanowen St.
Canoga Park
1401 Hawthorne Blvd.
Redondo Beach
14949 Adelfa
La Mirada
1000 Studebaker Rd.
Long Beach
2975 Harbor Blvd.
Costa Mesa
129 E. Lomita St.
Wilmington
18400 5th Ave.
City of Industry
10500 Magnolia St.
Stanton

Market Basket—Continued

Other stores beyond the boundary of the Los Angeles Metropolitan Area:

140 W. 40th St.
San Bernardino
1150 Brookside Ave.
Redlands
2425 McCallum Way
Palm Springs

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Mayfair Markets

Stores within the Los Angeles Metropolitan Area:

8770 West Pico Blvd.
Los Angeles
23765 West Malibu Road
Malibu
4700 Los Coyotes Diagonal
Long Beach
15424 Sunset Blvd.
Pacific Palisades
5587 Sepulveda Blvd.
Culver City
290 Harbor Drive
Redondo Beach
1100 East Central
La Habra
1812 South Main Street
Santa Ana
8837 South Sepulveda Blvd.
Los Angeles
1400 S. Spadra Road
Fullerton
2030 West First Street
Santa Ana
7742 East Eighth Street
Buena Park
11758 East South Street
Artesia
4128 East South Street
Lakewood
14826 South Beach Blvd.
La Mirada
606 S. Pomona Ave.
Brea
6672 Westminster Ave.
Westminster
929 S. Euclid Ave.
Anaheim
9892 Westminster Ave.
Garden Grove
12832 Rosecrans
Norwalk
3430 West Ball Road
Anaheim
10821 Orr & Day Rd.
Santa Fe Springs
5701 East Florence Ave.
Bell Gardens
"Bell Gardens Food Center"
1201 East Highland Ave.
San Bernardino
689 "E" Street
San Bernardino
831 East Holt Street
Ontario

Mayfair Markets—Continued

Other stores beyond the boundaries of the Los Angeles Metropolitan Area:

3967 - 30th Street
San Diego
5075 Federal Blvd.
San Diego
5833 University Avenue
San Diego
3560 Ashford St.
San Diego
1000 Plaza Blvd.
National City
7663 Broadway
Lemon Grove
33 Naples Street
Chula Vista
540 Third Ave.
Chula Vista
7525 Eads Avenue
La Jolla
1186 East Main Street
El Cajon
500 Broadway
Chula Vista
3363 El Cajon Blvd.
San Diego
4340 Moraga
San Diego
9665 Campo Rd.
Spring Valley
9365 Mission Gorge Rd.
Santee
9850 Central Avenue
Montclair
940 South Palm Canyon Dr.
Palm Springs
2070 North Rancho Avenue
Colton
6307 North Citrus Ave.
Azusa
3565 Plaza Mall
Riverside
5222 Arlington Ave.
Riverside
83-240 Avenue 46
Indo
444 N. Palm Canyon Dr.
Palm Springs
5720 Mission Blvd.
Rubidoux
9477 Foothill Blvd.
Cucamonga
10331 Magnolia Ave.
Arlington
Highway #11 & Monroe St.
Indio

Mednick Brothers Market

Stores within the Los Angeles Metropolitan Area:

8101 Seville Ave.
South Gate
1328-54 S. Pacific
San Pedro
6130 S. Western Ave.
Los Angeles
401 S. Alameda
Compton

Other stores beyond the boundaries of the Los Angeles Metropolitan Area:

416 E. Holt (Torley's Market)
Ontario

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McCoys Markets, Inc.

Stores within the Los Angeles Metropolitan Area:

5425 Long Beach Blvd.
North Long Beach
1934 East Anaheim
Long Beach
12222 Garfield Avenue
Hollydale
7826 Monroe
Paramount
5820 Bellflower Blvd.
Lakewood
2824 East Anaheim Blvd.
Long Beach
4232 East Anaheim Blvd.
Long Beach
5286 East 2nd Street
Long Beach
5800 Atlantic Blvd.
North Long Beach
17602 Bellflower Blvd.
Bellflower
2290 Santa Fe
Long Beach
13235 South Woodruff
Downey
2056 Pacific
Long Beach
4100 Orange
Long Beach

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Pix Food Markets

Stores within the Los Angeles Metropolitan Area:

16107 Victory Blvd.
Van Nuys
12827 Victory Blvd.
North Hollywood
6151 West Pico Blvd.
Los Angeles 35
9607 Long Beach Blvd.
South Gate
2701 Santa Barbara Avenue
Los Angeles
14545 Friar Street
Van Nuys
17443 Chatsworth Street
Granada Hills
13810 East Los Angeles Street
Baldwin Park
1600 West 5th Avenue
Pomona

Other stores beyond the boundaries of the Los Angeles Metropolitan Area:

24645 Baseline
San Bernardino
1035 Highland
San Bernardino
4330 Van Buren
Arlington
Rancho & "C" Streets
Colton
Muscott & Highland
San Bernardino
527 Cadena
Colton
Lincoln & Mary
Riverside
4731 Riverside Drive
Chino
4220 Main Street
Riverside

Ralphs Grocery Company

Stores within the Los Angeles Metropolitan Area:

3003 W. Manchester
Inglewood 4
201 W. Broadway
Glendale 4
7257 Sunset Blvd.
Hollywood 46
9020 E. Firestone
Downey
17250 Saticoy
Van Nuys
1213 Third Street
Santa Monica
202 Philadelphia St.
Whittier
4360 S. Figueroa
Los Angeles 37
4641-5 Santa Monica
Los Angeles 29
9331 Wilshire Blvd.
Beverly Hills

Ralphs Grocery Company—Continued

17800 Ventura Blvd.
Encino
401 N. Loara
Anaheim
3617 W. Washington
Los Angeles 18
400 N. Western Ave.
Los Angeles 4
9750 Woodman Ave.
Pacoima
7140 Rita Street
Huntington Park
5615 Wilshire Blvd.
Los Angeles 36
5711 Hollywood Blvd.
Hollywood 28
510 West Main
Alhambra 14
171 N. Lake St.
Pasadena
1150 Westwood Blvd.
Westwood 24
2024 E. 10th Street
Long Beach 4
2111 Foothill Blvd.
La Canada
7813 S. Vermont
Los Angeles 44
8704 S. Sepulveda
Los Angeles 45
240 S. San Fernando
Burbank
4821 Lankershim
North Hollywood
3633 Crenshaw
Los Angeles 16
1416 E. Colorado
Glendale 5
8575 West 3rd St.
Los Angeles 48
14049 Ventura Blvd.
Van Nuys
3456 West Third St.
Los Angeles 5
3033 S. Sepulveda
Los Angeles 66
16 East Live Oak
Arcadia
2201 Hawthorne Blvd.
Redondo Beach
4949 Paramount Blvd.
Lakewood
2205 Rosecrans Blvd.
Gardena
1523 West 17th St.
Santa Ana
22035 Roscoe Blvd.
Canoga Park
17020 Chatsworth
Granada Hills
211 E. Foothill Blvd.
Arcadia

Safeway Stores, Inc.

Stores within the Los Angeles Metropolitan Area:

123 Metropole Ave.
Avalon
6136 W. Manchester Blvd.
Los Angeles
8825 S. Vermont Ave.
Los Angeles
1921 N. Wilcox Ave.
Los Angeles
1133 Gould Lane
Manhattan Beach
410 N. Hawthorne Blvd.
Hawthorne
11650 Riverside Dr.
North Hollywood
1050 Gayley
Westwood
2500 Santa Fe
Long Beach
1011 Centinela Ave.
Inglewood
7151 Vassar St.
Canoga Park
1212 Celis St.
San Fernando
4500 Kester Ave.
Sherman Oaks
3887 Crenshaw Blvd.
Los Angeles
5060 Rodeo Rd.
Los Angeles
7320 Reseda Blvd.
Reseda
230 S. Vermont Ave.
Los Angeles
10525 Venice Blvd.
Los Angeles
12325 Venice Blvd.
Los Angeles
606 Fair Oaks Ve.
South Pasadena
11641 Victory Blvd.
No. Hollywood
5610 York Blvd.
Los Angeles
3080 Glendale Blvd.
Los Angeles
910 E. Broadway
Long Beach
1515 Seventh St.
Santa Monica
2009 W. Whittier Blvd.
Montebello
2622 N. Main St.
Los Angeles
1717 S. Western Ave.
Los Angeles
7050 Sunset Blvd.
Los Angeles
7138 Van Nuys Blvd.
Van Nuys
5705 Melrose Ave.
Los Angeles
9825 Mason Ave.
Chatsworth
939 W. Gage
Los Angeles
1507 S. Robertson Blvd.
Los Angeles
2377 W. Pico Blvd.
Los Angeles
3717 W. Olympic Blvd.
Los Angeles
15725 S. Vermont Ave.
Gardena
3215 Tweedy Blvd.
South Gate

Safeway Stores, Inc.—Continued

235 W. Fourth St.
Long Beach
10455 Laurel Canyon Blvd.
Pacoima
6030 Crenshaw Blvd.
Los Angeles
8025 Vineland Ave.
Sun Valley
8625 Woodman Ave.
Pacoima
11675 Glenoaks Blvd.
Pacoima
3930 Rosecrans
Hawthorne
313 Grand Blvd.
Venice
9467 Olympic Blvd.
Beverly Hills
18131 Ventura Blvd.
Tarzana
2090 Westwood Blvd.
Los Angeles
2420 Whittier Blvd.
Los Angeles
2230 E. First St.
Los Angeles
1145 W. Seventh St.
Los Angeles
2155 Pacific Coast
Highway
Lomita
2290 E. Seventh St.
Long Beach
275 S. Atlantic Blvd.
E. Los Angeles
4318 E. Olympic
E. Los Angeles
3600 E. Brooklyn Ave.
E. Los Angeles
1607 Montana St.
Los Angeles
1011 E. Adams Blvd.
Los Angeles
10561 W. Pico Blvd.
Los Angeles
6011 S. San Pedro St.
Los Angeles
8969 Santa Monica
W. Hollywood
714 N. Pine Ave.
Long Beach
6041 Compton Ave.
Florence
4580 Atlantic Ave.
Long Beach
1001 Manhattan Ave.
Manhattan Beach
1754 E. Imperial Highway
Watts
5658 Clara St.
Bell Gardens
5262 E. 2nd St.
Long Beach
226 N. Larchmont Blvd.
Los Angeles
2911 E. Florence Ave.
Huntington Park
5356 Lankershim Blvd.
N. Hollywood
802 Seventh St.
Santa Monica
27426 Hawthorne Blvd.
Palos Verdes Est.
3900 E. Ocean Blvd.
Long Beach
1221 Gaffey St.
San Pedro

Safeway Stores, Inc.—Continued

358 N. Beverly Dr.
Beverly Hills
7803 S. Central Ave.
Los Angeles
210 N. Verdugo Rd.
Glendale
1006 N. Brand Blvd.
Glendale
2065 W. Verdugo Blvd.
Montrose
1010 N. Western Ave.
Los Angeles
200 S. Willowbrook Ave.
Compton
1722 E. Firestone Blvd.
Los Angeles
9938 Commerce St.
Tujunga
531 Pacific Coast Highway
Redondo Beach
4308 E. Slauson Ave.
Maywood
10213 S. Avalon Blvd.
Los Angeles
24316 N. San Fernando Road
Newhall
3007 W. Jefferson Blvd.
Los Angeles
3233 Foothill Blvd.
Glendale
1355 N. Avalon Blvd.
Wilmington
1644 W. Carson
Torrance
1820 W. Verdugo Ave.
Burbank
4001 W. Sixth St.
Los Angeles
180 S. La Brea Ave.
Los Angeles
11407 Santa Monica Blvd.
W. Los Angeles
3903 Sunset Blvd.
Los Angeles
336 Holt Ave.
Pomona
830 S. Indian Hill Blvd.
Claremont
17639 S. Bellflower Blvd.
Bellflower
130 S. Pickering
Whittier
135 S. Lemon St.
Anaheim
434 W. Commonwealth Ave.
Fullerton
6507 E. Spring St.
Long Beach
11130 Washington Blvd.
Santa Fe Springs
4912 E. Hardwick St.
Lakewood
15100 Whittier Blvd.
E. Whittier
12761 Harbor Blvd.
Garden Grove
9631 Chapman
Garden Grove
636 N. Coast Highway
Laguna Beach
8281 Garden Grove Blvd.
Garden Grove
211 E. 17th St.
Costa Mesa
13840 Paramount Blvd.
Paramount

Safeway Stores, Inc.—Continued

1801 E. Chapman Ave.
Orange
3170 W. Lincoln
Anaheim
7420 Florence Ave.
Downey
801 N. El Camino Real
San Clemente
1437 S. Main St.
Santa Ana
11033 E. Rosecrans Blvd.
Norwalk
12301 Luitweiler Ave.
La Mirada
10932 Westminster Ave.
Westminster
5023 S. Central Ave.
Los Angeles
429 N. Azusa Ave.
Azusa
1001 S. First Ave.
Arcadia
2020 N. Fair Oaks Ave.
Pasadena
137 S. San Gabriel Blvd.
San Gabriel
470 N. Lake Street
Pasadena
635 S. Citrus Ave.
Covina
304 San Bernardino Road
El Monte
7260 S. Rosemead Blvd.
San Gabriel
122 E. Huntington Drive
Monrovia
1432 W. Puente St.
West Covina
1717 N. Glendora Ave.
La Puente
400 S. Atlantic
Alhambra
50 Pier Ave.
Hermosa Beach
11666 San Vincente Blvd.
W. Los Angeles
1311 W. 3rd St.
Los Angeles

Other stores beyond the boundaries of the Los Angeles Metropolitan Area:

14557 Highway 66
Victorville
500 W. Main St.
Barstow
1675 Mt. Vernon St.
San Bernardino
660 4th St.
San Bernardino
2167 Lugo Ave.
San Bernardino
720 East "A" St.
Ontario
531 Orange St.
Redlands
125 East "F" St.
Colton
350 S. Palm Canyon Dr.
Palm Springs
71550 Highway 111
Rancho Mirage
45—742 Oasis Ave.
Indio
314 East 6th St.
Corona

Safeway Stores, Inc.—Continued

410 Hobson Way
Blythe
49978 Highway 99
Coachella
16730 Arrow Hwy.
Fontana
121 S. Carmelita St.
Hemet
3450 Market St.
Riverside
2379 Pennsylvania Ave.
Riverside
9185 Magnolia Ave.
Arlington
2411 "F" St.
Bakersfield
2309 Niles St.
Bakersfield
336 Jackson
Shafter
706 W. Lancaster Blvd.
Lancaster
910 Kern St.
Taft
1434 Ramsey St.
Banning
200 China Grade Loop
Road
Oildale
820 S. Main St.
Delano
700 3rd Ave.
Arvin
40 Chester Ave.
Bakersfield
1015 Columbus Ave.
Bakersfield
835 Spring St.
Paso Robles
Five Cities Dr.
Pismo Beach
5505 El Camino Real
Atascadero
1221 Marsh St.
San Luis Obispo
850 Linden Ave.
Carpinteria
1125 Maracopa Hwy.
Ojai
3025 De la Vina St.
Santa Barbara
213 E. Chapel
Santa Maria
222 North "H" St.
Lompoc
34 W. Victoria St.
Santa Barbara
939 S. Oxnard Blvd.
Oxnard
119 N. 8th St.
Santa Paula
133 Pleasant Valley Rd.
Oxnard
222 N. Milpas
Santa Barbara
299 Borchard Dr.
Ventura
411 Central Ave.
Fillmore
1331 San Andres St.
Santa Barbara
2325 Cerro Gordo St.
Mojave

Safeway Stores, Inc.—Continued

3495 Big Bear Blvd.
Big Bear Lake
174 S. Main St.
Bishop
38461 N. 10th St.
Palmdale

Shoppers Market, Inc.

Stores within the Los Angeles Metropolitan Area:

1819 East First Street
Los Angeles
3105 Wilshire Blvd.
Santa Monica
825 West Arbor Vitae
Inglewood
11011 East Firestone Blvd.
Norwalk
2627 Lincoln Blvd.
Santa Monica
1636—25th Street
San Pedro
110 East Carson
Torrance
8701 Lincoln Blvd.
Los Angeles
2750 Pacific Coast Highway
Torrance
133 N. Ave. 45, Highland Park
Los Angeles
7822 E. Garvey Blvd.
So. San Gabriel
6121 W. Pico Blvd.
Los Angeles 35

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Shopping Bag

Stores within the Los Angeles Metropolitan Area:

1170 W. Garvey Blvd.
West Covina
9922 Katella
Anaheim
13730 Foothill Blvd.
Sylmar
9058 E. Firestone Blvd.
Downey
517 S. Glendora Ave.
Glendora
1111 Ave. I
Lancaster
331 N. Glendale Ave.
Glendale
19333 Victory Blvd.
Reseda
1201 W. Whittier Blvd.
Montebello
1611 W. Whittier Blvd.
La Habra
8325 Foothill Blvd.
Sunland
3100 Foothill Blvd.
La Crescenta
44816 N. Beech Ave.
Lancaster
2256 Honolulu Ave.
Montrose

Shopping Bag—Continued

920 Foothill Blvd.
La Canada
2408 Lincoln Avenue
Altadena
2222 Colorado Blvd.
Eagle Rock
1566 Colorado Blvd.
Eagle Rock
2270 Huntington Drive
San Marino
3841 E. Sierra Madre Blvd.
Pasadena
1407 Baldwin Avenue
West Arcadia
2200 West Valley Blvd.
Alhambra
4806 N. Peck Road
El Monte
137 E. Valley Blvd.
El Monte
140 West Foothill Blvd.
Monrovia
9406 E. Washington Blvd.
Pico-Rivera
1183 Quad Way
Whittier
9130 E. Whittier Blvd.
Pico-Rivera
1845 W. Orangethorpe Ave.
Fullerton
2150 N. Glenoaks Blvd.
Burbank
2960 Huntington Drive
San Marino
127 N. Garfield Avenue
Monterey Park
15427 Armar Road
La Puente
815 East Ave. Q-6
Palmdale
960 W. Arrow Highway
Covina
2470 N. San Antonio Ave.
No. Pomona

Other stores beyond the boundaries of the Los Angeles Metropolitan Area:

304 E. Foothill Blvd.
Upland
16823 Foothill Blvd.
Fontana

Sunfair Markets

Stores within the Los Angeles Metropolitan Area:

12010 S. Garfield
Hollydale
6741 E. Carson St.,
Lakewood
866 W. Alondra
Compton
3753 W. Slauson
Los Angeles 43

Thriftimart, Inc.

Stores within the Los Angeles Metropolitan Area:

6840-46 La Tijera Blvd.
Los Angeles 45
2616 W. Imperial Highway
Inglewood
19836 Ventura Blvd.
Woodland Hills
2450 Glendale Blvd.
Los Angeles 26
22217 Palos Verdes Blvd.
Torrance
17625 Sherman Way
Van Nuys
8440 Lincoln Blvd.
Los Angeles 45
625 Orangewood Avenue
Anaheim
757 South Workman St.
San Fernando
11666 National Blvd.
Los Angeles 34
45422 N. 10th St., West
Lancaster
15231 Ventura Blvd.
Van Nuys
200 South Placentia
Avenue
Anaheim
Chatsworth & Zelzah
Granada Hills
19718 Sherman Way
Canoga Park
9901 Chapman Avenue
Garden Grove
15801 East Whittier Blvd.
Whittier
6140 Lankershim Blvd.
North Hollywood
4030 Eagle Rock Blvd.
Los Angeles 41
325 Lincoln Blvd.
Venice
1320 Francisquito Ave.
West Covina
14540 Leffingwell Road
La Mirada
2600 South Vermont
Los Angeles 7
12210 Santa Monica Blvd.
West Los Angeles 25
10113 Venice Blvd.
Los Angeles 34
1120 Hacienda Blvd.
La Puente
915 West Glenoaks Blvd.
Glendale 2
5145 Laurel Canyon Blvd.
North Hollywood
3621 South LaBrea Ave.
Los Angeles 16
26626 Western Avenue
Harbor City
561 North Glendale Ave.
Glendale
609 N. Dillon St.
Los Angeles 26
7985 Santa Monica Blvd.
Los Angeles 46
9690 Santa Monica Blvd.
Beverly Hills
16847 Ventura Blvd.
Encino
7980 Sunset Blvd.
Los Angeles 46

Thriftimart, Inc.—Continued

8888 Knott Avenue
Buena Park
3217 W. Magnolia Blvd.
Burbank
6601 North Laurel Canyon Blvd.
North Hollywood
20934 Roscoe Blvd.
Canoga Park
4158 North Viking Way
Long Beach 8
9131 West Olympic Blvd.
Beverly Hills
5819 N. Bellflower Blvd.
Lakewood 11
8290 La Palma
Buena Park
3708 Burbank Blvd.
Burbank
2164 Bellflower Blvd.
Long Beach 4
Chapman Blvd. & North Cypress
Fullerton
5005 El Segundo Blvd.
Hawthorne
13922 Brookhurst St.
Garden Grove
804 Beverly Blvd.
Montebello
11322 Los Alamitos
Los Alamitos
3200 North Garey Ave.
Pomona
11861 Valleyview St.
Garden Grove
2233 Pico Blvd.
Santa Monica
6534 Platt Avenue
Canoga Park
1133 West Glenoaks
Glendale
3606 North Verdugo Rd.
Glendale 8

Other stores beyond the Los Angeles Metropolitan Area boundaries:

1790 Moorpark
Thousand Oaks
2940 Niles St.
Bakersfield
1621 Columbus St.
Bakersfield
6921 Van Buren Blvd.
Arlington
1067 Mt. Vernon Ave.
Colton
6120 Lake Murray Blvd.
La Mesa
1049 Elkelton Blvd.
Spring Valley

Von's

Stores within the Los Angeles Metropolitan Area:

11471 Long Beach Blvd.
Lynwood
1305 Wilshire Blvd.
Santa Monica
3667 W. Third Street
Los Angeles 5
2280 Atlantic Blvd.
Monterey Park
10001 Paramount Blvd.
Downey
5035 Pacific Coast Hwy.
Torrance
1020 S. Fairfax Ave.
Los Angeles 35
3334 W. Eighth Street
Los Angeles 5
840 S. Alvarado Street
Los Angeles 5
1020 S. Crenshaw Blvd.
Los Angeles 6
1500 W. Pico Blvd.
Los Angeles 15
5029 S. Vermont Avenue
Los Angeles 37
6607 Atlantic Blvd.
Bell
1260 W. Redondo Beach Blvd.
Gardena
3644 W. Santa Barbara Ave.
Los Angeles 43
10780 W. Pico Blvd.
Los Angeles
6651 Van Nuys Blvd.
Van Nuys
8857 S. Western Avenue
Los Angeles
4480 Atlantic Blvd.
Long Beach
6921 LaTijera Blvd.
Los Angeles 45
6571 W. 80th Street
Los Angeles 45
18247 Sherman Way
Reseda
9011 Woodman Avenue
Pacoima
13333 Riverside Drive
Sherman Oaks
4200 N. Woodruff Ave.
Lakewood
12151 Brookhurst Ave.
Garden Grove
15740 Whittwood Lane
Whittier
20151 Roscoe Blvd.
Canoga Park
1000 E. Valley Blvd.
Alhambra
973 S. Glendora Avenue
West Covina
16225 San Fernando Mission
Granada Hills
16130 Nordhoff Street
Sepulveda

Von's—Continued

Other stores beyond the boundaries of the Los Angeles Metropolitan Area:

179 N. Moorpark Rd.
Thousand Oaks
1046 Mission Avenue
Oceanside
130 West "G" Street
Ontario
2764 Thompson Blvd.
Ventura

Defendant's Exhibit L

The Great Atlantic & Pacific Tea Company, Inc.

Source: Moody's Industrial Manual (1962) pp. 2670, et seq. and Supplement thereto

Year	Sales
Year ending 2/25/56	$4,304,990,650
Year ending 2/23/57	4,481,852,081
Year ending 2/22/58	4,769,249,488
Year ending 2/28/59	5,094,741,391
Year ending 2/27/60	5,048,574,241
Year ending 2/25/61	5,246,578,194
Year ending 2/24/62	5,240,315,077
Year ending 2/23/63	5,310,544,361

Total Number of Retail Stores as of February 23, 1963—4,475

Retail Stores by States:

Alabama	82	Missouri	91
Arkansas	3	Nebraska	1
California	31	New Hampshire	37
Connecticut	101	New Jersey	266
Delaware	16	New York	708
D.C.	8	North Carolina	148
Florida	123	Ohio	279
Georgia	91	Oklahoma	0
Illinois	301	Pennsylvania	431
Indiana	112	Rhode Island	35
Iowa	23	South Carolina	55
Kansas	28	Tennessee	32
Kentucky	71	Texas	96
Louisiana	61	Vermont	25
Maine	74	Virginia	85
Maryland	80	Washington	14
Massachusetts	192	West Virginia	67
Michigan	266	Wisconsin	128
Minnesota	1	Canada	163
Mississippi	26		

Assets Operated by Subsidiaries:

36 bakeries
4 grocery manufacturing plants
1 evaporated and powdered milk plant
1 catsup manufacturing plant
4 salmon canneries
11 coffee roasting plants
3 butter printing plants
1 cheese curing plant
1 creamery
1 nut processing plant
1 fish processing plant
2 launderies

Various buying offices and produce packing plants in producing areas, including coffee buying offices in South America.

Total assets as of 2/23/63: $767,973,892

Safeway Stores, Incorporated

Source: Moody's Industrial Manual (1962) p. 1055 and Supplement thereto

Year	No. of Stores	Net Sales
1950		$1,209,993,762
1951		1,454,642,996
1952		1,639,095,212
1953		1,751,819,708
1954		1,813,516,636
1955		1,932,243,202
1956	1981	1,989,305,295
1957	2033	2,117,314,394
1958	2117	2,225,352,461
1959	2164	2,383,011,483
1960	2207	2,468,972,786
1961	2054	2,538,031,649
1962	2069	2,509,644,155

Total Assets as of 12/29/62 $473,359,315

Stores by States and Foreign Countries:

Alaska	3	Nebraska	78
Arizona	39	Nevada	14
Arkansas	38	New Jersey	0
California	470	New Mexico	34
Canada	213	New York	0
Colorado	111	Oklahoma	95
Connecticut	0	Oregon	95
Idaho	32	Pennsylvania	1
Iowa	44	So. Dakota	7
Kansas	74	Texas	167
Louisiana	4	Utah	44
Maryland	48	Virginia	84
Mississippi	1	Washington	155
Missouri	62	Washington, DC	71
Montana	44	Wyoming	25

American Stores Company

Source: Moody's Industrial Manual (1962) p. 442 and Supplement thereto

Year	No. of Stores	Average Sales Per Store
1950	1637	$ 254,517
1951	1505	312,150
1952	1408	370,260
1953	1289	420,508
1954	1132	533,336
1955	1076	580,507
1956	953	687,016
1957	903	863,646
1958	844	992,109
1959	758	1,062,899
1960	810	1,098,088
1961	840	1,200,000
1962	845	

	Total Sales
52 wks. to 3/28/53	$ 542,035,133
52 wks. to 3/28/54	603,736,507
52 wks. to 3/28/55	624,625,745
52 wks. to 3/28/56	654,727,474
52 wks. to 3/28/57	779,872,712
52 wks. to 3/28/58	837,339,582
52 wks. to 3/28/59	874,766,716
52 wks. to 4/2/60	889,451,897
52 wks. to 4/1/61	1,011,489,370
52 wks. to 3/31/62	1,034,869,917
Total assets as of 3/31/62:	$ 209,063,585

Food Fair Stores, Inc.

Source: Moody's Industrial Manual (1962) p. 887, et seq. and Supplement thereto

As of 4/28/62 had 465 stores in operation located as follows:

Connecticut	17	Virginia	15
New York	48	Florida	137
New Jersey	87	Maryland	48
Pennsylvania	97	Georgia	6
Delaware	9	Rhode Island	1

Total Assets as of 4/28/62: $193,410,818

Year	Net Sales
1950	$164,625,893
1951	205,643,640
1952	259,590,810
1953	292,659,754
1954	348,215,041
1955	410,053,400
1956	475,197,400
1957	545,197,534
1958	600,963,819
1959	733,960,099
1960	771,171,733
1961	840,180,062
1962	923,224,116

Mayfair Markets

Source: Moody's Industrial Manual (1962) p. 721 and Supplement thereto

Incorporated 1946

Business: Operates 178 supermarkets in California, Arizona, Utah, Idaho, Oregon and Washington.

Year	Sales
1951	$ 38,679,980
1952	48,370,003
1953	60,577,611
1954	61,485,530
1955	66,945,292
1956	83,493,616
1957	101,329,679
1958	117,016,406
1959	153,866,451
1960	203,586,102
1961	256,686,427
1962	288,326,834
Assets as of Dec. 31, 1962	$ 62,538,618

Lucky Stores, Inc.

Source: Moody's Industrial Manual (1962) p. 1170 and Supplement thereto

Year	Sales
1950	$ 32,676,798
1951	36,141,565
1952	40,243,845
1953	41,418,420
1954	39,960,505
1955	44,841,656
1956	118,598,885
1957	128,671,517
1958	141,512,741
1959	178,689,888
1960	190,071,490
1961	200,400,953
1962	232,448,971

Operates 141 supermarkets in California, Arizona and Washington.

Total Assets as of 12/30/62 $47,586,060

The Kroger Co.

Source: Moody's Industrial Manual (1962) pp. 995-98 and Supplement thereto

Year	Sales
Year ending 12/31/55	$1,219,474,000
Year ending 12/29/56	1,492,552,000
Year ending 12/28/57	1,674,123,000
Year ending 12/27/58	1,776,175,000
Year ending 1/2/60	1,911,902,467
Year ending 12/31/60	1,870,289,637
Year ending 12/30/61	1,842,342,667
Year ending 12/29/62	1,947,570,909

Total Assets as of	12/30/61:	$379,704,951
	12/29/62:	401,127,886

The Kroger Co.—Continued

Total Number of Retail Stores as of December 30, 1961—1,354 located as follows:

Alabama	15	Missouri	83
Arkansas	43	North Carolina	13
Georgia	38	Ohio	266
Illinois	147	Pennsylvania	60
Indiana	117	South Carolina	1
Kansas	9	Tennessee	58
Kentucky	70	Texas	88
Louisiana	13	Virginia	36
Maryland	4	Washington, D. C.	1
Michigan	162	West Virginia	44
Minnesota	4	Wisconsin	62
Mississippi	20		

DEFENDANT'S EXHIBIT M

A SURVEY TO DETERMINE EXISTING COMPETITION BETWEEN VON'S AND SHOPPING BAG MARKETS

December, 1959

A Report Based on a Survey of Customers Which Shows That as of December, 1959, There Was Little, If Any, Overlap in the Draw Areas of the Von's and Shopping Bag Stores Located in Whittier, La Habra, Garden Grove, Downey, Alhambra and Monterey Park.

A SURVEY TO DETERMINE EXISTING COMPETITION BETWEEN VON'S AND SHOPPING BAG MARKETS

December, 1959

INTRODUCTION

Facts Consolidated was requested to conduct a survey to determine the amount of competition existing between Von's and Shopping Bag markets at those locations in close proximity to each other.

Methodology

In order to determine the extent of competition, questions were asked as to: Where respondents do most of their grocery shopping; how often they shop there; what are the main reasons for shopping there; what other markets do they sometimes shop; and the intersection nearest their home.

The markets selected for the survey represent those Von's and Shopping Bag markets which are close to each other in the Los Angeles-Orange County area. These areas and markets have been numbered for ease in reporting and tabulation as follows:

Area #	Store #	Store
1	1	Von's, 15740 Whittwood, Whittier
	2	Shopping Bag, 1183 Quad Way, Whittier
	3	Shopping Bag, 127 North Hacienda, Whittier
2	4	Von's, 12151 Brookhurst, Garden Grove
	5	Shopping Bag, Brookhurst and Katella, Garden Grove
3	6	Von's, 10001 Paramount Boulevard, Downey
	7	Shopping Bag, Stonewood Shopping Center, Downey
4	8	Von's, 1000 East Valley Boulevard, Alhambra
	9	Shopping Bag, 2200 West Valley Boulevard, Alhambra
5	10	Von's, 2280 Atlantic Boulevard, Monterey Park
	11	Shopping Bag, 127 North Garfield, Monterey Park

Each store was covered by two or three staff interviewers stationed in the parking lot. Each interviewer was instructed to situate himself so as not to interfere with the other interviewers in his area.

Interviews were conducted from 4 PM to 10 PM Friday, November 13, 1959 and from 9 AM to 4 PM Saturday, November 14, 1959. This hourly schedule was set up in order to cover each market during the regular business hours during a 24 hour period.

A copy of the questionnaire follows this report.

Major Highlights

1. From a high of 77% in Whittier to a low of 57% in Monterey Park respondents interviewed in Von's parking lots named Von's as the market where most of their grocery shopping was done. (Page 1) Sixteen to 22% of these respondents named Von's as their second choice (page 3).

2. Among Shopping Bag parking lot respondents, the Whittier Quad Way Shopping Bag received the lowest rating as first choice market (50%) with the Whittier North Hacienda Shopping Bag receiving the highest rating, 71%, (Page 1). This market also received highest mention by its parking lot customers as their second choice, 17% (page 3).

3. In no area where Von's led as the market in which respondents do most of their shopping did Shopping Bag show up as an important second choice. (page 2)

4. When Shopping Bag led as the market where respondents do most of their shopping, Von's did not show up as the major second choice in any area. (page 2)

5. Convenience was the main reason given for shopping at Von's or Shopping Bag markets. (page 6)

6. Approximately two thirds of the respondents shop at the market where they do most of their shopping two times a week or more and about 50% shop weekly at their second choice market. (page 6)

The above factors reveal that the Von's markets and Shopping Bag markets studied are too far apart to draw a major portion of shoppers from each other's area.

Separate exhibits of dot maps show the store locations and the intersections nearest the homes of the respondents.

These maps show the small amount of customer overlap in each area which indicates the separate drawing power of each market.

The following 6 tables present the findings by area, store and total. The remaining tables report the detail for each market surveyed, pages 7-39.

In answer to Question 1: "Where do you do most of your grocery shopping?"

BY AREA AND BY STORE

	WHITTIER						GARDEN GROVE				DOWNEY				ALHAMBRA				MONTEREY PARK			
	Von's Store 1		Shopping Bag Store 2		Shopping Bag Store 3		Von's Store 4		Shopping Bag Store 5		Von's Store 6		Shopping Bag Store 7		Von's Store 8		Shopping Bag Store 9		Von's Store 10		Shoppi Bag Store	
Number of respondents	341	100.0	294	100.0	235	100.0	350	100.0	352	100.0	354	100.0	347	100.0	355	100.0	340	100.0	249	100.0	322	10
Number and percent saying they do most of their grocery shopping at...	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	
Von's	264	77.0	16	5.0	11	5.0	228	65.0	14	4.0	283	79.0	14	4.0	239	67.0	7	2.0	139	57.0	18	
Shopping Bag	15	5.0	143	50.0	164	71.0	7	2.0	195	55.0	3	1.0	188	55.0	8	2.0	238	70.0	1	*	217	6
Alpha Beta	15	5.0	27	9.0	15	6.0	21	6.0	13	4.0	7	2.0	15	4.0	11	3.0	3	1.0	16	6.0	9	
Cole's Markets	-	-	1	*	-	-	10	3.0	2	1.0	-	-	-	-	-	-	-	-	-	-	-	
Crawford's	-	-	-	-	1	*	-	-	-	-	-	-	-	-	10	3.0	9	3.0	3	1.0	8	
Food Giant	1	*	4	1.0	-	-	17	5.0	22	6.0	2	1.0	2	1.0	4	1.0	-	-	3	1.0	-	
Gateway	4	1.0	1	*	4	2.0	-	-	-	-	-	-	-	-	12	3.0	20	6.0	14	6.0	20	
Market Basket	4	1.0	24	8.0	1	*	-	-	1	*	-	-	8	2.0	13	4.0	5	1.0	28	11.0	9	
McDaniel's	2	1.0	2	1.0	1	*	-	-	-	-	-	-	-	-	1	*	-	-	28	11.0	6	
Ralphs	-	-	4	1.0	-	-	2	1.0	4	1.0	9	3.0	34	10.0	3	1.0	12	4.0	-	-	1	
Safeway	8	2.0	9	3.0	1	*	8	2.0	6	2.0	4	1.0	5	1.0	14	4.0	4	1.0	10	4.0	2	
Thriftimart	11	3.0	8	3.0	9	4.0	15	4.0	19	5.0	1	*	1	*	-	-	1	*	-	-	-	
Other	14	4.0	55	19.0	22	9.0	22	6.0	34	10.0	45	13.0	65	19.0	34	10.0	12	4.0	5	2.0	31	10
No preference	3	1.0	-	-	6	3.0	20	6.0	42	12.0	-	-	15	4.0	6	2.0	29	8.0	2	1.0	1	

*Less than .5%

2572

In answer to Question 1: "Where do you do most of your grocery shopping?"
Question 4: "Which market is your second choice for grocery shopping?"

BY AREA AND BY STORE

	WHITTIER						GARDEN GROVE				DOWNEY				ALHAMBRA				MONTEREY PARK			
	Von's Store 1		Shopping Bag Store 2		Shopping Bag Store 3		Von's Store 4		Shopping Bag Store 5		Von's Store 6		Shopping Bag Store 7		Von's Store 8		Shopping Bag Store 9		Von's Store 10		Shopping Bag Store 11	
Number of respondents doing most of their grocery shopping at ____	264	100.0	143	100.0	164	100.0	228	100.0	195	100.0	283	100.0	188	100.0	239	100.0	238	100.0	139	100.0	217	100.0
Number and percent saying their second choice is...	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Von's	-	-	6	4.0	34	21.0	-	-	25	13.0	-	-	11	6.0	-	-	15	6.0	-	-	38	18.0
Shopping Bag	26	10.0	-	-	-	-	11	5.0	-	-	9	3.0	-	-	12	5.0	-	-	6	4.0	-	-
Alpha Beta	33	13.0	6	4.0	40	24.0	22	10.0	32	16.0	19	7.0	13	7.0	11	5.0	4	2.0	11	8.0	10	5.0
Cole's Markets	-	-	-	-	-	-	26	11.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Crawford's	-	-	1	1.0	-	-	-	-	-	-	-	-	-	-	42	18.0	46	19.0	5	4.0	10	5.0
Food Giant	1	*	10	7.0	-	-	25	11.0	23	12.0	3	1.0	4	2.0	1	*	1	*	10	7.0	-	-
Gateway	14	5.0	2	1.0	14	9.0	-	-	-	-	-	-	-	-	31	13.0	52	22.0	6	4.0	53	24.0
Market Basket	8	3.0	43	30.0	3	2.0	1	*	2	1.0	2	1.0	3	2.0	21	9.0	14	6.0	31	22.0	11	5.0
McDaniel's	3	1.0	2	1.0	-	-	-	-	-	-	2	1.0	-	-	1	*	-	-	22	16.0	9	4.0
Ralphs	2	1.0	1	1.0	2	1.0	6	3.0	-	-	20	7.0	75	39.0	15	6.0	9	4.0	4	3.0	5	2.0
Safeway	32	12.0	6	4.0	4	2.0	35	15.0	11	6.0	11	4.0	1	1.0	17	7.0	6	3.0	4	3.0	6	3.0
Thriftimart	43	16.0	-	-	10	6.0	26	11.0	27	14.0	-	-	-	-	1	*	-	-	1	1.0	-	-
Other	45	17.0	29	20.0	28	17.0	31	14.0	29	15.0	146	51.0	47	25.0	37	15.0	16	7.0	19	14.0	40	18.0
No preference	57	22.0	38	27.0	29	18.0	45	20.0	45	23.0	70	25.0	33	18.0	50	22.0	75	31.0	20	14.0	35	16.0

*Less than .5%

In answer to Question 4: "Which market is your second choice for grocery shopping?"

BY AREA AND BY STORE

	WHITTIER						GARDEN GROVE				DOWNEY				ALHAMBRA				MONTEREY PARK			
	Von's Store 1		Shopping Bag Store 2		Shopping Bag Store 3		Von's Store 4		Shopping Bag Store 5		Von's Store 6		Shopping Bag Store 7		Von's Store 8		Shopping Bag Store 9		Von's Store 10		Shopping Bag Store 11	
Number of respondents	341	100.0	294	100.0	235	100.0	350	100.0	352	100.0	354	100.0	347	100.0	355	100.0	340	100.0	249	100.0	322	100.0
Number and percent saying their second choice for grocery shopping is...	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Von's	53	16.0	16	5.0	37	17.0	70	20.0	33	9.0	55	16.0	13	4.0	70	20.0	17	5.0	56	22.0	43	13.0
Shopping Bag	30	9.0	53	18.0	42	18.0	11	3.0	41	12.0	10	3.0	81	23.0	13	4.0	42	12.0	6	2.0	72	22.0
Alpha Beta	37	11.0	21	7.0	42	18.0	25	7.0	42	12.0	21	6.0	21	6.0	13	4.0	4	1.0	16	6.0	12	4.0
Cole's Markets	-	-	-	-	-	-	27	8.0	1	*	-	-	-	-	-	-	-	-	-	-	-	-
Crawford's	-	-	1	*	-	-	-	-	-	-	-	-	-	-	42	12.0	49	14.0	6	2.0	14	5.0
Food Giant	1	*	15	5.0	-	-	30	9.0	32	9.0	3	1.0	7	2.0	2	1.0	3	1.0	12	5.0	-	-
Gateway	14	4.0	2	1.0	15	6.0	-	-	-	-	-	-	-	-	36	10.0	57	17.0	17	7.0	59	18.0
Market Basket	10	3.0	46	16.0	7	3.0	2	1.0	3	1.0	2	1.0	4	1.0	26	7.0	17	5.0	44	18.0	18	6.0
McDaniel's	3	1.0	7	2.0	1	*	-	-	-	-	2	1.0	-	-	1	*	-	-	29	12.0	11	3.0
Ralphs	3	1.0	3	1.0	2	1.0	6	2.0	1	*	21	6.0	78	23.0	17	5.0	9	3.0	5	2.0	5	2.0
Safeway	32	9.0	11	4.0	5	2.0	37	11.0	17	5.0	13	4.0	4	1.0	25	7.0	7	2.0	8	3.0	8	2.0
Thriftimart	45	13.0	4	1.0	12	5.0	29	8.0	34	10.0	-	-	1	*	4	1.0	-	-	2	1.0	-	-
Other	48	14.0	67	23.0	36	15.0	35	10.0	48	14.0	153	42.0	69	20.0	46	13.0	19	6.0	24	10.0	39	12.0
No preference	65	19.0	50	17.0	36	15.0	78	21.0	100	28.0	74	20.0	69	20.0	60	17.0	116	34.0	24	10.0	41	13.0

*Less than .5%

2529

375

In answer to Question 1: "Where do you do most of your grocery shopping?"
Question 7: "Are there any other markets where you sometimes shop?"

BY AREA AND BY STORE

	WHITTIER						GARDEN GROVE				DOWNEY				ALHAMBRA				MONTEREY PARK			
	Von's Store 1		Shopping Bag Store 2		Shopping Bag Store 3		Von's Store 4		Shopping Bag Store 5		Von's Store 6		Shopping Bag Store 7		Von's Store 8		Shopping Bag Store 9		Von's Store 10		Shopping Bag Store 11	
Number of respondents doing most of their grocery shopping at ____	264	100.0	143	100.0	164	100.0	228	100.0	195	100.0	283	100.0	188	100.0	239	100.0	238	100.0	139	100.0	217	100.0
Number and percent saying they sometimes shop at...	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Von's	-	-	3	2.0	19	12.0	-	-	24	12.0	-	-	18	10.0	-	-	32	13.0	-	-	15	7.0
Shopping Bag	21	8.0	-	-	-	-	8	4.0	2	1.0	10	4.0	-	-	17	7.0	3	1.0	-	-	14	6.0
Alpha Beta	17	6.0	7	5.0	23	14.0	17	7.0	31	16.0	31	11.0	13	7.0	13	5.0	10	4.0	4	3.0	13	6.0
Cole's Markets	1	*	-	-	-	-	10	4.0	7	4.0	-	-	-	-	-	-	1	*	-	-	-	-
Crawford's	-	-	-	-	-	-	-	-	-	-	2	1.0	1	1.0	38	16.0	35	15.0	-	-	18	8.0
Food Giant	-	-	2	1.0	2	1.0	16	7.0	19	10.0	2	1.0	3	2.0	3	1.0	-	-	1	1.0	2	1.0
Gateway	5	2.0	1	1.0	13	8.0	-	-	-	-	-	-	-	-	24	10.0	54	23.0	8	6.0	15	7.0
Market Basket	8	3.0	2	1.0	8	5.0	4	2.0	-	-	1	*	4	2.0	24	10.0	19	8.0	5	4.0	6	3.0
McDaniel's	1	*	-	-	-	-	-	-	-	-	1	*	-	-	1	*	2	1.0	8	6.0	9	4.0
Ralphs	2	1.0	3	2.0	3	2.0	2	1.0	3	2.0	22	8.0	16	9.0	11	5.0	31	13.0	-	-	5	2.0
Safeway	19	7.0	3	2.0	16	10.0	29	13.0	19	10.0	13	5.0	-	-	15	6.0	18	8.0	-	-	3	1.0
Thriftimart	27	10.0	1	1.0	9	5.0	25	11.0	30	15.0	-	-	1	1.0	5	2.0	-	-	-	-	1	*
Other	29	11.0	15	10.0	28	17.0	31	14.0	20	10.0	35	12.0	25	13.0	25	10.0	9	4.0	4	3.0	10	5.0
No preference	138	52.0	106	74.0	63	38.0	106	46.0	82	42.0	177	63.0	120	64.0	112	47.0	98	41.0	109	78.0	127	59.0

Sums of the columns may exceed 100% and the base because of multiple answers.

*Less than .5%

In answer to Question 7: "Are there any other markets where you sometimes shop?"

BY AREA AND BY STORE

	WHITTIER						GARDEN GROVE				DOWNEY				ALHAMBRA				MONTEREY PARK			
	Von's Store 1		Shopping Bag Store 2		Shopping Bag Store 3		Von's Store 4		Shopping Bag Store 5		Von's Store 6		Shopping Bag Store 7		Von's Store 8		Shopping Bag Store 9		Von's Store 10		Shopping Bag Store 11	
Number of respondents	341	100.0	294	100.0	235	100.0	350	100.0	352	100.0	354	100.0	347	100.0	355	100.0	340	100.0	249	100.0	322	100.0
Number and percent saying they also sometimes shop at...	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Von's	11	3.0	10	3.0	30	13.0	47	13.0	47	13.0	9	3.0	32	9.0	36	10.0	52	15.0	23	10.0	22	7.0
Shopping Bag	24	7.0	9	3.0	19	8.0	24	7.0	78	22.0	12	3.0	21	6.0	29	8.0	28	8.0	-	-	35	11.0
Alpha Beta	22	6.0	10	3.0	38	16.0	34	10.0	63	18.0	37	10.0	21	6.0	21	6.0	16	5.0	5	2.0	20	6.0
Cole's Markets	1	*	-	-	-	-	24	7.0	13	4.0	1	*	-	-	2	1.0	1	*	-	-	-	-
Crawford's	-	-	-	-	-	-	1	*	-	-	2	1.0	1	*	48	14.0	58	17.0	-	-	28	9.0
Food Giant	1	*	2	1.0	3	1.0	37	11.0	44	13.0	5	1.0	8	2.0	5	1.0	1	*	1	*	5	2.0
Gateway	5	2.0	6	2.0	19	8.0	-	-	-	-	-	-	-	-	44	12.0	70	21.0	8	3.0	28	9.0
Market Basket	11	3.0	8	3.0	10	4.0	7	2.0	4	1.0	2	1.0	8	2.0	37	10.0	32	9.0	11	4.0	13	4.0
McDaniel's	1	*	1	*	1	*	1	*	-	-	1	*	-	-	5	1.0	2	1.0	13	5.0	13	4.0
Ralphs	2	1.0	6	2.0	3	1.0	5	1.0	10	3.0	29	8.0	36	11.0	22	6.0	41	12.0	1	*	9	3.0
Safeway	26	8.0	12	4.0	22	9.0	49	14.0	37	11.0	21	6.0	1	*	29	8.0	29	9.0	-	-	5	2.0
Thriftimart	30	9.0	3	1.0	13	6.0	46	13.0	60	17.0	-	-	3	1.0	12	3.0	-	-	-	-	1	*
Other	39	12.0	32	11.0	36	15.0	40	12.0	32	9.0	50	15.0	40	12.0	40	11.0	13	5.0	8	3.0	17	7.0
No preference	173	51.0	196	67.0	82	35.0	136	39.0	121	34.0	204	57.0	216	63.0	136	38.0	138	41.0	187	76.0	166	52.0

Sums of the columns may exceed 100% and the base because of multiple answers.

*Less than .5%

2581

5

	Most of their shopping at... VON'S		SHOPPING BAG		Their secondary shopping at... VON'S		SHOPPING BAG	
Number of respondents doing_____	1233	100.0	1179	100.0	463	100.0	400	100.0
Number and percent saying they shop there...	No.	%	No.	%	No.	%	No.	%
Two times per week or more	787	64.0	818	69.0	96	21.0	88	22.0
Weekly	420	34.0	326	28.0	233	50.0	177	44.0
Less than weekly	22	2.0	25	2.0	129	28.0	133	33.0
Don't know/refused	4	*	10	1.0	5	1.0	2	1.0
Number and percent saying the main reasons for shopping there are ...								
Clean	158	13.0	107	9.0	32	7.0	30	8.0
Convenient	596	48.0	685	58.0	175	38.0	190	47.0
Give stamps/bonus tapes	48	4.0	33	3.0	7	2.0	6	2.0
Good quality meats	219	18.0	66	6.0	63	14.0	22	6.0
Do not have pre-packaged meats	3	*	1	*	-	-	-	-
Have good fresh vegetables/fruits	143	12.0	23	2.0	48	10.0	14	4.0
All products are of good quality	95	8.0	57	5.0	26	6.0	4	1.0
Have good selection of goods	225	18.0	172	15.0	67	14.0	39	10.0
Open convenient hours	2	*	6	1.0	1	*	2	*
Have good special sales	113	9.0	157	13.0	88	19.0	107	26.0
Personnel are always nice and courteous	298	24.0	290	25.0	40	9.0	37	9.0
I am just familiar with store/habit/just like the store	188	15.0	87	7.0	35	8.0	11	3.0
The prices are generally lower	171	14.0	181	15.0	33	7.0	23	6.0
Friend/relative works there	28	2.0	18	2.0	3	1.0	2	*
Store is attractive/not crowded	154	12.0	123	10.0	39	8.0	28	7.0
Can cash my checks there	37	3.0	28	2.0	2	*	3	1.0
Have good bakery	12	1.0	4	*	11	2.0	2	*
Easier parking/no traffic problem	29	2.0	23	2.0	9	2.0	6	2.0
Other	29	2.0	3	*	7	2.0	3	1.0
No answer	5	*	7	1.0	2	*	8	2.0
No preference/just shop where I am	7	1.0	4	*	2	*	4	1.0
No one store/I always follow the sales	4	*	3	*	-	-	-	-

Sums of the columns may exceed 100% because of multiple mentions.

*Less than 0.5%.

STORE 1 - VON'S, WHITTIER

In answer to Question 3: "What are your main reasons for shopping at ____?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	FOOD GIANT	GATEWAY	MARKET BASKET	McDANIEL'S	RALPHS	SAFEWAY	THRIFTI-MART	NO PREFERENCE	OTHER
Number of respondents doing most of their grocery shopping at ____	264	100.0	15	100.0	15	1	4	4	2	0	8	11	3	14
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	No.	No.	No.	No.		No.	No.	No.	
Clean	15	6.0	1	7.0	-	-	-	-	-		1	1	-	
Convenient	161	61.0	9	60.0	6	-	2	1	-		1	5	-	
Give stamps/bonus tapes	-	-	-	-	1	-	2	1	2		-	-	-	
Good quality meats	37	14.0	-	-	4	-	1	2	-		5	4	-	
Do not have pre-packaged meats	2	1.0	-	-	-	-	-	-	-		-	-	-	
Have good, fresh vegetables/ fruits	62	23.0	4	27.0	2	-	-	-	-		-	1	-	
All products are of good quality	5	2.0	-	-	1	-	-	-	-		-	-	-	
Have good selection of goods	45	17.0	4	27.0	4	-	1	-	-		2	-	-	
Have good special sales	14	5.0	2	13.0	3	-	1	-	-		1	2	-	
Personnel are always nice and courteous	67	25.0	3	20.0	3	1	-	-	-		1	3	-	
Am familiar with store/ habit/just like store	58	22.0	1	7.0	2	-	-	-	-		-	4	-	
Prices are generally lower	36	14.0	2	13.0	2	-	-	-	-		1	-	-	
Friend/relative works there	2	1.0	-	-	-	-	-	1	-		2	3	-	
Store is attractive/not crowded	25	9.0	2	13.0	1	-	-	-	-		-	-	-	
Can cash my checks there	3	1.0	2	13.0	1	-	-	-	-		-	-	-	
Have good bakery	4	2.0	1	7.0	-	-	-	-	-		-	-	-	
Easier parking/no traffic problem	2	1.0	-	-	-	-	-	-	-		-	-	-	

Continued.

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STORE 1 - VON'S, WHITTIER (cont.)

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	FOOD GIANT	GATEWAY	MARKET BASKET	McDANIEL'S	RALPHS	SAFEWAY	THRIFTI-MART	NO PREFERENCE	OTHER
Number of respondents doing most of their grocery shopping at _____	264	100.0	15	100.0	15	1	4	4	2	0	8	11	3	14
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	No.	No.	No.	No.		No.	No.	No.	
Other	9	3.0	-	-	1	-	-	-	-		-	-	-	
No one store/I always follow the sales	1	*	-	-	-	-	-	-	-		-	-	3	

Sums of the columns may exceed 100% and the base because of multiple answers.

*Less than .5%

STORE 2 - SHOPPING BAG, 1183 Quad Way, Whittier

In answer to Question 3: "What are your main reasons for shopping at _____?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)		COLE'S MARKETS	FOOD GIANT	GATE-WAY	MARKET BASKET		Mc-DANIEL'S	RALPHS	SAFE-WAY	THRIFTI-MART	OTH
Number of respondents doing most of their grocery shopping at _____	16	100.0	143	100.0	27	100.0	1	4	1	24	100.0	2	4	9	8	55
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	%	No.	No.	No.	No.	%	No.	No.	No.	No.	
Clean	-	-	3	2.0	3	11.0	-	-	-	-	-	-	-	-	1	
Convenient	8	50.0	94	66.0	9	33.0	2	1	-	8	33.0	-	1	2	3	
Give stamps/bonus tapes	-	-	7	5.0	1	4.0	-	-	-	2	8.0	2	-	-	1	
Good quality meats	2	13.0	7	5.0	5	19.0	-	-	-	2	8.0	-	1	6	-	
Have good, fresh vegetables/fruits	2	13.0	3	2.0	3	11.0	-	-	-	1	4.0	-	-	-	-	
All products are of good quality	2	13.0	10	7.0	6	22.0	-	1	-	4	17.0	-	1	1	2	
Have good selection of goods	2	13.0	23	16.0	5	19.0	-	-	-	6	25.0	-	-	-	2	
Have good special sales	1	6.0	13	9.0	1	4.0	-	2	1	4	17.0	-	-	-	-	
Personnel are always nice and courteous	3	18.0	38	27.0	6	22.0	-	-	-	4	17.0	-	-	1	1	
Familiar with store/habit/just like store	2	13.0	9	6.0	5	19.0	-	1	1	6	25.0	-	-	-	1	
Prices are generally lower	-	-	17	12.0	2	7.0	-	1	-	3	12.0	1	1	1	1	
Friend/relative works there	-	-	1	1.0	1	4.0	-	1	-	1	4.0	-	-	-	-	
Store is attractive/not crowded	2	13.0	2	1.0	-	-	-	-	-	-	-	-	-	-	1	
Can cash my checks there	-	-	5	3.0	-	-	-	-	-	-	-	-	-	-	-	
Easier parking/no traffic problem	-	-	2	1.0	-	-	1	-	-	1	4.0	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	
No answer	-	-	1	1.0	2	7.0	-	-	-	-	-	-	-	-	-	
No preference/just shop where I am	1	6.0	1	1.0	-	-	-	-	-	-	-	-	-	-	-	
No one store/I always follow the sales	-	-	1	1.0	-	-	-	-	-	-	-	-	-	-	-	

Sums of the columns may exceed 100% and the base because of multiple answers.

2585

STORE 3 - SHOPPING BAG, 127 North Hacienda, Whittier

In answer to Question 3: "What are your main reasons for shopping at _____?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	CRAW-FORD'S	GATE-WAY	MARKET BASKET	Mc-DANIEL'S	SAFEWAY	THRIFTI-MART	NO PREFERENCE	OTHER
Number of respondents doing most of their grocery shopping at _____	11	100.0	164	100.0	15	1	4	1	1	1	9	6	22
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	No.	No.	No.	No.	No.	No.	No.	
Clean	-	-	19	12.0	-	-	-	-	-	-	-	-	
Convenient	4	36.0	87	53.0	5	1	4	-	-	-	7	-	
Give stamps/bonus tapes	-	-	6	4.0	1	-	-	-	-	-	-	-	
Good quality meats	3	27.0	19	12.0	5	-	-	-	-	1	-	-	
Do not have pre-packaged meats	-	-	1	1.0	-	-	-	-	-	-	-	-	
Have good, fresh vegetables/fruits	1	9.0	8	5.0	1	-	-	-	-	-	-	-	
All products are of good quality	1	9.0	9	5.0	-	-	-	1	-	-	-	-	
Have good selection of goods	-	-	42	26.0	1	-	1	-	-	-	-	-	
Have good special sales	1	9.0	15	9.0	2	-	1	-	-	-	-	-	
Personnel are always nice and courteous	1	9.0	31	19.0	5	-	-	-	-	-	-	-	
Familiar with store/habit/just like store	1	9.0	9	5.0	3	-	-	1	-	-	-	-	
Prices are generally lower	2	18.0	18	11.0	-	-	-	-	-	-	2	-	
Friend/relative works there	-	-	3	2.0	-	-	-	-	1	-	-	-	
Store is attractive/not crowded	-	-	44	27.0	-	-	-	-	-	-	-	-	
Can cash my checks there	-	-	-	-	1	-	-	-	-	-	-	-	
Easier parking/no traffic problem	-	-	4	2.0	-	-	-	-	-	-	-	-	
Other	-	-	1	1.0	-	-	-	-	-	-	-	-	
No answer	-	-	-	-	-	-	-	-	-	-	-	2	
No preference/just shop where I am	-	-	-	-	-	-	-	-	-	-	2	4	
No one store/I always follow the sales	-	-	-	-	-	-	-	1	-	-	-	1	

Sums of the columns may exceed 100% and the base because of multiple answers.

STORE 4 - VON'S, GARDEN GROVE

In answer to Question 3: "What are your main reasons for shopping at _____?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)		COLE'S MARKETS	FOOD GIANT	RALPHS	SAFEWAY	THRIFTIMART	NO PREFERENCE		OTHER
Number of respondents doing most of their grocery shopping at _____	228	100.0	7	100.0	21	100.0	10	17	2	8	15	20	100.0	22
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	%	No.	No.	No.	No.	No.	No.	%	
Clean	62	27.0	-	-	-	-	-	3	-	2	1	-	-	
Convenient	76	33.0	4	57.0	16	76.0	6	11	1	5	3	-	-	
Give stamps/bonus tapes	2	1.0	2	29.0	4	19.0	-	-	-	1	3	-	-	
Good quality meats	49	21.0	-	-	2	10.0	-	6	-	5	1	-	-	
Have good, fresh vegetables/fruits	26	11.0	-	-	1	5.0	-	-	-	-	-	-	-	
All products are of good quality	22	10.0	-	-	-	-	-	1	-	-	-			
Have good selection of goods	46	20.0	2	29.0	3	14.0	2	1	1	1	5	-	-	
Have good special sales	22	10.0	1	14.0	1	5.0	1	5	1	-	4	-	-	
Personnel are always nice & courteous	79	35.0	1	14.0	3	14.0	4	-	-	-	2	-	-	
Familiar with store/habit/just like the store	27	12.0	1	14.0	1	5.0	1	1	-	1	7	1	5.0	
Prices are generally lower	57	25.0	1	14.0	4	19.0	5	9	-	2	1	-	-	
Friend/relative works there	8	4.0	1	14.0	-	-	1	1	-	-	1	-	-	
Store is attractive/not crowded	66	29.0	-	-	3	14.0	1	2	-	-	1	-	-	
Can cash my checks there	15	7.0	-	-	1	5.0	-	-	-	-	-	-	-	
Have good bakery	1	*	-	-	-	-	-	-	1	-	-	-	-	
Easier parking/no traffic problem	5	2.0	-	-	-	-	-	1	-	-	-	-	-	
Other	7	3.0	-	-	-	-	-	-	-	1	1	-	-	
No answer	2	1.0	-	-	-	-	1	-	-	-	-	4	20.0	
No preference/just shop where I am	2	1.0	-	-	-	-	-	-	-	-	1	4	20.0	
No one store/I always follow the sales	2	1.0	-	-	-	-	-	-	-	-	-	11	55.0	

Sums of the columns may exceed 100% and the base because of multiple answers.
*Less than .5%

STORE 5 - SHOPPING BAG, GARDEN GROVE

In answer to Question 3: "What are your main reasons for shopping at_____?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	COLE'S MARKETS	FOOD GIANT		MARKET BASKET	RALPHS	SAFEWAY	THRIFTIMART	NO PREFERENCE		OTHER
Number of respondents doing most of their grocery shopping at _____	14	100.0	195	100.0	13	2	22	100.0	1	4	6	19	42	100.0	34
Number and percent saying their main reasons for shopping there are...															
Clean	2	14.0	7	4.0	3	-	1	5.0	-	1	1	-	-	-	
Convenient	6	44.0	138	70.0	6	1	6	27.0	-	3	-	10	4	10.0	
Give stamps/bonus tapes	-	-	4	2.0	1	-	-	-	-	-	-	1	-	-	
Good quality meats	2	14.0	13	7.0	-	-	4	18.0	-	1	3	4	-	-	
Have good, fresh vegetables/fruits	2	14.0	3	2.0	1	-	1	5.0	-	1	-	-	-	-	
All products are of good quality	3	21.0	12	6.0	-	-	1	5.0	-	-	1	-	-	-	
Have a good selection of goods	1	7.0	24	12.0	2	-	4	18.0	-	-	-	-	-	-	
Have good special sales	2	14.0	23	12.0	1	-	5	22.0	-	-	-	-	2	5.0	
Personnel are always nice and courteous	3	21.0	50	25.0	2	1	1	5.0	-	-	1	3	-	-	
I am familiar with the store/habit/just like the store	2	14.0	16	8.0	3	1	1	5.0	-	-	1	5	1	2.0	
The prices are generally lower	5	36.0	39	20.0	1	-	9	41.0	1	-	1	5	-	-	
Friend/relative works there	-	-	2	1.0	-	-	-	-	-	-	-	-	-	-	

Continued...

STORE 5 - SHOPPING BAG, GARDEN GROVE (cont.)

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	COLE'S MARKETS	FOOD GIANT		MARKET BASKET	RALPHS	SAFEWAY	THRIFTIMART	NO PREFERENCE		OTHER
Number of respondents doing most of their grocery shopping at ____	14	100.0	195	100.0	13	2	22	100.0	1	4	6	19	42	100.0	34
Number and percent saying their main reasons for shopping there are...															
Store is attractive/ not crowded	1	7.0	9	5.0	1	-	4	18.0	-	-	-	1	-	-	
Can cash my checks there	-	-	10	5.0	1	-	-	-	-	-	-	3	-	-	
Have good bakery	-	-	1	1.0	-	-	-	-	-	-	-	-	-	-	
Easier parking/no traffic problem	-	-	3	2.0	-	-	-	-	-	-	-	-	-	-	
No answer	-	-	2	1.0	-	-	-	-	-	-	-	-	1	2.0	
No preference/just shop where I am	-	-	-	-	-	-	-	-	-	-	1	-	30	71.0	
No one store/I always follow the sales	-	-	1	1.0	-	-	-	-	-	-	-	-	4	10.0	

Sums of the columns may exceed 100% and the base because of multiple answers.

2589

STORE 6 - VON'S, DOWNEY

In answer to Question 3: "What are your main reasons for shopping at _____ ?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	FOOD GIANT	RALPHS	SAFEWAY	THRIFTIMART	OTHER
Number of respondents doing most of their grocery shopping at _____	283	100.0	3	100.0	7	2	9	4	1	45
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	No.	No.	No.	No.	
Clean	20	7.0	-	-	2	-	1	1	-	
Convenient	134	47.0	1	33.0	3	-	4	2	1	
Give stamps/bonus tapes	3	1.0	-	-	-	1	-	-	1	
Good quality meats	31	11.0	2	67.0	1	-	1	1	-	
Do not have pre-packaged meats	1	*	-	-	-	-	-	-	-	
Have good, fresh vegetables/fruits	10	4.0	-	-	-	-	-	-	-	
All products are of good quality	19	7.0	-	-	-	-	2	-	-	
Have good selection of goods	24	8.0	-	-	-	-	2	1	-	
Open convenient hours	1	*	-	-	-	-	-	-	-	
Have good special sales	14	5.0	-	-	1	-	-	-	-	
Personnel are always nice and courteous	40	14.0	-	-	-	-	-	-	-	
Familiar with store/habit/ just like store	50	18.0	-	-	-	-	1	-	-	
Prices are generally lower	26	9.0	-	-	-	1	1	-	-	
Friend/relative works there	10	4.0	-	-	-	-	1	-	-	
Store is attractive/not crowded	15	5.0	-	-	-	-	-	-	-	
Can cash my checks there	7	2.0	-	-	-	-	1	-	-	
Have good bakery	4	1.0	-	-	1	-	-	-	-	
Easier parking/no traffic problem	14	5.0	-	-	-	-	-	-	-	
Other	15	5.0	1	*	-	-	-	2	-	
No answer	1	*	-	-	-	-	-	-	-	
No preference/just shop where I am	2	1.0	-	-	-	-	-	-	-	

Sums of the columns may exceed 100% and the base because of multiple answers. *Less than .5%.

STORE 7 - SHOPPING BAG, DOWNEY

In answer to Question 3: "What are your main reasons for shopping at _____ ?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	FOOD GIANT	MARKET BASKET	RALPHS		SAFEWAY	THRIFTIMART	NO PREFERENCE	OTHER
Number of respondents doing most of their grocery shopping at _____	14	100.0	188	100.0	15	2	8	34	100.0	5	1	15	65
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	No.	No.	No.	%	No.	No.	No.	
Clean	-	-	10	5.0	1	-	-	1	3.0	1	-	-	
Convenient	11	79.0	123	65.0	7	-	2	18	53.0	1	-	1	
Give stamps/bonus tapes	-	-	-	-	2	1	6	2	6.0	1	-	-	
Good quality meats	-	-	1	1.0	1	-	1	2	6.0	2	-	-	
Do not have pre-packaged meats	-	-	-	-	-	-	-	-	-	2	-	-	
Have good, fresh vegetables/fruits	-	-	3	2.0	2	-	1	-	-	-	-	-	
All products are of good quality	-	-	10	5.0	3	1	-	3	9.0	1	-	-	
Have good selection of goods	-	-	15	8.0	-	1	-	2	6.0	-	-	-	
Open convenient hours	-	-	6	3.0	-	-	-	1	3.0	-	1	-	
Have good special sales	1	7.0	31	16.0	4	-	1	5	15.0	-	-	1	
Personnel are always nice & courteous	2	14.0	32	17.0	2	-	1	3	9.0	-	-	1	
Familiar with store/habit/ just like store	3	21.0	18	9.0	-	-	-	6	18.0	-	-	-	
Prices are generally lower	3	21.0	42.	22.0	4	2	1	10	29.0	1	-	1	
Friend/relative works there	-	-	4	2.0	-	-	-	2	6.0	-	-	-	
Store is attractive/not crowded	-	-	15	8.0	-	-	-	1	3.0	-	-	-	
Can cash my checks there	-	-	3	2.0	-	-	-	1	3.0	-	-	-	
Have good bakery	-	-	1	1.0	-	-	-	2	6.0	-	-	-	
Easier parking/no traffic problem	-	-	8	4.0	-	-	-	-	-	-	-	-	
Other	-	-	1	1.0	-	-	-	-	-	-	-	-	
No answer	-	-	1	1.0	-	-	-	-	-	-	-	-	
No preference/just shop where I am	-	-	1	1.0	-	-	-	-	-	-	-	3	
No one store/I always follow the sales	-	-	1	1.0	-	-	-	-	-	-	-	8	

Sums of the columns may exceed 100% and the base because of multiple answers.

2591

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STORE 8 - VON'S, ALHAMBRA

In answer to Question 3: "What are your main reasons for shopping at _____?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	CRAW-FORD'S	FOOD GIANT	GATE-WAY	MARKET BASKET	Mc-DANIEL'S	RALPHS	SAFEWAY	NO PREFERENCE	OTHER
Number of respondents doing most of their grocery shopping at _____	239	100.0	8	100.0	11	10	4	12	13	1	3	14	6	34
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	No.	No.	No.	No.	No.	No.	No.	No.	
Clean	46	19.0	-	-	-	-	-	-	3	-	1	-	-	
Convenient	120	50.0	8	100.0	9	7	3	11	10	1	1	9	1	
Give stamps/bonus tapes	43	18.0	-	-	1	2	-	1	1	-	-	-	-	
Good quality meats	49	21.0	-	-	7	3	1	1	2	-	-	3	-	
Have good, fresh vegetables/fruits	20	8.0	-	-	-	1	-	-	1	-	-	1	-	
All products are of good quality	34	14.0	-	-	-	-	-	1	1	-	-	1	-	
Have good selection of goods	53	22.0	-	-	1	3	-	-	1	-	-	-	-	
Have good special sales	38	16.0	4	50.0	7	-	2	5	-	1	2	-	1	
Personnel are always nice & courteous	50	21.0	-	-	2	1	-	-	1	-	1	-	2	
Familiar with store/habit/just like store	26	11.0	1	13.0	1	3	-	1	-	-	-	2	-	
Prices are generally lower	31	13.0	1	13.0	-	1	1	1	1	-	-	3	-	
Friend/relative works there	1	*	-	-	-	-	-	-	-	-	-	-	-	
Store is attractive/not crowded	41	17.0	1	13.0	-	-	1	1	1	-	-	-	-	
Can cash my checks there	11	5.0	-	-	-	-	-	-	-	-	-	-	-	
Have good bakery	3	1.0	-	-	-	-	-	-	-	-	-	-	-	
Easier parking/no traffic problem	7	3.0	-	-	-	-	-	-	-	-	-	1	-	
Other	2	1.0	-	-	-	-	-	-	-	-	-	-	-	
No answer	2	1.0	-	-	-	-	-	-	-	-	-	-	-	
No preference/just shop where I am	1	*	-	-	-	-	-	-	-	-	-	-	1	
No one store/I always follow the sales	1	*	-	-	-	-	-	-	-	-	-	1	1	

Sums of the columns may exceed 100% and the base because of multiple answers.

* Less than .5%

STORE 9 - SHOPPING BAG, ALHAMBRA

In answer to Question 3: "What are your main reasons for shopping at _____?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	CRAWFORD'S	GATEWAY		MARKET BASKET	RALPHS	SAFEWAY	THRIFTIMART	NO PREFERENCE		OTHER
Number of respondents doing most of their grocery shopping at _____	7	100.0	238	100.0	3	9	20	100.0	5	12	4	1	29	100.0	12
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	No.	No.	%	No.	No.	No.	No.	No.	%	
Clean	-	-	36	15.0	-	2	1	5.0	1	3	-	-	-	-	
Convenient	5	71.0	135	57.0	3	3	12	60.0	5	2	-	-	-	-	
Give stamps/bonus tapes	-	-	6	3.0	-	-	10	50.0	-	3	-	-	-	-	
Good quality meats	-	-	5	2.0	-	1	-	-	-	2	2	-	-	-	
Have good, fresh vegetables/fruits	-	-	12	5.0	-	-	-	-	-	-	-	-	-	-	
All products are of good quality	1	14.0	15	6.0	-	-	2	10.0	-	1	-	1	-	-	
Have good selection of goods	1	14.0	31	13.0	-	1	-	-	-	-	-	-	-	-	
Have good special sales	-	-	32	13.0	1	4	5	25.0	-	1	-	-	-	-	
Personnel are always nice and courteous	-	-	68	29.0	-	-	2	10.0	1	1	-	1	-	-	
Familiar with store/habit/just like store	-	-	20	8.0	-	-	-	-	-	-	1	1	-	-	
Prices are generally lower	-	-	36	15.0	-	2	1	5.0	-	3	2	-	-	-	
Friend/relative works there	1	14.0	3	1.0	-	-	-	-	-	2	1	-	1	3.0	
Store is attractive/not crowded	-	-	11	5.0	-	-	-	-	-	-	-	-	-	-	
Can cash my checks there	-	-	1	*	-	-	-	-	-	-	-	-	-	-	
Have good bakery	-	-	-	-	-	-	-	-	-	1	-	-	-	-	
Easier parking/no traffic problem	-	-	2	1.0	-	-	-	-	-	-	-	-	-	-	
No answer	-	-	2	1.0	-	1	-	-	-	-	-	-	2	7.0	
No preference/just shop where I am	-	-	1	*	-	-	-	-	-	-	-	-	22	76.0	
No one store/I always follow the sales	-	-	-	-	-	-	1	5.0	-	-	-	-	4	14.0	

Sums of the columns may exceed 100% and the base because of multiple answers.

*Less than .5%

2593

STORE 10 - VON'S, MONTEREY PARK

In answer to Question 3: "What are your main reasons for shopping at _____?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	CRAW-FORD'S	FOOD GIANT	GATE-WAY	MARKET BASKET		McDANIEL'S		SAFEWAY	NO PREFERENCE	OTHER
Number of respondents doing most of their grocery shopping at _____	139	100.0	1	100.0	16	3	3	14	28	100.0	28	100.0	10	2	5
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	No.	No.	No.	No.	%	No.	%	No.	No.	
Clean	12	9.0	-	-	1	-	-	1	2	4.0	3	11.0	1	1	
Convenient	60	43.0	1	100.0	7	3	3	6	17	61.0	10	36.0	3	-	
Give stamps/bonus tapes	-	-	-	-	-	-	-	-	-	-	12	43.0	-	-	
Good quality meats	41	29.0	-	-	-	1	-	-	2	7.0	3	11.0	7	1	
Have good, fresh vegetables/fruits	20	14.0	-	-	-	1	-	-	1	4.0	4	14.0	1	1	
All products are of good quality	8	6.0	-	-	-	-	-	2	2	7.0	1	4.0	1	-	
Have a good selection of goods	51	37.0	-	-	-	1	-	1	4	14.0	7	25.0	-	1	
Open convenient hours	1	1.0	-	-	-	-	-	-	-	-	-	-	-	-	
Have good special sales	15	11.0	-	-	3	2	1	-	3	10.0	1	4.0	-	-	
Personnel are always nice and courteous	52	37.0	-	-	6	1	1	6	6	21.0	6	21.0	3	-	
Familiar with store/habit/just like store	18	13.0	1	100.0	-	-	1	4	1	4.0	3	11.0	2	-	
Prices are generally lower	9	6.0	-	-	3	-	-	-	6	21.0	5	18.0	-	-	
Friend/relative works there	3	2.0	-	-	2	-	-	-	1	4.0	-	-	-	-	
Store is attractive/not crowded	3	2.0	-	-	1	-	-	-	1	4.0	1	4.0	-	-	
Can cash my checks there	1	1.0	-	-	1	-	-	1	1	4.0	-	-	-	-	
Easier parking/no traffic problem	1	1.0	-	-	-	-	-	1	1	4.0	-	-	-	-	
No preference/just shop where I am	1	1.0	-	-	-	-	-	-	-	-	-	-	-	1	

Sums of the columns may exceed 100% and the base because of multiple answers.

STORE 11 - SHOPPING BAG, MONTEREY PARK

In answer to Question 3: "What are your main reasons for shopping at_____?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	CRAW-FORD'S	GATEWAY		MARKET BASKET	McDANIEL'S	RALPHS	SAFE-WAY	NO PRE-FERENCE	OTHER
Number of respondents doing most of their grocery shopping at_____	18	100.0	217	100.0	9	8	20	100.0	9	6	1	2	1	31
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	No.	No.	%	No.	No.	No.	No.	No.	
Clean	1	6.0	31	14.0	1	-	-		-	-	-	-	-	
Convenient	11	61.0	85	39.0	5	3	9	45.0	4	1	1	2	-	
Give stamps/bonus tapes	-	-	7	3.0	2	1	3	15.0	-	4	1	-	-	
Good quality meats	5	27.0	24	11.0	-	-	4	20.0	1	2	-	1	-	
Do not have pre-packaged meats	-	-	-	-	-	-	1	5.0	-	-	-	-	-	
Have good, fresh vegetables/fruits	-	-	10	5.0	-	-	-	-	-	-	-	-	-	
All products are of good quality	-	-	1	*	-	-	-	-	-	-	-	-	-	
Have a good selection of goods	2	11.0	40	18.0	1	4	3	15.0	1	-	-	-	-	
Have good special sales	5	27.0	36	17.0	2	2	2	10.0	1	2	-	-	-	
Personnel are always nice & courteous	1	6.0	67	31.0	2	-	2	10.0	-	2	-	-	-	
Familiar with the store/habit/just like the store	1	6.0	11	5.0	-	-	1	5.0	-	-	-	-	-	
The prices are generally lower	2	11.0	25	12.0	1	3	6	30.0	3	-	-	-	-	
Friend/relative works there	-	-	4	2.0	-	-	1	5.0	-	-	-	-	-	
Store is attractive/not crowded	1	6.0	40	18.0	2	1	2	10.0	2	-	-	-	-	
Can cash my checks there	-	-	7	3.0	-	-	1	5.0	-	-	-	-	-	
Have good bakery	-	-	1	*	-	-	1	5.0	-	-	-	-	-	
Easier parking/no traffic problem	-	-	4	2.0	-	-	1	5.0	-	-	-	-	-	
Other	1	6.0	1	*	-	-	-	-	-	-	-	-	-	
No answer	-	-	1	*	-	-	-	-	-	-	-	-	1	
No preference/just shop where I am	-	-	1	*	-	-	-	-	-	-	-	-	-	

Sums of the columns may exceed 100% and the base because of multiple answers.
*Less than .5%

STORE 1 - VON'S, WHITTIER

In answer to Question 5: "How often do you shop there?"

	VON'S		SHOPPING B/G		ALPHA BETA (RAISIN)		FOOD GIANT	GATE-WAY	MARKET BASKET	McDANIEL'S	RALPHS	SAFEWAY		THRIFTI-MART		NO PREFERENCE		OTHER
Number of respondents doing most of their grocery shopping at ____	264	100.0	15	100.0	15	100.0	1	4	4	2	0	8	100.0	11	100.0	3	100.0	14
Number and percent saying they shop there...	No.	%	No.	%	No.	%	No.	No.	No.	No.		No.	%	No.	%	No.	%	
Two times per week	209	79.0	9	60.0	6	40.0	1	2	3	1	-	4	50.0	10	91.0	-	-	
Weekly	50	19.0	5	33.0	8	53.0	-	2	1	1	-	4	50.0	1	9.0	-	-	
Less than weekly	5	2.0	1	7.0	1	7.0	-	-	-	-	-	-	-	-	-	-	-	
Don't know/refused	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	100.0	
Number of respondents doing their secondary shopping at ____	53	100.0	30	100.0	37	100.0	1	14	10	3	3	32	100.0	45	100.0	65	100.0	48
Number and percent saying they shop there...	No.	%	No.	%	No.	%	No.	No.	No.	No.	No.	No.	%	No.	%	No.	%	
Two times per week	21	40.0	8	27.0	9	24.0	-	5	3	-	1	10	31.0	15	33.0	2	3.0	
Weekly	17	32.0	9	30.0	10	27.0	1	5	4	2	1	8	25.0	14	32.0	-	-	
Less than weekly	15	28.0	13	43.0	18	49.0	-	4	3	1	1	14	44.0	15	33.0	1	2.0	
Don't know/refused	-	-	-	-	-	-	-	-	-	-	-	-	-	1	2.0	62	95.0	

STORE 2 - SHOPPING BAG, WHITTIER

In answer to Question 5: "How often do you shop there?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)		COLE'S MARKET	CRAW-FORDS	FOOD GIANT	GATE-WAY	MARKET BASKET		Mc DANIELS	RALPHS	SAFE-WAY	THRIFTI-MART	NO PREFERENCE		OTHER
Number of respondents doing most of their grocery shopping at____	16	100.0	143	100.0	27	100.0	1	0	4	1	24	100.0	2	4	9	8	0		55
Number and percent saying they shop there...	No.	%	No.	%	No.	%	No.	No.	No.	No.	No.	%	No.	No.	No.	No.	No.		
Two times per week	13	81.0	113	79.0	18	67.0	1	-	3	-	17	71.0	2	1	6	5	-		
Weekly	2	13.0	26	18.0	9	33.0	-	-	1	1	7	29.0	-	3	3	3	-		
Less than weekly	1	6.0	3	2.0	-	-	-	-	-	-	-	-	-	-	-	-	-		
Don't know/refused	-	-	1	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-		
Number of respondents doing their secondary shopping at____	16	100.0	53	100.0	21	100.0	0	1	15	2	46	100.0	7	3	11	4	50	100.0	65
Number and percent saying they shop there...	No.	%	No.	%	No.	%	No.	No.	No.	No.	No.	%	No.	No.	No.	No.	No.	%	
Two times per week	4	25.0	10	19.0	3	14.0	-	-	2	2	8	17.0	1	2	3	1	-	-	
Weekly	9	56.0	21	40.0	7	33.0	-	-	7	-	20	44.0	3	1	3	1	-	-	
Less than weekly	3	19.0	21	40.0	10	48.0	-	1	6	-	17	37.0	3	-	5	2	1	2.0	
Don't know/refused	-	-	1	1.0	1	5.0	-	-	-	-	1	2.0	-	-	-	-	49	98.0	

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STORE 3 - SHOPPING BAG, WHITTIER

In answer to Question 5: "How often do you shop there?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)		CRAW-FORDS	GATE-WAY	MARKET BASKET	McDANIEL'S	RALPHS	SAFEWAY	THRIFTI-MART	NO PREFERENCE		OTHER
Number of respondents doing most of their grocery shopping at ____	11	100.0	164	100.0	15	100.0	1	4	1	1	0	1	9	6	100.0	22
Number and percent saying they shop there...	No.	%	No.	%	No.	%	No.	No.	No.	No.		No.	No.	No.	%	
Two times per week	4	36.0	110	67.0	9	60.0	1	3	-	-	-	-	6	3	50.0	
Weekly	6	55.0	47	29.0	6	40.0	-	-	1	-	-	-	2	3	50.0	
Less than weekly	1	9.0	7	4.0	-	-	-	1	-	1	-	1	1	-	-	
Don't know/refused	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Number of respondents doing their secondary shopping at ____	37	100.0	42	100.0	42	100.0	0	15	7	1	2	5	12	37	100.0	36
Number and percent saying they shop there...	No.	%	No.	%	No.	%		No.	No.	No.	No.	No.	No.	No.	%	
Two times per week	4	11.0	8	19.0	8	19.0	-	1	-	-	-	-	3	-	-	
Weekly	18	48.0	16	38.0	13	31.0	-	7	2	1	-	1	5	2	5.0	
Less than weekly	14	38.0	17	41.0	21	50.0	-	7	4	-	2	4	4	2	5.0	
Don't know/resused	1	3.0	1	2.0	-	-	-	-	1	-	-	-	-	33	80.0	

STORE 4 - VON'S, GARDEN GROVE

In answer to Question 5: "How often do you shop there?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)		COLE'S MARKETS		FOOD GIANT		MARKET BASKET	RALPHS	SAFEWAY		THRIFTI-MART		NO PREFERENCE		OTHER
Number of respondents doing most of their grocery shopping at ___	228	100.0	7	100.0	21	100.0	10	100.0	17	100.0	0	2	8	100.0	15	100.0	20	100.0	22
Number and percent saying they shop there...	No.	%	No.	%	No.	%	No.	%	No.	%		No.	No.	%	No.	%	No.	%	
Two times per week	105	46.0	3	43.0	14	66.0	6	60.0	5	29.0	-	1	5	63.0	9	60.0	3	15.0	
Weekly	119	52.0	4	57.0	6	29.0	4	40.0	9	53.0	-	1	3	37.0	6	40.0	6	30.0	
Less than weekly	4	2.0	-	-	1	5.0	-	-	3	18.0	-	-	-	-	-	-	2	10.0	
Don't know/refused	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9	45.0	
Number of respondents doing their secondary shopping at ___	70	100.0	11	100.0	25	100.0	27	100.0	30	100.0	2	6	37	100.0	29	100.0	78	100.0	35
Number and percent saying they shop there...	No.	%	No.	%	No.	%	No.	%	No.	%	No.	No.	No.	%	No.	%	No.	%	
Two times per week	14	20.0	5	45.0	6	24.0	4	15.0	4	13.0	-	-	3	8.0	3	10.0	2	3.0	
Weekly	35	50.0	-	-	6	24.0	9	33.0	8	27.0	-	2	12	32.0	8	28.0	-	-	
Less than weekly	21	30.0	6	55.0	13	52.0	14	52.0	18	60.0	2	4	22	60.0	18	62.0	-	-	
Don't know/refused	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	76	97.0	

2599

21
95

STORE 5 - SHOPPING BAG, GARDEN GROVE

In answer to Question 5: "How often do you shop there?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)		COLE'S MARKETS	FOOD GIANT		MARKET BASKET	RALPHS	SAFEWAY	THRIFTI-MART		NO PREFER-ENCE		OTHER
Number of respondents doing most of their grocery shopping at ___	14	100.0	195	100.0	13	100.0	2	22	100.0	1	4	6	19	100.0	42	100.0	34
Number and percent saying they shop there...	No.	%	No.	%	No.	%	No.	No.	%	No.	No.	No.	No.	%	No.	%	
Two times per week	5	36.0	137	70.0	8	62.0	2	8	36.0	1	2	-	14	74.0	5	12.0	
Weekly	8	57.0	53	27.0	5	38.0	-	11	50.0	-	2	5	4	21.0	-	-	
Less than weekly	1	7.0	3	2.0	-	-	-	3	14.0	-	-	1	1	5.0	-	-	
Don't know/refused	-	-	2	1.0	-	-	-	-	-	-	-	-	-	-	37	88.0	
Number of respondents doing their secondary shopping at ___	33	100.0	41	100.0	42	100.0	1	32	100.0	3	1	17	34	100.0	100	100.0	48
Number and percent saying they shop there...	No.	%	No.	%	No.	%	No.	No.	%	No.	No.	No.	No.	%	No.	%	
Two times per week	5	15.0	12	30.0	9	21.0	1	2	6.0	2	-	4	5	15.0	1	1.0	
Weekly	14	42.0	19	46.0	13	31.0	-	19	60.0	1	1	6	11	32.0	1	1.0	
Less than weekly	13	40.0	10	24.0	20	48.0	-	11	34.0	-	-	7	18	53.0	5	5.0	
Don't know/refused	1	3.0	-	-	-	-	-	-	-	-	-	-	-	-	93	93.0	

STORE 6 - VON'S, DOWNEY

In answer to Question 5: "How often do you shop there?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)		FOOD GIANT	MARKET BASKET	Mc DANIEL'S	RALPHS		SAFEWAY	THRIFTI-MART	NO PREFERENCE		OTHER
Number of respondents doing most of their grocery shopping at ___	283	100.0	3	100.0	7	100.0	2	0	0	9	100.0	4	1	0		45
Number and percent saying they shop there...	No.	%	No.	%	No.	%	No.			No.	%	No.	No.			
Two times per week	182	65.0	-	-	4	57.0	1	-	-	7	78.0	1	1	-		
Weekly	94	33.0	3	100.0	3	43.0	1	-	-	1	11.0	3	-	-		
Less than weekly	4	1.0	-	-	-	-	-	-	-	-	-	-	-	-		
Don't know/refused	3	1.0	-	-	-	-	-	-	-	1	11.0	-	-	-		
Number of respondents doing their secondary shopping at ___	55	100.0	10	100.0	21	100.0	3	2	2	21	100.0	13	0	74	100.0	153
Number and percent saying they shop there...	No.	%	No.	%	No.	%	No.	No.	No.	No.	%	No.		No.	%	
Two times per week	10	18.0	-	-	3	14.0	-	-	-	-	-	1	-	-		
Weekly	28	51.0	8	80.0	9	43.0	2	1	-	11	52.0	7	-	1	1.0	
Less than weekly	16	29.0	2	20.0	9	43.0	1	1	2	8	38.0	4	-	1	1.0	
Don't know/refused	1	2.0	-	-	-	-	-	-	-	2	10.0	1	-	72	98.0	

2601

STORE 7 - SHOPPING BAG, DOWNEY

In answer to Question 5: "How often do you shop there?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)		FOOD GIANT	MARKET BASKET	RALPHS		SAFEWAY	THRIFTI-MART	NO PREFERENCE		OTHER
Number of respondents doing most of their grocery shopping at ___	14	100.0	188	100.0	15	100.0	2	8	34	100.0	5	1	15	100.0	65
Number and percent saying they shop there...	No.	%	No.	%	No.	%	No.	No.	No.	%	No.	No.	No.	%	
Two times per week	13	93.0	122	65.0	8	53.0	1	5	20	59.0	5	-	3	20.0	
Weekly	1	7.0	58	30.0	6	40.0	1	3	13	38.0	-	1	2	13.0	
Less than weekly	-	-	5	3.0	1	7.0	-	-	-	-	-	-	-	-	
Don't know/refused	-	-	3	2.0	-	--	-	-	1	3.0	-	-	10	67.0	
Number of respondents doing their secondary shopping at ___	13	100.0	81	100.0	21	100.0	7	4	78	100.0	4	1	69	100.0	69
Number and percent saying they shop there...	No.	%	No.	%	No.	%	No.	No.	No.	%	No.	No.	No.	%	
Two times per week	1	8.0	13	16.0	1	5.0	-	-	14	18.0	-	-	-	-	
Weekly	8	62.0	36	44.0	9	43.0	3	1	30	38.0	3	-	1	1.0	
Less than weekly	4	30.0	32	40.0	10	47.0	2	3	34	44.0	1	1	2	3.0	
Don't know/refused	-	-	-	-	1	5.0	2	-	-	-	-	-	66	96.0	

STORE 8 - VON'S, ALHAMBRA

In answer to Question 5: "How often do you shop there?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	CRAWFORDS		FOOD GIANT	GATEWAY		MARKET BASKET		Mc DANIELS	RALPHS	SAFEWAY		THRIFTI-MART	NO PREFERENCE		OTHER
Number of respondents doing most of their grocery shopping at____	239	100.0	8	100.0	11	10	100.0	4	12	100.0	13	100.0	1	3	14	100.0	0	6	100.0	34
Number and percent saying they shop there...	No.	%	No.	%	No.	No.	%	No.	No.	%	No.	%	No.	No.	No.	%	No.	No.	%	
Two times per week	146	61.0	7	88.0	11	6	60.0	1	9	75.0	9	69.0	1	1	10	71.0	-	1	17.0	
Weekly	91	38.0	1	12.0	-	4	40.0	3	3	25.0	4	31.0	-	2	4	29.0	-	1	17.0	
Less than weekly	2	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Don't know/refused	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	66.0	
Number of respondents doing their secondary shopping at____	70	100.0	13	100.0	13	42	100.0	2	36	100.0	26	100.0	1	17	25	100.0	4	60	100.0	46
Number and percent saying they shop there...	No.	%	No.	%	No.	No.	%	No.	No.	%	No.	%	No.	No.	No.	%	No.	No.	%	
Two times per week	7	10.0	1	8.0	3	5	12.0	-	7	19.0	7	27.0	-	-	1	4.0	1	2	3.0	
Weekly	43	61.0	6	46.0	5	17	40.0	-	14	39.0	15	58.0	-	7	11	44.0	2	5	8.0	
Less than weekly	20	29.0	6	46.0	5	18	43.0	2	15	42.0	4	15.0	1	10	13	52.0	1	8	13.0	
Don't know/refused	-	-	-	-	-	2	5.0	-	-	-	-	-	-	-	-	-	-	45	76.0	

2603

99

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STORE 9 - SHOPPING BAG, ALHAMBRA

In answer to Question 5: "How often do you shop there?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	GRAW-FORDS		FOOD GIANT	GATEWAY		MARKET BASKET	RALPHS	SAFE-WAY	THRIFTI-MART	NO PREFERENCE		OTHER
Number of respondents doing most of their grocery shopping at____	7	100.0	238	100.0	3	9	100.0	0	20	100.0	5	12	4	1	89	100.0	12
Number and percent saying they shop there...	No.	%	No.	%	No.	No.	%	No.	No.	%	No.	No.	No.	No.	No.	%	
Two times per week	6	86.0	177	74.0	1	8	89.0	-	14	70.0	2	7	1	1	-	-	
Weekly	-	-	53	22.0	2	-	-	-	4	20.0	3	5	3	-	-	-	
Less than weekly	1	14.0	6	3.0	-	1	11.0	-	2	10.0	-	-	-	-	5	17.0	
Don't know/refused	-	-	2	1.0	-	-	-	-	-	-	-	-	-	-	24	83.0	
Number of respondents doing their secondary shopping at____	17	100.0	42	100.0	4	49	100.0	3	57	100.0	17	9	7	0	116	100.0	19
Number and percent saying they shop there...	No.	%	No.	%	No.	No.	%	No.	No.	%	No.	No.	No.	No.	No.	%	
Two times per week	4	24.0	8	19.0	1	14	29.0	1	18	32.0	1	1	1	-	-	-	
Weekly	9	52.0	24	57.0	1	24	49.0	2	27	47.0	8	4	3	-	-	-	
Less than weekly	4	24.0	10	24.0	2	9	18.0	-	11	19.0	6	4	3	-	1	1.0	
Don't know/refused	-	-	-	-	-	2	4.0	-	1	2.0	2	-	-	-	115	99.0	

STORE 10 - VON'S, MONTEREY PARK

In answer to Question 5: "How often do you shop there?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	CRAW-FORDS	FOOD GIANT	GATE-WAY	MARKET BASKET		Mc DANIELS		RALPHS	SAFE-WAY	THRIFTI-MART	NO PREFERENCE		OTHER
Number of respondents doing most of their grocery shopping at____	139	100.0	1	100.0	16	3	3	14	28	100.0	28	100.0	0	10	0	2	100.0	5
Number and percent saying they shop there...	No.	%	No.	%	No.	No.	No.	No.	No.	%	No.	%	No.	No.	No.	No.	%	
Two times per week	95	68.0	1	100.0	8	2	2	4	12	43.0	10	36.0	-	8	-	-	-	
Weekly	40	29.0	-	-	6	1	1	8	10	36.0	13	46.0	-	2	-	-	-	
Less than weekly	3	2.0	-	-	2	-	-	1	6	21.0	3	11.0	-	-	-	-	-	
Don't know/refused	1	1.0	-	-	-	-	-	1	-	-	2	7.0	-	-	-	2	100.0	
Number of respondents doing their secondary shopping at____	56	100.0	6	100.0	16	6	12	17	44	100.0	29	100.0	5	8	2	24	100.0	24
Number and percent saying they shop there...	No.	%	No.	%	No.	No.	No.	No.	No.	%	No.	%	No.	No.	No.	No.	%	
Two times per week	22	39.0	-	-	7	4	1	4	7	16.0	4	14.0	-	2	-	2	8.0	
Weekly	24	43.0	5	33.0	2	2	8	4	16	36.0	9	31.0	3	3	1	1	4.0	
Less than weekly	8	14.0	1	17.0	7	-	3	9	20	46.0	16	55.0	2	3	1	1	4.0	
Don't know/refused	2	4.0	-	-	-	-	-	-	1	2.0	-	-	-	-	-	20	84.0	

2605

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STORE 11 - SHOPPING BAG, MONTEREY PARK

In answer to Question 5: "How often do you shop there?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	CRAW-FORDS	GATEWAY		MARKET BASKET	Mc DANIELS	RALPHS	SAFEWAY	NO PREFERENCE		OTHER
Number of respondents doing most of their grocery shopping at____	18	100.0	217	100.0	9	8	20	100.0	9	6	1	2	1	100.0	31
Number and percent saying they shop there...	No.	%	No.	%	No.	No.	No.	%	No.	No.	No.	No.	No.	%	
Two times per week	9	50.0	139	64.0	6	5	12	60.0	5	1	1	1	1	100.0	
Weekly	9	50.0	76	35.0	2	2	8	40.0	4	5	-	-	-	-	
Less than weekly	-	-	-	-	-	1	-	-	-	-	-	-	-	-	
Don't know/refused	-	-	2	1.0	1	-	-	-	-	-	-	1	-	-	
Number of respondents doing their secondary shopping at_____	43	100.0	72	100.0	12	14	59	100.0	18	11	5	8	41	100.0	39
Number and percent saying they shop there...	No.	%	No.	%	No.	No.	No.	%	No.	No.	No.	No.	No.	%	
Two times per week	4	9.0	23	32.0	4	5	14	24.0	2	2	1	2	5	12.0	
Weekly	28	65.0	33	46.0	5	8	28	47.0	8	5	2	3	2	5.0	
Less than weekly	11	26.0	15	21.0	3	1	14	24.0	8	3	2	3	2	5.0	
Don't know/refused	-	-	1	1.0	-	-	3	5.0	-	1	-	-	32	78.0	

STORE 1 - VON'S, 15740 Whittwood, Whittier

In answer to Question 6: "What are your main reasons for shopping at _____?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)		FOOD GIANT	GATE-WAY	MARKET BASKET	Mc-DANIEL'S	RALPHS	SAFEWAY		THRIFTI-MART		NO PREFER-ENCE		OTHER
Number of respondents doing their secondary grocery shopping at _____	53	100.0	30	100.0	37	100.0	1	14	10	3	3	32	100.0	45	100.0	65	100.0	48
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	%	No.	No.	No.	No.	No.	No.	%	No.	%	No.	%	
Clean	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	
Convenient	27	51.0	15	50.0	17	46.0	-	13	6	1	-	8	25.0	21	47.0	3	5.0	
Give stamps/bonus tapes	-	-	-	-	1	3.0	-	-	-	3	-	-	-	2	4.0	-	-	
Good quality meats	8	15.0	4	13.0	5	14.0	1	-	2	-	1	13	41.0	7	16.0	-	-	
Have good, fresh vegetables/fruits	12	22.0	-	-	-	-	1	-	-	-	-	2	6.0	3	7.0	-	-	
All products are of good quality	1	2.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Have good selection of goods	6	11.0	-	-	2	5.0	-	1	1	-	2	-	-	3	7.0	-	-	
Open convenient hours	-	-	-	-	-	-	-	1	-	-	-	-	-	1	2.0	-	-	
Have good special sales	13	24.0	11	37.0	9	24.0	-	1	3	-	-	11	34.0	9	20.0	-	-	
Personnel are always nice and courteous	3	6.0	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	
Familiar with store/habit/just like store	4	8.0	3	10.0	4	11.0	-	1	-	-	-	2	6.0	4	9.0	1	2.0	
Prices are generally lower	-	-	1	3.0	-	-	-	-	-	-	1	-	-	1	2.0	-	-	
Friend/relative works there	-	-	-	-	-	-	-	-	-	-	-	2	6.0	3	7.0	-	-	
Store is attractive/not crowded	2	4.0	1	3.0	1	3.0	-	-	-	-	-	3	9.0	-	-	-	-	
Can cash my checks there	-	-	-	-	-	-	-	-	-	-	-	-	-	2	4.0	-	-	
Have good bakery	1	2.0	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	
Other	1	2.0	-	-	-	-	-	-	-	-	-	-	-	1	2.0	-	-	
No answer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61	93.0	

2092 103

STORE 2 - SHOPPING BAG, 1183 Quad Way, Whittier

In answer to Question 6: "What are your main reasons for shopping at_____?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)		CRAW-FORD'S	FOOD GIANT	GATE-WAY	MARKET BASKET		McDANIEL'S	RALPHS	SAFEWAY	THRIFTI-MART	NO PREF-ERENCE		OTHER
Number of respondents doing their secondary grocery shopping at___	16	100.0	53	100.0	21	100.0	1	15	2	46	100.0	7	3	11	4	50	100.0	65
Number and percent saying their main reasons for shopping there are...																		
Clean	-	-	-	-	3	14.0	-	-	-	-	-	-	-	-	-	-	-	
Convenient	7	44.0	37	69.0	6	28.0	-	2	2	21	46.0	-	1	1	3	-	-	
Give stamps/bonus tapes	-	-	-	-	-	-	-	-	-	1	2.0	1	-	1	-	-	-	
Good quality meats	-	-	3	6.0	2	10.0	-	1	-	4	9.0	1	-	6	-	-	-	
Do not have prepacked meats	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Have good, fresh vegetables/fruits	2	13.0	2	4.0	3	14.0	-	1	-	2	4.0	-	-	1	-	-	-	
All products are of good quality	1	6.0	1	2.0	2	10.0	-	-	-	1	2.0	1	1	1	-	-	-	
Have good selection of goods	3	19.0	5	9.0	3	14.0	1	2	-	12	26.0	2	1	1	1	-	-	
Have good special sales	1	6.0	4	8.0	4	19.0	-	4	-	9	20.0	-	1	2	-	-	-	
Personnel are always nice and courteous	-	-	7	13.0	-	-	-	-	-	5	11.0	-	-	-	-	-	-	
Familiar with store/habit/just like store	-	-	-	-	-	-	-	1	-	-	-	-	-	1	-	-	-	
Prices are generally lower	-	-	3	6.0	2	10.0	1	2	-	6	13.0	1	-	-	-	-	-	
Friend/relative works there	1	6.0	-	-	-	-	-	-	-	1	2.0	-	-	-	-	-	-	
Can cash my checks there	-	-	-	-	-	-	-	1	-	-	-	-	-	-	2	-	-	
Have good bakery	1	6.0	-	-	2	10.0	-	1	-	2	4.0	1	-	-	-	-	-	
Other	1	6.0	2	4.0	-	-	-	-	-	1	2.0	-	-	-	-	-	-	
No answer	-	-	1	2.0	-	-	-	-	-	-	-	-	-	-	-	48	96.0	
No one store/I always follow the sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	4.0	
Store is attractive/not crowded	-	-	2	4.0	1	5.0	-	-	-	2	4.0	1	-	-	-	-	-	

Sums of the columns may exceed 100% and the base because of multiple answers.

In answer to Question 6: "What are your main reasons for shopping at_____?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)		GATE-WAY	MARKET BASKET	McDANIELS	RALPHS	SAFEWAY	THRIFTI-MART	NO PREFERENCE		OTHER
Number of respondents doing their secondary grocery shopping at _____	37	100.0	42	100.0	42	100.0	15	7	1	2	5	12	36	100.0	36
Number and percent saying their main reasons for shopping there are ...															
Clean	1	3.0	6	14.0	-	-	1	-	-	1	1	-	-	-	
Convenient	12	32.0	17	40.0	17	40.0	9	4	1	1	3	5	2	6.0	
Good quality meats	8	22.0	3	7.0	4	10.0	-	1	-	-	2	9	-	-	
Have good, fresh vegetables/fruits	3	8.0	6	14.0	-	-	-	-	-	-	-	-	-	-	
All products are of good quality	2	5.00	-	-	-	-	-	1	-	1	-	-	-	-	
Have good selection of goods	8	22.0	5	12.0	4	10.0	-	1	-	-	-	-	-	-	
Open convenient hours	1	3.0	-	-	-	-	2	-	-	-	-	-	-	-	
Have good special sales	5	14.0	3	7.0	8	19.0	3	-	-	-	-	4	2	6.0	
Personnel are always nice & courteous	-	-	2	5.0	1	2.0	-	-	-	-	-	-	-	-	
Familiar with store/habit/just like store	3	8.0	-	-	8	19.0	-	-	-	-	-	-	-	-	
Prices are generally lower	-	-	1	2.0	4	10.0	1	-	-	-	-	1	-	-	
Friend/relative works there	-	-	1	2.0	-	-	-	-	-	-	-	-	-	-	
Store is attractive/not crowded	-	-	7	17.0	-	-	-	-	-	1	-	-	-	-	
Can cash my checks there	-	-	-	-	1	2.0	-	-	-	-	-	-	-	-	
Have good bakery	2	5.0	1	2.0	1	2.0	-	-	-	1	-	-	-	-	
Easier parking/no traffic problem	-	-	2	5.0	-	-	-	-	-	-	-	-	-	-	
Other	-	-	1	2.0	-	-	-	-	-	-	-	-	-	-	
No answer	1	3.0	-	-	-	-	-	-	-	-	-	-	30	83.0	
No preference/just shop where I am	-	-	-	-	-	-	-	-	-	-	-	1	3	8.0	

Sums of the columns may exceed 100% and the base because of multiple answers.

2609

STORE 4 - VON'S, GARDEN GROVE

In answer to Question 6: "What are your main reasons for shopping at _____ ?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)		COLE'S MARKETS		FOOD GIANT		MARKET BASKET	RALPHS	SAFEWAY		THRIFTI-MART		NO PREFER-ENCE		OTHER
Number of respondents doing their secondary grocery shopping at _____	70	100.0	11	100.0	25	100.0	27	100.0	30	100.0	2	6	37	100.0	29	100.0	78	100.0	35
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	%	No.	%	No.	%	No.	No.	No.	%	No.	%	No.	%	
Clean	12	17.0	-	-	2	8.0	1	4.0	2	7.0	-	1	3	8.0	1	3.0	-	-	
Convenient	27	39.0	8	73.0	16	64.0	19	70.0	5	17.0	-	4	6	16.0	13	45.0	-	-	
Give stamps/bonus tapes	2	3.0	-	-	3	12.0	-	-	1	3.0	-	-	2	5.0	2	7.0	-	-	
Good quality meats	8	11.0	-	-	4	16.0	6	22.0	4	13.0	-	-	14	38.0	2	7.0	-	-	
Have good, fresh vegetables/fruits	7	10.0	-	-	1	4.0	1	4.0	3	10.0	-	-	3	8.0	-	-	-	-	
All products are of good quality	3	4.0	1	9.0	1	4.0	-	-	-	-	-	-	-	-	1	3.0	-	-	
Have good selection of goods	9	13.0	3	27.0	1	4.0	1	4.0	4	13.0	1	-	2	5.0	-	-	-	-	
Open convenient hours	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	3.0	-	-	
Have good special sales	14	20.0	2	18.0	3	12.0	5	19.0	13	43.0	-	2	10	27.0	6	21.0	2	3.0	
Personnel are always nice & courteous	11	16.0	1	9.0	-	-	3	11.0	2	7.0	1	-	1	3.0	1	3.0	-	-	
Familiar with store/habit/ just like store	13	19.0	-	-	2	8.0	2	7.0	3	10.0	1	-	1	3.0	2	7.0	-	-	
Prices are generally lower	8	11.0	1	9.0	1	4.0	2	7.0	5	17.0	-	1	3	8.0	-	-	-	-	
Friend/relative works there	1	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Store is attractive/not crowded	13	19.0	-	-	1	4.0	-	-	-	-	1	1	2	5.0	-	-	-	-	
Can cash my checks there	1	1.0	-	-	-	-	-	-	1	3.0	-	-	-	-	5	17.0	-	-	
Have good bakery	1	1.0	-	-	1	4.0	1	4.0	1	3.0	-	-	-	-	-	-	-	-	
Easier parking/no traffic problem	1	1.0	-	-	-	-	-	-	2	7.0	-	-	-	-	-	-	-	-	
Other	2	3.0	-	-	-	-	-	-	-	-	-	-	1	3.0	1	3.0	-	-	
No answer	-	-	-	-	-	-	-	-	1	3.0	-	-	-	-	-	-	69	88.0	
No preference/just shop where I am	1	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	4.0	
No one store/I always follow the sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	5.0	

No one store/I always follow the sales - - -

STORE 6 - VON'S, DOWNEY

In answer to Question 6: "What are your main reasons for shopping at _____ ?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)		FOOD GIANT	MARKET BASKET	Mc-DANIEL'S	RALPHS		SAFEWAY	NO PREFER-ENCE		OTHER
Number of respondents doing their secondary grocery shopping at _____	55	100.0	10	100.0	21	100.0	3	2	2	21	100.0	13	74	100.0	153
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	%	No.	No.	No.	No.	%	No.	No.	%	
Clean	3	5.0	-	-	-	-	-	-	-	-	-	-	-	-	
Convenient	17	31.0	4	40.0	9	43.0	1	-	2	7	33.0	2	-	-	
Give stamps/bonus tapes	2	4.0	-	-	1	5.0	-	-	-	-	-	-	-	-	
Good quality meats	5	9.0	-	-	2	9.0	-	1	-	2	9.0	5	1	1.0	
Have good, fresh vegetables/fruits	3	5.0	-	-	-	-	1	-	-	-	-	-	-	-	
All products are of good quality	7	13.0	-	-	-	-	-	-	-	-	-	-	-	-	
Have good selection of goods	7	13.0	-	-	1	5.0	-	-	-	1	5.0	1	-	-	
Open convenient hours	-	-	-	-	-	-	-	-	-	1	5.0	-	-	-	
Have good special sales	3	5.0	2	20.0	2	9.0	1	-	-	5	24.0	1	1	1.0	
Personnel are always nice and courteous	5	9.0	-	-	1	5.0	-	-	-	-	-	-	-	-	
Familiar with store/habit/just like store	3	5.0	-	-	1	5.0	1	-	-	-	-	1	-	-	
Prices are generally lower	4	7.0	-	-	2	9.0	-	-	-	2	9.0	1	-	-	
Store is attractive/not crowded	3	5.0	-	-	-	-	-	-	-	1	5.0	-	-	-	
Can cash my checks there	1	2.0	-	-	-	-	-	-	-	-	-	-	-	-	
Have good bakery	1	2.0	-	-	1	5.0	-	-	-	1	5.0	-	-	-	
Easier parking/no traffic problem	5	9.0	-	-	1	5.0	-	-	-	1	5.0	-	1	1.0	
Other	4	7.0	-	-	2	10.0	-	-	-	-	-	1	-	-	
No answer	1	2.0	4	40.0	1	5.0	-	1	-	1	5.0	-	69	94.0	
No preference/just shop where I am	-	-	-	-	-	-	-	-	-	1	5.0	-	-	-	
No one store/I always follow the sales	-	-	-	-	-	-	-	-	-	-	-	-	2	3.0	

No one store/I always follow the sales - - - - - - - - - - - - 2 3.0

In answer to Question 6: "What are your main reasons for shopping at_____?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)		FOOD GIANT	MARKET BASKET	RALPHS		SAFEWAY	THRIFTI-MART	NO PREFERENCE		OTHER
Number of respondents doing their secondary grocery shopping at_____	13	100.0	81	100.0	21	100.0	7	4	78	100.0	4	1	69	100.0	69
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	%	No.	No.	No.	%	No.	No.	No.	%	
Clean	1	8.0	-	-	-	-	-	-	5	6.0	-	-	-	-	
Convenient	4	30.0	45	56.0	10	47.0	3	3	31	40.0	1	-	-	-	
Give stamps/bonus tapes	-	-	-	-	1	5.0	-	-	-	-	-	-	-	-	
Good quality meats	1	8.0	-	-	-	-	1	-	-	-	-	-	-	-	
Have good, fresh vegetables/fruits	-	-	1	1.0	-	-	-	1	-	-	-	-	-	-	
All products are of good quality	-	-	-	-	1	5.0	-	1	4	5.0	1	-	-	-	
Have good selection of goods	1	8.0	7	9.0	-	-	-	-	2	3.0	-	-	-	-	
Open convenient hours	-	-	2	2.0	-	-	-	-	-	-	-	-	-	-	
Have good special sales	3	23.0	22	27.0	9	42.0	1	2	28	36.0	-	1	1	1.0	
Personnel are always nice & courteous	1	8.0	3	4.0	1	5.0	1	-	1	1.0	-	-	1	1.0	
Familiar with store/habit/just like store	1	8.0	2	2.0	-	-	-	-	4	5.0	1	-	-	-	
Prices are generally lower	5	38.0	8	10.0	1	5.0	1	-	9	12.0	1	-	-	-	
Friend/relative works there	-	-	-	-	-	-	-	-	1	1.0	-	-	-	-	
Store is attractive/not crowded	-	-	6	7.0	-	-	-	-	3	4.0	-	-	-	-	
Can cash my checks there	-	-	2	2.0	1	5.0	-	-	-	-	-	-	-	-	
Have good bakery	1	8.0	-	-	-	-	-	-	4	5.0	-	-	-	-	
Easier parking/no traffic problem	-	-	2	2.0	-	-	-	-	2	3.0	-	-	-	-	
No answer	-	-	-	-	-	-	-	-	2	3.0	-	-	57	84.0	
No preference/just shop where I am	-	-	2	2.0	1	5.0	-	-	2	3.0	-	-	7	10.0	
No one store/I always follow the sales	-	-	-	-	-	-	-	-	-	-	-	-	3	4.0	

Sums of the columns may exceed 100% and the base because of multiple answers.

2613

STORE 8 - VON'S, ALHAMBRA

In answer to Question 6: "What are your main reasons for shopping at _____?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	CRAW-FORD'S		FOOD GIANT	GATEWAY		MARKET BASKET		Mc-DANIEL'S	RALPHS	SAFEWAY		THRIF-TIMART	NO PREFERENCE		OTHER
Number of respondents doing their secondary grocery shopping at _____	70	100.0	13	100.0	13	42	100.0	2	36	100.0	26	100.0	1	17	25	100.0	4	60	100.0	46
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	No.	%	No.	No.	%	No.	%	No.	No.	No.	%	No.	No.	%	
Clean	9	13.0	-	-	-	1	2.0	-	-	-	1	4.0	1	-	1	4.0	-	-	-	
Convenient	23	33.0	6	46.0	6	18	43.0	1	14	39.0	12	46.0	-	7	9	36.0	2	1	2.0	
Give stamps/bonus tapes	3	4.0	1	8.0	4	1	2.0	-	2	6.0	-	-	-	1	1	4.0	-	-	-	
Good quality meats	13	19.0	-	-	6	-	-	-	-	-	6	23.0	-	1	7	28.0	-	-	-	
Do not have pre-packed meats	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	
Have good, fresh vegetables/ fruits	11	16.0	-	-	1	-	-	-	-	-	-	-	-	1	-	-	-	-	-	
Products are of good quality	9	13.0	1	8.0	-	-	-	-	-	-	1	4.0	-	2	-	-	-	-	-	
Have good selection of goods	13	19.0	-	-	-	3	7.0	-	1	3.0	1	4.0	-	-	3	12.0	-	-	-	
Open convenient hours	-	-	-	-	-	2	5.0	-	-	-	-	-	-	-	-	-	-	-	-	
Have good special sales	17	24.0	5	38.0	6	12	29.0	-	17	47.0	5	19.0	-	8	9	36.0	3	9	14.0	
Personnel are always nice and courteous	10	14.0	1	8.0	1	1	2.0	-	4	11.0	3	11.0	-	1	2	8.0	-	1	2.0	
Familiar with store/habit/ just like store	2	3.0	1	8.0	1	16	38.0	-	2	6.0	2	8.0	-	1	1	4.0	-	1	2.0	
Prices are generally lower	8	11.0	-	-	-	2	5.0	1	3	8.0	3	11.0	-	-	1	4.0	-	1	2.0	
Friend/relative works there	1	1.0	-	-	-	-	-	-	1	3.0	-	-	-	-	-	-	-	-	-	
Store is attractive/not crowded	8	11.0	1	8.0	-	-	-	-	1	3.0	-	-	-	-	1	4.0	-	-	-	
Have good bakery	1	1.0	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	
Easier parking/no traffic problem	3	4.0	-	-	-	-	-	-	-	-	1	4.0	-	-	-	-	-	-	-	
Other	1	1.0	-	-	-	1	2.0	-	-	-	-	-	-	-	1	4.0	-	1	2.0	

Continued...

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	CRAW-FORD'S		FOOD GIANT	GATEWAY		MARKET BASKET		Mc-DANIEL'S	RALPHS	SAFEWAY		THRIF-TIMART	NO PREFERENCE		OTHER
Number of respondents doing their secondary grocery shopping at _____	70	100.0	13	100.0	13	42	100.0	2	36	100.0	26	100.0	1	17	25	100.0	4	60	100.0	46
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	No.	%	No.	No.	%	No.	%	No.	No.	No.	%	No.	No.	%	
No answer	-	-	-	-	-	1	2.0	-	2	6.0	1	4.0	-	-	-	-	-	40	66.0	
No preference/just shop where I am	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	8.0	
No one store/I always follow the sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	2.0	

Sums of the columns may exceed 100% and the base because of multiple answers.

2615

STORE 9 - SHOPPING BAG, ALHAMBRA

In answer to Question 6: "What are your main reasons for shopping at_____?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	CRAWFORD'S		FOOD GIANT	GATEWAY		MARKET BASKET	RALPHS	SAFE-WAY	NO PREFERENCE		OTHER
Number of respondents doing their secondary grocery shopping at_____	17	100.0	42	100.0	4	49	100.0	3	57	100.0	17	9	7	116	100.0	19
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	No.	%	No.	No.	%	No.	No.	No.	No.	%	
Clean	-	-	1	2.0	-	2	4.0	1	-	-	-	-	1	-	-	
Convenient	9	53.0	13	31.0	-	28	57.0	1	33	57.0	8	2	2	-	-	
Give stamps/bonus tapes	-	-	3	7.0	-	1	2.0	-	18	31.0	-	2	-	-	-	
Good quality meats	-	-	-	-	-	6	12.0	-	1	2.0	2	-	2	-	-	
Have good, fresh vegetables/fruits	1	6.0	5	12.0	-	1	2.0	-	-	-	-	-	1	-	-	
All products are of good quality	-	-	-	-	1	1	2.0	-	2	4.0	-	-	-	-	-	
Have good selection of goods	1	6.0	5	12.0	2	2	4.0	-	2	4.0	1	1	-	-	-	
Have good special sales	3	18.0	24	57.0	1	14	29.0	3	9	16.0	7	-	1	1	1.0	
Personnel are always nice & courteous	-	-	2	5.0	-	3	6.0	-	5	9.0	1	1	-	-	-	
Familiar with store/habit/just like store	1	6.0	-	-	-	1	2.0	-	3	5.0	-	2	-	-	-	
Prices are generally lower	2	12.0	1	2.0	1	1	2.0	-	7	12.0	1	2	3	-	-	
Friend/relative works there	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1.0	
Store is attractive/not crowded	3	18.0	-	-	-	3	6.0	-	-	-	1	1	-	-	-	
Have good bakery	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	
Easier parking/no traffic problem	-	-	-	-	-	-	-	-	1	2.0	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	89	77.0	
No answer	-	-	2	5.0	-	-	-	-	-	-	-	-	-	21	18.0	
No preference/just shop where I am	-	-	-	-	-	-	-	-	-	-	-	-	-	4	3.0	

Some of the columns may exceed 100% and the base because of multiple answers.

In answer to Question 6: "What are your main reasons for shopping at_____?"

Sums of the columns may exceed 100% and the base because of multiple answers.

In answer to Question 6: "What are your main reasons for shopping at _____?"

	VON'S		SHOPPING BAG		ALPHA BETA (RAISIN)	CRAWFORD'S	FOOD GIANT	GATEWAY	MARKET BASKET		McDANIEL'S	RALPHS	SAFEWAY	THRIFTIMART	NO PREFERENCE		OTHER
Number of respondents doing their secondary grocery shopping at _____	56	100.0	6	100.0	16	6	12	17	44	100.0	29	5	8	2	24	100.0	24
Number and percent saying their main reasons for shopping there are...	No.	%	No.	%	No.	No.	No.	No.	No.	%	No.	No.	No.	No.	No.	%	
Clean	1	2.0	-	-	1	-	-	-	-	-	-	-	-	-	-	-	
Convenient	25	44.0	2	33.0	7	4	4	9	20	45.0	11	3	-	2	2	8.0	
Give stamps/bonus tapes	-	-	-	-	2	-	-	-	1	2.0	14	-	-	-	-	-	
Good quality meats	4	7.0	-	-	2	1	1	-	4	9.0	1	-	5	-	-	-	
Have good, fresh vegetables/fruits	2	4.0	-	-	1	1	-	1	1	2.0	-	-	-	-	1	4.0	
All products are of good quality	-	-	-	-	-	-	1	1	2	5.0	-	-	-	-	-	-	
Have good selection of goods	15	26.0	-	-	-	-	-	1	3	7.0	-	1	-	-	-	-	
Open convenient hours	-	-	-	-	-	-	-	-	1	2.0	-	-	-	-	-	-	
Have good special sales	11	20.0	2	33.0	4	3	8	2	7	16.0	7	1	5	-	-	-	
Personnel are always nice and courteous	4	7.0	-	-	-	-	-	3	6	14.0	-	-	-	-	-	-	
Familiar with store/habit/just like store	6	11.0	2	33.0	1	-	-	-	4	9.0	-	-	-	-	-	-	
Prices are generally lower	2	4.0	-	-	-	-	1	-	1	2.0	1	-	-	-	-	-	
Friend/relative works there	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	
Store is attractive/not crowded	1	2.0	-	-	-	-	-	-	1	2.0	1	-	-	-	-	-	
Have good bakery	-	-	-	-	-	-	-	-	2	5.0	-	-	-	-	-	-	
Other	1	2.0	-	-	1	-	-	-	-	-	-	-	-	-	-	-	
No answer	-	-	1	17.0	-	-	-	1	2	5.0	1	-	-	-	21	88.0	

Sums of the columns may exceed 100% and the base because of multiple answers.

261

STORE 11 - SHOPPING BAG, MONTEREY PARK

In answer to Question 6: "What are your main reasons for shopping at_____?"

	VONS		SHOPPING BAG		ALPHA BETA (RAISIN)	CRAWFORD'S	GATEWAY		MARKET BASKET	McDANIEL'S	RALPHS	SAFEWAY	NO PREFERENCE		OTHER
Number of respondents doing their secondary grocery shopping at_____	43	100.0	72	100.0	12	1	59	100.0	18	11	5	8	41	100.0	32
Number and percent saying their main reasons for shopping there are...															
Clean	2	5.0	6	8.0	-	-	1	2.0	-	-	-	1	-	-	
Convenient	18	42.0	20	28.0	3	6	20	34.0	4	1	1	2	1	2.0	
Give stamps/bonus tapes	-	-	1	1.0	-	-	2	3.0	1	7	3	-	-	-	
Good quality meats	8	19.0	7	10.0	1	3	6	10.0	3	-	-	2	2	5.0	
Have good, fresh vegetables/fruits	1	2.0	4	6.0	-	-	5	8.0	1	-	-	-	1	2.0	
All products are of good quality	-	-	1	1.0	-	-	-	-	-	-	-	-	-	-	
Have good selection of goods	4	9.0	10	14.0	1	1	4	7.0	3	1	1	1	-	-	
Open convenient hours	-	-	-	-	-	-	1	2.0	-	-	-	-	-	-	
Have good special sales	14	33.0	25	35.0	6	5	21	36.0	6	2	3	2	-	-	
Personnel are always nice & courteous	4	9.0	17	24.0	-	-	4	7.0	1	1	-	-	1	2.0	
Familiar with store/habit/just like store	-	-	1	1.0	1	-	1	2.0	-	1	-	-	-	-	
Prices are generally lower	2	5.0	5	7.0	1	1	3	5.0	2	-	1	2	-	-	
Friend/relative works there	-	-	1	1.0	-	-	2	3.0	-	-	-	-	-	-	
Store is attractive/not crowded	5	12.0	10	14.0	-	-	2	3.0	1	1	-	-	-	-	
Can cash my checks there	-	-	1	1.0	-	-	1	2.0	-	-	-	-	-	-	
Have good bakery	-	-	1	1.0	2	-	3	5.0	-	-	1	-	-	-	
Easier parking/no traffic problem	-	-	2	3.0	-	1	-	-	-	-	-	-	-	-	
Other	-	-	1	1.0	-	-	-	-	-	-	-	-	-	-	
No answer	-	-	-	-	-	-	1	2.0	-	-	-	-	37	93.0	
No preference/just shop where I am	-	-	1	1.0	-	-	-	-	-	-	-	-	1	2.0	
No one store/ I always follow the sales	-	-	-	-	-	-	1	2.0	-	-	-	-	-	-	

Sums of the columns may exceed 100% and the base because of multiple answers.

Some of the columns may exceed 100% and the base because of multiple answers.

BY AREA AND BY STORE

	WHITTIER			GARDEN GROVE		DOWNEY		ALHAMBRA		MONTEREY PARK	
	Von's Store 1	Shopping Bag Store 2	Shopping Bag Store 3	Von's Store 4	Shopping Bag Store 5	Von's Store 6	Shopping Bag Store 7	Von's Store 8	Shopping Bag Store 9	Von's Store 10	Shopping Bag Store 11
Number of respondents	341	294	235	350	352	354	347	355	340	249	322
Number who were interviewed during...	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
Friday											
4 to 5 PM	34	9	11	25	33	13	27	20	17	8	18
5 to 6	21	19	13	28	22	31	24	12	25	14	17
6 to 7	22	11	9	27	38	54	25	15	26	15	15
7 to 8	28	22	13	26	25	40	25	43	36	18	18
8 to 9	14	24	24	30	24	17	35	55	33	15	20
9 to 10 PM	14	18	15	16	11	12	22	20	24	10	14
Saturday											
8 to 9 AM	4	-	-	-	3	1	13	25	5	9	-
9 to 10	16	33	-	20	23	8	24	30	23	17	35
10 to 11	26	33	22	29	34	14	31	24	27	21	39
11 to 12 AM	28	42	14	21	35	28	38	24	28	15	43
12 to 1 PM	14	20	24	28	25	38	26	20	30	22	21
1 to 2	34	25	32	32	28	32	28	20	28	40	29
2 to 3	43	24	29	25	36	32	26	22	23	30	28
3 to 4 PM	43	14	29	43	15	34	13	25	15	15	25

Continued...

DISTRIBUTION OF INTERVIEWS (cont.)

	TOTAL		BY AREA AND BY STORE																	
			WHITTIER						GARDEN GROVE				DOWNEY				ALHAMBRA				MONTEREY PARK			
			Von's Store 1		Shopping Bag Store 2		Shopping Bag Store 3		Von's Store 4		Shopping Bag Store 5		Von's Store 6		Shopping Bag Store 7		Von's Store 8		Shopping Bag Store 9		Von's Store 10		Shopping Bag Store 11	
Number of respondents	3539	100.0	341	100.0	294	100.0	235	100.0	350	100.0	352	100.0	354	100.0	347	100.0	355	100.0	340	100.0	249	100.0	322	100.0
Number and percent interviewed who were...	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Male	935	26.0	49	14.0	80	27.0	60	26.0	79	23.0	119	34.0	99	28.0	79	23.0	111	31.0	112	33.0	62	25.0	85	26.0
Female	2604	74.0	292	86.0	214	73.0	175	74.0	271	77.0	233	66.0	255	72.0	268	77.0	244	69.0	228	67.0	187	75.0	237	74.0

Nember, 59 — ACTS NSCL TED st. I

Study #LA-2861 Los Angeles - San Francisco Date

2621

We're making a study of shopping habits in this area...

1. Where do you do most of your grocery shopping? (RECORD UNDER Q.1 BELOW)

2. How often do you shop there? (RECORD UNDER Q.2 BELOW)

3. What are your main reasons for shopping at _____ ? (write in name of store named in Q.1)
(PROBE FOR COMPLETE ANSWERS)

11
12

4. Which market is your second choice for grocery shopping? (RECORD UNDER Q.4 BELOW)

5. How often do you shop there? (RECORD UNDER Q.5 BELOW)

6. What are your main reasons for shopping at _____ ? (write in name of store named in Q.4)
(PROBE FOR COMPLETE ANSWERS)

13
14

7. Are there any other markets where you sometimes shop? (RECORD UNDER Q.7 BELOW)

MARKETS	Q.1 MOST	Q.2 2 x WK OR MORE	Q.2 WKLY	Q.2 LESS THAN WKLY	Q.2 DK/ REF.	Q.4 2ND CHOICE	Q.5 2 x WK OR MORE	Q.5 WKLY	Q.5 LESS THAN WKLY	Q.5 DK/ REF.	Q.7 ALSO SOMETIMES SHOP
A & P	15-1	-2	-3	-4	-5	15-6	-7	-8	-9	-0	46-1
ALEXANDER, S.H.	16-1	-2	-3	-4	-5	16-6	-7	-8	-9	-0	-2
ALPHA BETA (RAISIN)	17-1	-2	-3	-4	-5	17-6	-7	-8	-9	-0	-3
BETTER FOODS	18-1	-2	-3	-4	-5	18-6	-7	-8	-9	-0	-4
BOYS MARKET	19-1	-2	-3	-4	-5	19-6	-7	-8	-9	-0	-5
CARL'S MARKETS	20-1	-2	-3	-4	-5	20-6	-7	-8	-9	-0	-6
COLE'S MARKETS	21-1	-2	-3	-4	-5	21-6	-7	-8	-9	-0	-7
CRAWFORD'S	22-1	-2	-3	-4	-5	22-6	-7	-8	-9	-0	-8
FOOD GIANT	23-1	-2	-3	-4	-5	23-6	-7	-8	-9	-0	-9
FOX	24-1	-2	-3	-4	-5	24-6	-7	-8	-9	-0	-0
GATEWAY	25-1	-2	-3	-4	-5	25-6	-7	-8	-9	-0	-x
HIRAM'S	26-1	-2	-3	-4	-5	26-6	-7	-8	-9	-0	-y
JIM DANDY	27-1	-2	-3	-4	-5	27-6	-7	-8	-9	-0	47-1
KING COLE	28-1	-2	-3	-4	-5	28-6	-7	-8	-9	-0	-2
KORY'S	29-1	-2	-3	-4	-5	29-6	-7	-8	-9	-0	-3
MARKET BASKET	30-1	-2	-3	-4	-5	30-6	-7	-8	-9	-0	-4
MAYFAIR	31-1	-2	-3	-4	-5	31-6	-7	-8	-9	-0	-5
McCOY'S	32-1	-2	-3	-4	-5	32-6	-7	-8	-9	-0	-6
McDANIEL'S	33-1	-2	-3	-4	-5	33-6	-7	-8	-9	-0	-7
RALPHS	34-1	-2	-3	-4	-5	34-6	-7	-8	-9	-0	-8
SAFEWAY	35-1	-2	-3	-4	-5	35-6	-7	-8	-9	-0	-9
SHOPPER'S MKTS.	36-1	-2	-3	-4	-5	36-6	-7	-8	-9	-0	-0
SHOPPING BAG	37-1	-2	-3	-4	-5	37-6	-7	-8	-9	-0	-x
SUNFAIR	38-1	-2	-3	-4	-5	38-6	-7	-8	-9	-0	-y
THRIFTIMART	39-1	-2	-3	-4	-5	39-6	-7	-8	-9	-0	48-1
VON'S	40-1	-2	-3	-4	-5	40-6	-7	-8	-9	-0	-2
YOR-WAY (METRO.)	41-1	-2	-3	-4	-5	41-6	-7	-8	-9	-0	-3
OTHER (write in)											
_____	42-x	-x	-x	-x	-x	-x	-x	-x	-x	-x	-0
_____	43-x	-x	-x	-x	-x	-x	-x	-x	-x	-x	-0
_____	44-x	-x	-x	-x	-x	-x	-x	-x	-x	-x	-0
NO PREF. STORE	45-1	-2	-3	-4	-5	45-6	-7	-8	-9	-0	-y
	...OVER...	...OVER...	...OVER...	...OVER...	...OVER...	...OVER...	...OVER...	...OVER...	...OVER...	...OVER...	...OVER...

(117)

8. What is the intersection nearest your home? _____ (write in intersection streets and city)

2622

	TIME OF INTERVIEW:	11-13-59 FRIDAY	11-14-59 SATURDAY
MAN. . . . 49-1	4 - 5 PM	50-1	
WOMAN. . . -2	5 - 6	-2	
	6 - 7	-3	
	7 - 8	-4	
	8 - 9	-5	
	9 -10	-6	
	8 - 9 AM		51-1
	9 -10		-2
	10 -11		-3
	11 -12		-4
	12 - 1 PM		-5
	1 - 2		-6
	2 - 3		-7
	3 - 4		-8

MARKET NAME _____

MARKET ADDRESS _____

CITY _____

(11)

DEFENDANT'S EXHIBIT S

MAP OVERLAY STUDY FOR VON'S GROCERY COMPANY

October 1955

A Report Prepared By Facts Consolidated in October 1955, Showing the Limited Radius of the Drawing Areas of Each of Von's Stores.

MAP OVERLAY STUDY

Facts Consolidated — October 1955

Store No.	Number of Pins Placed in the Store Area	Within a 1 Mile Radius	Between 1 & 2 Mile Radius	Between 2 & 3 Mile Radius	Within More Than a 3 Mile Radius
1	100.0	61.0	22.0	7.0	10.0
2	100.0	48.0	34.0	9.0	9.0
3	100.0	84.0	10.0	4.0	2.0
4	100.0	40.0	30.0	14.0	16.0
6	100.0	58.0	29.0	6.0	7.0
7	100.0	76.0	15.0	5.0	4.0
8	100.0	94.0	3.0	3.0	—
9	100.0	88.0	11.0	1.0	—
10	100.0	68.0	16.0	3.0	13.0
11	100.0	95.0	5.0	—	—
12	100.0	76.0	13.0	3.0	8.0
13	100.0	52.0	26.0	12.0	10.0
14	100.0	48.0	41.0	4.0	7.0
15	100.0	35.0	28.0	19.0	18.0
16	100.0	48.0	37.0	10.0	5.0
17	100.0	38.0	29.0	20.0	13.0
18	100.0	56.0	22.0	17.0	5.0
19	100.0	55.0	30.0	4.0	11.0
20	100.0	47.0	26.0	13.0	14.0
21	100.0	87.0	3.0	2.0	8.0
22	100.0	29.0	33.0	21.0	17.0
23	100.0	35.0	42.0	14.0	9.0

MAP OVERLAY STUDY FOR VON'S GROCERY COMPANY

October 1955

INTRODUCTION

Purpose

The purpose of the study was to determine the number, per cent and cumulative per cent of customers falling into a one, two and three mile radius of 22 Von's Markets. These were to be determined from the pattern of customer distribution found in the Mapping Study of September 1955.

Method

An acetate overlay was prepared with concentric circles drawn to scale indicating a one, two and three mile radius. Using the map from the previous study, this overlay was placed with its center directly over one of the store locations. The number of map pins falling into each circle was then noted and the per cent of all pins falling into each radius was computed. A cumulative per cent also was computed so that the total per cent of customers falling into a one, two or three mile radius for each store location can be readily seen. This process was repeated with the acetate overlay for each store location.

These numbers and percentages for each store are presented in the following tables. All percentages have been rounded in all tables. The per cent of pins placed for each mile radius for each store is lettered in India ink, along with the store number and the mile zone represented, on flat headed 5/8" map pins. These 5/8" map pins had been placed on the maps from the previous study to indicate the percentages within each mile zone.

Store #1

11471 Long Beach Boulevard, Lynwood

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	97	100.0	
Number and per cent placed . . .			
Within a one-mile radius	59	61.0	61.0
Between a one and two-mile radius	21	22.0	83.0
Between a two and three-mile radius	7	7.0	90.0
Within more than a three-mile radius	10	10.0	100.0

Store #2

1305 Wilshire Boulevard, Santa Monica

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	188	100.0	
Number and per cent placed . . .			
Within a one-mile radius	90	48.0	48.0
Between a one and two-mile radius	65	34.0	82.0
Between a two and three-mile radius	17	9.0	91.0
Within more than a three-mile radius	16	9.0	100.0

Store #3

3667 West 3rd Street, Los Angeles

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	97	100.0	
Number and per cent placed . . .			
Within a one-mile radius	81	84.0	84.0
Between a one and two-mile radius	10	10.0	94.0
Between a two and three-mile radius	4	4.0	98.0
Within more than a three-mile radius	2	2.0	100.0

Store #4

2280 South Atlantic Boulevard, Monterey Park

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	183	100.0	
Number and per cent placed . . .			
Within a one-mile radius	73	40.0	40.0
Between a one and two-mile radius	54	30.0	70.0
Between a two and three-mile radius	26	14.0	84.0
Within more than a three-mile radius	30	16.0	100.0

Store #6

1027 West Manchester Avenue, Los Angeles

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	94	100.0	
Number and per cent placed . . .			
Within a one-mile radius	54	58.0	58.0
Between a one and two-mile radius	27	29.0	87.0
Between a two and three-mile radius	6	6.0	93.0
Within more than a three-mile radius	7	7.0	100.0

Store #7

1020 South Fairfax Avenue, Los Angeles

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	103	100.0	
Number and per cent placed . . .			
Within a one-mile radius	78	76.0	76.0
Between a one and two-mile radius	16	15.0	91.0
Between a two and three-mile radius	5	5.0	96.0
Within more than a three-mile radius	4	4.0	100.0

Store #8

3334 West 8th Street, Los Angeles

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	94	100.0	
Number and per cent placed . . .			
Within a one-mile radius	88	94.0	94.0
Between a one and two-mile radius	3	3.0	97.0
Between a two and three-mile radius	3	3.0	100.0
Within more than a three-mile radius	—	—	—

Store #9

840 South Alvarado, Los Angeles

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	88	100.0	
Number and per cent placed . . .			
Within a one-mile radius	77	88.0	88.0
Between a one and two-mile radius	10	11.0	99.0
Between a two and three-mile radius	1	1.0	100.0
Within more than a three-mile radius	—	—	—

Store #10

1020 Crenshaw Boulevard, Los Angeles

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	90	100.0	
Number and per cent placed . . .			
Within a one-mile radius	61	68.0	68.0
Between a one and two-mile radius	14	16.0	84.0
Between a two and three-mile radius	3	3.0	87.0
Within more than a three-mile radius	12	13.0	100.0

Store #11

1500 West Pico Boulevard, Los Angeles

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	98	100.0	
Number and per cent placed . . .			
Within a one-mile radius	93	95.0	95.0
Between a one and two-mile radius	5	5.0	100.0
Between a two and three-mile radius	—	—	—
Within more than a three-mile radius	—	—	—

Store #12

5029 South Vermont Avenue, Los Angeles

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	92	100.0	
Number and per cent placed . . .			
Within a one-mile radius	70	76.0	76.0
Between a one and two-mile radius	12	13.0	89.0
Between a two and three-mile radius	3	3.0	92.0
Within more than a three-mile radius	7	8.0	100.0

Store #13

6607 Atlantic Boulevard, Bell

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	97	100.0	
Number and per cent placed . . .			
Within a one-mile radius	50	52.0	52.0
Between a one and two-mile radius	25	26.0	78.0
Between a two and three-mile radius	12	12.0	90.0
Within more than a three-mile radius	10	10.0	100.0

Store #14

1260 Redondo Beach Boulevard, Gardena

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	163	100.0	
Number and per cent placed . . .			
Within a one-mile radius	78	48.0	48.0
Between a one and two-mile radius	67	41.0	89.0
Between a two and three-mile radius	7	4.0	93.0
Within more than a three-mile radius	11	7.0	100.0

Store #15

3644 West Santa Barbara Boulevard, Los Angeles

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	180	100.0	
Number and per cent placed . . .			
Within a one-mile radius	62	35.0	35.0
Between a one and two-mile radius	50	28.0	63.0
Between a two and three-mile radius	35	19.0	82.0
Within more than a three-mile radius	33	18.0	100.0

Store #16

10780 West Pico Boulevard, West Los Angeles

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	144	100.0	
Number and per cent placed . . .			
Within a one-mile radius	70	48.0	48.0
Between a one and two-mile radius	53	37.0	85.0
Between a two and three-mile radius	14	10.0	95.0
Within more than a three-mile radius	7	5.0	100.0

Store #17

6625 Van Nuys Boulevard, Van Nuys

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	143	100.0	
Number and per cent placed . . .			
Within a one-mile radius	54	38.0	38.0
Between a one and two-mile radius	42	29.0	67.0
Between a two and three-mile radius	29	20.0	87.0
Within more than a three-mile radius	18	13.0	100.0

Store #18

8851 South Western Avenue, Los Angeles

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	92	100.0	
Number and per cent placed . . .			
Within a one-mile radius	51	56.0	56.0
Between a one and two-mile radius	20	22.0	78.0
Between a two and three-mile radius	16	17.0	95.0
Within more than a three-mile radius	5	5.0	100.0

Store #19

4480 Atlantic Boulevard, Long Beach

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	176	100.0	
Number and per cent placed . . .			
Within a one-mile radius	96	55.0	55.0
Between a one and two-mile radius	53	30.0	85.0
Between a two and three-mile radius	8	4.0	89.0
Within more than a three-mile radius	19	11.0	100.0

Store #20

6917 La Tijera Boulevard, Los Angeles

	Number	Per Cent	Cumulative Percent
Number of pins placed in the store area	185	100.0	
Number and per cent placed . . .			
Within a one-mile radius	87	47.0	47.0
Between a one and two-mile radius	48	26.0	73.0
Between a two and three-mile radius	24	13.0	86.0
Within more than a three-mile radius	26	14.0	100.0

Store #21

6571 West 80th Street, Los Angeles

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	95	100.0	
Number and per cent placed . . .			
Within a one-mile radius	82	87.0	87.0
Between a one and two-mile radius	3	3.0	90.0
Between a two and three-mile radius	2	2.0	92.0
Within more than a three-mile radius	8	8.0	100.0

Store #22

18247 Sherman Way, Reseda

	Number	Per Cent	Cumulative Per Cent
Number of pins placed in the store area	145	100.0	
Number and per cent placed . . .			
Within a one-mile radius	42	29.0	29.0
Between a one and two-mile radius	48	33.0	62.0
Between a two and three-mile radius	31	21.0	83.0
Within more than a three-mile radius	24	17.0	100.0

Store #23

9011 Woodman Avenue, Pacoima

	Number	Percent	Cumulative Per Cent
Number of pins placed in the store area	116	100.0	
Number and per cent placed . . .			
Within a one-mile radius	40	35.0	35.0
Between a one and two-mile radius	49	42.0	77.0
Between a two and three-mile radius	16	14.0	91.0
Within more than a three-mile radius	11	9.0	100.0

DEFENDANT'S EXHIBIT AA

Yellow on Blue

DATE 21 Oct 1964 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER Vons #4

NAME (PRINT)	ADDRESS (PRINT)	CITY
Cuttle & Bill Barnes	2300 Herbert ave 46B5	Monterey Pk.
F. D. Bigler	762 Bonita Vista 46B3	Monterey Park
Edward Salas	653 W. Fernfield Dr. 46B5	Monterey Park
Esther Hartunian	256 Twin Palms ave 46A5	" "
Mary Abrahamian	745 N. Leonard St 46B4	Mont.
Mrs Fred Silva	1101 Moonbeam Dr 46A4	Monterey Pk.
Tom Wong	1680 W. Brightwood 46AB4	Monterey Park
J.E. Berg	616 W Hammel St 46B4	M.P.
M Yamanoha	520 W. Albright St. 46AB4	M.P.
Mrs. J. J. Pawlik	2404 Ballella ave 46B5	M. P.
Gertrude A. Gilpin	1531 N. Bradshaw 46B3	Monterey Pk.
Felix E. Tapia	5448 Fernfield Dr 46 B5	L.A. 32
Dean & Carl Flores	4125 E 3rd ST. 45B4	L.A. 63
Mary Williams	1370 Bradshaw 46B3	Monterey Park
Nikita Koga	753 N Bradshaw 46B3	Montebello
Josephine Levine	1050 Moonbeam Dr 46A4	Monterey Park
Helen Oberlander	4832 Blanchard St 45C3	L.A. 42 Calif
Mary Ellen Stanford	1041 Bradshaw 46B3	Monterey Park
Mrs. Ann Jessen	1187 Ridgecrest St. 45 1-3-4	Monterey Park
Mr. Del Vanderveer	5541 Maitland Dr	L.A. 32
Amanda Leal	319 N Monterey 46A4	Monterey Pk
Mary K. Thiessen	5023 Pancho St 53E	L.A. 22
Irene De Garmo	5049 Gaffney St 53E2	LA 22
Mrs. Mercedes	5217 Repetto ave 45F5	L A 22
Alfred di	250 E Saddle ave 46AB4	Monterey Pk
FRANK P. O'SULLIVAN	180 Calle de Vida 46A4	Monterey Pk
Mrs Josephine M Leggi	1039 Cambridge Ave 46B4	M. P.
R. L. Estell	1661 College View Dr 46A4	M.P.
Mrs Florence Kleef	2409 Le Feuilley Ave 46B6	M P
Helen K Johnston	2412 Le Feuilley Ave 46B4	M P
ANASTACIO G. ARMAS	340 N Sunset Dr 45B4	M P 2 A 63
Sam KLEIN	1953 HEIDELMAN RD 45D	L.A 32
Steven L Jones	704 Westhope Dr 34	Alhambra
Ronnie J Rosin	5634 Via San Delarra 46A5	L.A. 22

119

2632

DATE 21 Oct 1964 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER Vons #4

NAME (PRINT)	ADDRESS (PRINT)	CITY
Ernest Fabbro	1360 College Ave	46B4
Irene C. [illegible]	1066 [illegible]	M.P.
Rebecca [illegible]	990 Hillcrest Dr.	M.P.
Edward Goodman	1571 Wandering Dr. M.P.	46A4
F.X. Stannard	815 Russell Pl. 46C2	Whittier
Connie Reynolds	637 W. Edison St. 46B5	Monterey Park
Connie Alonzo	4619 E 2nd St. 45D4	L.A.
Ann St John	1942 So. McPherrin Ave. 46C2-13	Monterey Park
Mary Nelson	1308 Cradle St. Los Angeles 23	Calif 53
Howard A. Lee	609 W Floral Dr Monterey Park	Cal. 46
Otilia Bourguignon	566 W. Hammel St 46B4	Monterey Park Cal
Flotta Van Valkenburg	1911 S McPherrin 46C2	Monterey Park Cal
Ferd Pumphrey	530 N. La Cienega Blvd 45	Beverly Hills
Mrs. Mary M. Mitchell	1376 Dunnygate Dr 46F3	Mt. View
Roger T. Flores	1822 W Pepper St W 46AC4	M.P.
John M. Peters	2448 N Poligny Avenue 461	San Gabriel
Mrs. Louis Hansen	5711 N Wilton Ave 461-6	Los Angeles
Laura Cox	425 N. Burbank Ave 46	Pasadena
Frances P. Tamb	5735 E. Brooklyn Ave	E. LA.
Terry Corcoran	2091 Pebble Court 45F	Monterey Park
Denise Skurzi	" 451-3	"
Lois Flanigan	5128 Dawn Dr. 45F4	L.A. 22 Calif
Leonor M. Romero	1108 Tremont St 45B4	L.A. 33 Calif
Carmen Jacobs	4031 Hammel St L.A. 63	46B4
Myra del Lyle	5548 E. Sherman St. L.A. 22	46A5
D.A. Kelly	2178 S. Atlantic Blvd. K.G. 22	46
L. A. Pelayo	890 Brightwood St. M.P. 46	B4
W. Miller	5278 E 1st St L.A. 45	D4
Albertina Ortega	5267 N. Woods Ave L.A. 44	F2
Orlando Felix	400 W. Albright St 46AB4	M.P.
Myrtle Lucas	209 N. Rowland Ave 45F4	L.A. 22
Mrs. J. D. Nelson	425 S. Woods Ave 46F6	L.A. 22
Mrs. Geo. Williamson	1168 So. Cremona 54B2	L.A. 22
Eleanor Lustus	1155 Puente 46B3	Montery Park

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21 Oct 196[illegible] NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER Vons #[illegible]

NAME (PRINT)	ADDRESS (PRINT)	CITY
Mrs Emma Pulsian	4914 Eagle 46A6	LA 22
[illegible] Sirola	801 n. K[illegible] st 46A[illegible]	[illegible]
[illegible] Ruth	523 N BREAKwood AVE 45	[illegible]
Mrs John Alarcon	4617 E 2nd St 45D	LA 22
Mrs Ina Bentley	1431 Fremont Ave 46C3	Monterey Park
Mrs D. Bettler	117 Coral View 46C4	Mo. P.
[illegible] Franklin	833 N. Findlay 46B6	Mthe.
Jorge Montano	1569 No Hamel ST av. 45D4	L A 63
Mrs A. J Ortega	1152 - Wandering Dr 46A4	M P
[illegible] Foltz Foldin	5811 Via Corona 45 F-5	L.A. 22
[illegible] M. Gutierrez	550 Whitney Pl. 46A2	Monterey Park
[illegible] Ray Smith	1800 Brightwood 46A4	Monterey Pk.
[illegible] W. Hearten	923 Alta Sierra Vista	M. P. 46B3
[illegible] C. D Hancock	2220 Caminito de Alhambra 46A1	Alhambra.
Evelyn Pape	1190 Granada St. 46A7	Monterey Park
DONALD OR BARBARA READ	805 ROCKVIEW ST. 45F3	MONTEREY PARK
Mrs Jane L Davis	658 W. Riggin St. 46AC4	Monterey Park
[illegible] F. Winick	2021 Grayford Ave. 46B4	Monterey Pk
Mrs W Farrell	1500 Lunar Dr 46A4	Monterey P.P.
[illegible] D. Kunow	3172 W. El Rejetto Dr. 46AC3	Monterey Park
[illegible] Jeanne Paige	1450 College View Dr apt 1 46AA4	Monterey Park
[illegible] Anthony Lopez	1844 Fillmore Dr. ?	Monterey Park
MRS A. Leonard	55 36 Riggin St 46[illegible]	L. A. 22
[illegible] O. Cowles	508 Knightsbridge Dr 46A4	Monterey P.
[illegible] Ruben Baumann	5551 Glencoe St 46B5	La 22
[illegible] Joseph L. Patton	2080 College View Drive 46A4	Monterey Park
[illegible] C. Mattlick	216 So Soldier Ave 46A4	M. P.
[illegible] Dolores M	1600 St Alhambra Rd 46	Monterey Park
[illegible] Manuel Carmona	115 W Simmons Dr. LA 63	4 6 4 6
[illegible] Mancini	212 W Hamel 25 46C3	M. P
[illegible] Hannah J Hanny	6509 Marcia St Huntington pk	
[illegible] Arthur Spencer	1350 So. Bradshaw Ave 46B3	Park
[illegible] Alfredo M Lopez	2621 Matinimanta ave 36F3	Alhambra
[illegible] Guadalupe Reyes	208 W Hamel 1A 46B4	Montesey Park

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2634 DATE 21 Oct 1960 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER Vons #4

NAME (PRINT)	ADDRESS (PRINT)	CITY
Dr. Henry Chan	1401 College View Dr. 46B4	Monterey
Mrs. Tony Pasquini	409 N. Arlight St. 46B4	Monterey Pk.
Mr. Chas. W. Parmenter	2145 Vermont Dr. 46B3	Monterey Pk.
Mrs. Leland N. Wasley	3305 Thomas Rd. 46B5	Monterey Pk.
MR. PHILIP FERNANDEZ	520 W. GLEASON ST. 46B5	MTG. PK.
EARL E. SOMERVILLE	2750 LAN FRANCO ST. 45C5	L.A. 33 Cal.
Mrs. C. W. Bryard	2231 Bradshaw 46B3	Mtp. Cal.
Lyle K Bixler	666 W. Riggin 46B4	M. Pk.
Lydia Verbeck	401 Singheiser Dr. Belvedere 46B4	Mont. Park
Sina Olsen	444 N. Garfield Ave 46	Monterey
Mrs. J. G. Hamrick	828 N. Keeler St. 46A6	Duarte
Mrs. C. K. Barstow	337 W. Gleason St. 46B5	Mont. Park Cal.
Mrs. H. Ramirez	4113 So. Amistad Ave. 53B1	Pico Rivera
Mrs. Anna C. Rider	5851 Via Corona 45F5	La 32
Lawrence B. Hanley	1027 Wandering Drive 46A4	Monterey Pk.
Manuel T. Keller	4353 Eclipse St. 45D4	Los Angeles
Mrs. Frank Lyden	123 S. Blackwood Ave 43F5	L.A. 22
Ruth A. Tetzell	5800 E. Beverly Blvd 45	L.A. 22
William A. Ryan	2446 S. Twickenham 46A5	L.A. 27
Susan Yamamoto	1179 College View 46A4	Monterey Pk.
Madeline Rivera	1179 College View apt 3 46A4	N. Mont. Park
Cesar Estamora	1545 Steele Ave. CA 45E2	Mt. 8998
Mary Lopez	624 N. Findley 46B6	
Clara L. Jones Epps	1740 Fulton Ave 46C3-5	Alt 0-9065
Vera E. Townsend	721 Cigueno Dr. 46B5	Alt 1085
Francis T. Marcille	5863 Repetto 45F5	P.A. 8-24
Marion Matsumoto	5319 Bonnell Ave. 53F2	Mo. 1-311
Frances Conley	309 S. Sadler Ave Lg 2	46A6
Wm. H. Jones	5047 Corvina Blvd	
Salvador A. Cano	5057 E. Astor Ave 53E	
A. Gonzalez	632 N. Hammel St.	46B4
Betty M. Molina	1596 S. McPherrin Ave. 46C2	PA 1050
G. Koehler	559 Taylor St. MP	54B
Mildred M. Nunnery	1671 Vine Valley 46B3-4	PA 13675

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DATE 21 Oct 1960 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER Von's #4

2635

NAME (PRINT)	ADDRESS (PRINT)	CITY
Sherry Garrett	10414 San Anselmo	South Gate
Veda Richmond	6050 Gloucester 54R1	L A
Maria Seguradian	491 W. Floral Dr. 46A4	Monterey Park
Roger Weeks	8065 Artesia 37E1	S. Gate
Laura Yuscel	1919 Bradshaw 46B3	Monterey PK
Deanna Rankin	2725 Fallina Road 46E2	S Gate
Cindy Lou	1391 Sunnyslope Rd. 46F3	M. P.
Vice A Tolmasov	533 W. Hazelwood 46B4	M. P.
Paul E Twitchell	1566 Ridge Crest Way 46F3	M. P.
Mildred J. Alderman	621 W. Pleasant St. 46B3	M. Pk.
Emi Chamberlain	144 A Velasco 45C5	L A
Lucille Bruce	124 N A Atlantic Blvd 46	L A 22
Betty Anderson	2430 Barbertane 46F5	M. P.
Emma Miller	504 Williamson Ave 46F6	L A 22
Dorothy Jagiela	312½ Margaret Ave. 46F2	L. A. 22
Lilly Bischeletto	1598 Sunset Drive 46B4	Monterey Park
James Hagaman	1400 Highland St. 46A3	Mpk 46B3
Annie Vanlaya	1324 Hendricks Ave 46	L A 22
Louis A. Rios	255 W. Riggins St 46C4	M. P.
Genevieve Amick	477 N. Concourse Ave 46B3	Montebello
Mrs SH Negrete	5422 Brooklyn 45A3	E Los Angeles
BILL B. BETZ	1050 Hillvale Drive Monterey Park 46F4	
Mrs Katheryn H Grahame	641 W Hemmond St. 46B4	Monterey Park
Myra Weber	839 De La Fuente 46B3	Monte Park
Lelie Fine	1255 Isabella Ave 46	Monterey Pk
D. Tonge MD	1625 KENMORE Ave 46	M.P.
Jessie E. Lujan	667½ Williamson 46F6	L A 42
Annette Indelicato	1521 College View Dr 46	Monterey Pk
Estelle Lewis	336 Morris Pl 45C1	Montebello
Jack Shapiro	323 W. Riggin St 46C4	M.P.
William Arabian	416 W. Anaheim St 46A-C4	M P
Frances M. Romano	622 A W. Fernfield Dr 46B5	M. P.
C M Castillo	4545 E 6th St 45B4	L A 22
M. M. Sandoval	3857½ Brooklyn Ave 45	L A 63

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DATE 21 Oct 1961 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER VON'S #4

NAME (PRINT)	ADDRESS (PRINT)	CITY
ELEANOR V. BOSKOVICH	724 No. KEENAN 46A5	MONTEBELLO
LINDA RIVAS	3145 MARGARET PL 45F6	L.A. 27
EDWARD SCTELC	960 HILLVALE DR 46F4	MONTEREY PK
JOAN CATALANOTTO	1450 College View DR. 46A4	MONTEREY PK
D. D. ANJELICH	1249 So. La Verne Ave 45E6	E. LOS ANG
Molly Rosenthal	5413 Via Campo 46A5	LOS ANGELES
Jerry Fink	5456 Donner Dr 45F4	L.A. 22
MRS. FUMIKO GINOZA	525 W. ANDRIA ST 46F4	MONTEREY PK
Alice J. Martinek	2038 Norwalk 26A5	L.A. 41
Lila Catcaplan	5309 Dorner Dr. 45F4	L.A. 22
Steven Swanda	1723 Grandridge Ave 46B4	M.P.
JANICE HAMAI	981 MOONBEAM DR 46A4	M.P.
JEROME SCHNEIDER	940 W. BRIGHTWOOD ST 46A5	M.P.
Mrs D Curtis	2216 Westminster Ave 36F5	Alhambra
Frances Katalegna	5484 Brooklyn Ave 45	L.A. 22
Kosasa & De Sao		
2325 St. Vancouver Cove		
Alta R. Hunicker	657 W. Fernfield 46B5	Mt. Park
GERTRUDE HANLEY	209 S. Woods 45F6	L.A. 22
Jack H. Davis	1380 Snowridge Dr. 45F3	Montebello
Marion E Hatten	1508 C N. Huntington Dr 36	Alhambra
Nick Salvo	420 W. Harvard St 46B4	M.P.
Steve Nosig	1501 Rock View 45F3	M.P.
Jack & Lillian NISHIMOTO	1726 TIM AVE LA 32	45 Dr
ALICE C. STEWART	7417 Via NINA 46C6	
Morris Wolfson	5546 E. Fernfield Ave 46B5	L.A. 22
L.G Easton	1863 No. Rowena Ave 45C1	L.A. 27
H.B. Schilling	1124 S Mott St. 45A5	L.A. 23
Mrs Wm N Riddle	641 W. Riggin St 46A4	Montebello
Frank and Rita Perl	1701 So. Ynez ave 46B3	M.P.
EDWIN M VOYTINA	1650 S MIRA VALLE 46B3	M.P.
MITSUO TAGUCHI	1133 MARIETTA ST. ?	L.A. 22
Geo Tanahara	1116 N. Hoover Ave 45B3	L.A. 27
Arthur Fenaroff	361 Keller St. 46C3	M.P.

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DATE 10-21-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER Lavender #1 Routed on 5 May 2637

NAME (PRINT)	ADDRESS (PRINT)	CITY
MARY ALICE RISDON	7330 ALLEN GROVE 54C4	DOWNEY
WILMA IRENE CAMPBELL	8545 RAVILLA DR 60C1	—
WILMA G. ANDERSON	7219 COOL GROVE 60C1	—
MRS. WILBUR L. LIGGETT	9156 GALLATIN RD 60C1	—
MRS. BONNIE LAFFOON	7632 IRWINDALE DR 60B3	—
BETTY IRENE DONALDSON	7622 SHADYOAK 60B3 DR	—
PETER S SHIBIN	P.O. BOX 643 ?	SAN PEDRO
WILLIAM L. REED	9171 TARROT 60C2	DOWNEY
MAXINE E. RAY	9708 SAMOLINE 60C1	—
DOUGLAS K OGDEN	9033 MYRON ?	PICO RIVERA
T.W. NOVAK	9033 S RIVES 60C1	DOWNEY
FRANCIS B WATHEN	10620 WESTERN 60B3	LA
R.O. CROCKETT	8249 HONDO 60A5	—
EVANS FRYE	11638 CORLEY 60A6	—
MINNIE SCHICHO	10513 MYRTLE AVE 60B3	—
JAMES H. LONG	9721 CRATEMAIA 60B1	—
C.E HATLEY	8632 CALIF. AVE 59	SOUTH GATE
D.C. LEONARD	8721 LYNDORA 60A7	DOWNEY
J.W. ALLEN	12019 MAID STONE 60A7	NORWALK
T. VILLARREAL	9345 TARA MOUNT 60C	DOWNEY
VIRGINIA E GRIFFITH	8008 ALLEN GROVE 60C1	—
IRENE VILLAGRAN	8549 SMALL WOOD 60C1	—
JOHN SINKOVIC	9236 LEMORAN 60A2	
O.R. DICMONT	5945 GALLANT ST 59	PALM GARDEN
C.C. PELLERIN	7552 FOSTER BRIDGE 60B1	DOWNEY
O.W. KOSTER	7834 FARNO ST ?	—
HENRY WATAMAN	7843 DANVERS 60C1	—
M.L. ARIAS	9613 LA REINA 60C1	—
J.F. MIZENER	7750 GRINFIELD 60B2	—
HARRY H. HUGHES	8632 LOWMAN 60C1	—
HILDEGARD ANDERS	9239 HOWMARK 46E2	MONTEREY PARK
TODD M. MILLER	9521 TARROT 60C2	DOWNEY
EVELYN M HUNTER	8353 GRINFARB 60B2	—
FRED. W. JOHNSON	7653 SHADYOAK 60B1	—

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DATE 10-21-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 5

NAME (PRINT)	ADDRESS (PRINT)	CITY
Dorothy E Covey	8250 Telegraph Rd 60E2	Downey
R. H. Rhodes	5254 Batavia 90047	South Gate
Marjorie Bowen	9354 Samoline 60F4	Downey
Lloyd L Lane	7318 Finevale 60B1	
Grace Cosota	9703 Samoline 60C1	"
Arlene Tenney	9264 Larcina 60C1	"
Corinne R Pilling	7418 Cherokee 60F2	"
Frank J Clarke	8520 D Florence 60B2	"
Mrs Q.V. Larsen	9955 Tedrow 60B1	"
Elmer J Tolman	9305 Rives 60C1	"
H.K Lenndt	9057 Guatemala 60B1	"
Mabel B Brown	9231 Radiller 60C1	"
E.T. O'Mick	6502 Foster Bridge 60B1	Bell Gardens
Earl Wiltshire	8903 Grindart 60B2	Downey
Ethel Pennel	8663 Merlewood 60B6	"
Doris L Pierce	8903 Guatemala 60B1	"
Mrs O.L Yetter Jr	8202 E 5th St 60B3	"
Mrs. Ester Douglas	9609 Wiley Park 60B3	"
Claude T Allen	8259 Crider 60C1	"
A.E. Chrisman	9602 Jackines 60B1	"
Anthony Dante	7318 Allen Grove 60C1	"
E.R. Eskew	8248 Adenee 60F6	"
D.M. Cox	7837 Dacosta 60B2	"
H.L. Hughes	6884½ Florence 60B2	Bell Gardens
Edward W Lockwood	9053 Parrot 60C2	Downey
Mrs Della Tucker	8300 Paramount 60A4	Pico Rivera
I.M. Ergenbrook	9118 Brock 60C2	Downey
Floyd W. Kenner	9724 Guatemala 60B1	"
Ruth E Clute	9227 Guatemala 60B1	"
Edith F Fleisher	9200 S Downey 60C3	"
Mrs. J Co. Stevens	9929 Casanes 60C3	"
Tillie M Olsen	8376 Gallatin Rd 60C1	"
J M Walker	11624 Plamett 60B1	" ✓
Sydney E Lee	9020 Lubec 60B1	"

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DATE 10-31-60

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 5

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NAME (PRINT)	ADDRESS (PRINT)	CITY
O H Rey	7948 Harper 60BV	Downey
Perry L. Chilton	7536 Foster Bridge 60B3	"
L. A. Zaragelli	7615 Miller 60AV	"
Darl C. Davis	8223 Sorrento 60A4	"
Howard Calvin Jr	9016 Arrington 60D2	"
Patty R. Pelezzari Jr	7514 Otto 60BV	"
J. E. Flanders	7943 Cleta 60A4	"
O. L. Mc Millen	9502 Rives 60C1	"
K K. Allen	5642 Miller 60A59	Bell Gardens
Harry Caiglione	5552 Vamia Lane	Cypress?
A. C. Gleason	7237 Hannon 5436	Downey
Mrs. Wm D Fairbanks	8535 Parrot 60CV	"
John R. Cherry	13610 Estrada 825	La Mirada
Harold S Findley	9905 Arrington 60D2	Downey
Catherine M Patton	8208 Alameda 60A5	"
Willie M. Davis	6360 E Gage 5476	Bell Gardens
Margaret N. Bailey	7521 Finedale 60B1	Downey
C. W. Mc Lamore	10608 Paramount 60A4	"
E. F. Peckman	9106 Brock 60C1	"
Mrs Don M Hypes	9513 La Reina 60C1	"
F. Dicchesne	6527 Fry 60A1	Bell Gardens
J. W. Miller	9844 Paramount 60A4	Downey
Pearl Baker	10526 La Reina 60C1	"
R. C. Cooper	9054 Rives 60C1	"
Pearl L. Ramsaur	9933 Pomering 60B1	"
Jerome Sadofsky	9618 Parrot 60CV	"
Julian L de Haff	9330 Paramount 60A4	"
A. R. Baker	9501 Downey Ave 60C3	"
Mrs Chernobieff	9715 Birchdale 60B3	"
C. C. Brandaugh	9014 Larbec 60B1	"
Jessie Pickland	7239 Irving Rd 60B3	"
Stella S. Hale	9554 Orizaba 60A6	"
Leonard Potinsky	7325 Shadyoak 60B1	"
Fannie E. Hanson	7837 Alderdale 5406	

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DATE 10-21-60

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 5

NAME (PRINT)	ADDRESS (PRINT)	CITY
BERTIL J HAMMAR	8342 MAXINE 60E1 58F1	Pac. Palisades
Robert D Coye M.D	6906 Saville Dr.	Huntington Park
P.E. CaMERFORD	6113 MARRILL AVE 55B4	WHITTIER
K.H. Sherm	9006 Vista Del Rose 60B1	Downey
Helen L. Gillespie	8608 LOWMAN 60C1	"
R.D MULLINS	7553 Palm Apt 6 60B1	"
Kenneth Hart	1634½ Tobacrana	Bell Gardens
MARVIN Clegg	11645 Roma ST 60E2	Santa Fe Springs
Ralph Perstac	10721 Western 60B3	Downey
FRANCE BERING	8917 BIRKDALE 60B1	"
Joseph DeKowski	2706 Alexandria 54C6	"
Gerda Kelaty	9304 OTTO 60B2	"
MRS ANGUS McDONALD	9845 HASTY 60C3	"
Lewis Ellis	2303 Firestone DR 60B1	"
DORIS HERMANN	3917-A Broadway 59B1	Huntington Park
Aubrey CRAMMER	9703 TARBET 60C2	Downey
MRS E.R. Seeman	10335 Downey 60C3	"
Joseph Moody	8559 LOWMAN 60C1	"
L.W. Robb	8635 Paramount 60A4	"
Croce & Kellogg	15511 Bandaire 64F3	Gardena
MRS ELLIOT FOX	7728 Dowling Ave 60B3	Downey
R.C. SCANLON	7446 Maxine 60A2	"
C.A. Campbell	12423 Maidstone 60A4	Norwalk
H.L. Kidd	9028 S. Cord 60E3	Downey
James A Cobb	9342 CRIZABA 60A6	"
Lottie Mills	10911½ La Reina 60C1	"
H.C. Owens	11337 MILANO ?	Norwalk
C.C. Kezas	13941 Green Stone 82B2	"
Carolyn Goodin	10321 Western 60B3	Downey
J. Garinger	10301 La Reina 60C1	"
W.M. Johnson	9346 Grinfarb 60B2	"
W.E Blackstone	9548 Dr. Fabb 60A6	"
E.R. Romine	8449½ 5th St 60B3	"
Glen Lyon	7249 Tabor 53F6	Bell Gardens

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DATE 1-21-60

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 5

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NAME (PRINT)	ADDRESS (PRINT)	CITY
J.E. Wisehart	9307 Orizaba 60176	Downey
E.E. Perez	7603 Calm Crest 60131	"
M.J. Crawford	8821 Stoaks 60132	"
John Gassner	6404 River Grove 54136	"
L.J. Dalphaes	10529 Paramount 60154	"
P.A. Di Liberto	8042 Dinsdale	"
R. Izemia	9555 Orizaba 60176	"
L. Wright	8957 Stoakes 60132	"
P.L. Moreland	11908 Card 60152	Norwalk
L.L. Saunders	10337 Pico Vista 60154	Downey
R. Jokob	8603 Parrot 60147	"
Doris Sanders	10326 Paramount 60154	"
C.W. Nelson	9315 La Dream 60152	Pico Rivera
P.J. Anderson	6224 Hannon 54136	Bell Gardens
J.A. Panzich	7662 Shady Oak 60131	Downey
Ted. Tinges	8644 Lowman 60101	"
R.M. Lyons	9824-3-4 Paramount 60154	"
S.P. Born	8622 Crider 60101	"
J.D. Godfrey	10640 Parrot 60147	"
Robert Rex	9335 Parrot 60147	"
G.P. Tracy	9946 Dolan 60176	"
O.D. Harris	6454 Gallant 59F1	Bell Gardens
Mary Meadows	8026 Vista Del Rosa 60131	Downy
T.P. O'Kelly	6742 Florence 60132	Bell Gardens
T.S. Mallette	7817 Lynderia 60176	Downey
O.T. Apos	10312 Jacliza 60154	"
P-Roha	9214 Richman ?	"
P.V. Dean	9904 Rives 60101	"
A- Wills	9609 Willey Clark 60132	"
J. Denencourt	7944 5th Pl 60133	"
R.W. Hannum	9843 Harley 60154	"
F.C. Tapic	7337 Clenelly 60131	"
H. Wisehart	9307 Or. Zaba 60154	"
J.O. Landry	7605 4th PL 60133	"

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DATE 10-21-60

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 5

NAME (PRINT)	ADDRESS (PRINT)	CITY
R. McERRIE	8276 Telegraph 60E	Downey
H.C. STARWALD	8402 MAXINE 60E1	Pico Rivera
Geo. McCoy	9248 Brookgreen 60C1	Downey
Vera Cooper	8723 ELM CREST	—
Lois BARBER	11528 Mac Odern 60B4	—
CAROL ANDERSON	7525 FLORENE APT 60B	—
Kathryn George	7809 CAIN FARL 60B	—
Ethel STERN	7220 HANNON 54B	—
WANDA ESAKOFF	7623 COOL GROVE 60C1	—
E. H. Lopez	9543 PARAMOUNT 60C	—
G. P. Thurz	9028 STOKE 60P	—
C.E. RITCHIE	5719½ RROLY	Bell Gardens
D.W. ALEXANDER	10032 WILEY BURKE 60	Downey
M.K. JOHNSON	9237 MANZANAR 60A	—
T.F. PRICE	8048 DACOSTA 60BV	—
DARLING HALL	1009 TALETONE 85E	LA Puente
C. B. HAMER	8308 MAXINE 60E1	Pico P. Vera
A.F. DAMMER	9029 BLAND WOOD 60C1	Downey
E. AYRES	6533 ADAMSON 53F6	Bell Gardens
E.D. NICKEL	10612 WILEY BURKE 60B	Downey
K.G. HABLISTON	9602 PARROT 60C2	—
R.L. NELSON	8129 BROOKGREEN 60C1	—
G.T. BECKER	7729 ARNETT 60F3	—
VIOLET ALDRICH	2900-B Ohio 58F2	So. Gate
MARTIN HINES	9136 STEWART + GRAY 60F4	Downey
T.H. HORTON	10709 MERA	—
CLARA LOVETT	10562 CHANEY 60D2	—
G. CAIONE	10439½ WESTERN 60B3	—
H.L. PRATT	8506 RIVES 60C1	—
RUTH MORGAN	240 W52 PL 52C3	L.A.
J.K. MIDDLETON	8552 PARROT 60C1	Downey
WALTER CLARK	9531 OR. ZABA 60F6	—
MARIE BROWSE	11508 LEIBACHER 60E3	Norwalk
L.P. MATHEWS	9315 BIRCH PESTIC	Downey

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Routed on big multiple purple

DATE 10-21

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 22

2643

NAME (PRINT)	ADDRESS (PRINT)	CITY
Doris M. Padrate	18808 Stagg St. 14AD	Reseda
Ceil A. Ward	8960 Amigo Ave. 14B1	Northridge
Patricia A. Ohlenkamp	8930 Encino Ave 14E	Northridge
Margaret E. Bastian	19801 Bladen St 6F6	Northridge
Shirley I. McCorkell	19465 Lanark St. 14A	Reseda
Elizabeth M. Hansen	6649 Deeelis Place 14F4-5	Van Nuys
Mrs. Stephen Wrubel	5839 Jamieson 14D6	Encino
Leonore D. Wiley	17371 Raymer St 14C1	Northridge
Ralph F Stevens	7512 Topeka Drive 14B3	Reseda
Mrs. Essie Coupland	7856 Lindley Ave 14	Reseda
Dennis R Ahrens	18621 Malden Ave 14F1	Northridge
Jane Arrigo	7056 Whitaker 14F 14F4	Van Nuys
Beatrice Vandagriff	6708 Zelzah 14D6	Reseda
Veronica M Joliet	6526 Baird Ave 14C1	Reseda
Audrey R. Davidian	17133 San Fernando Mission 13C	Granada Hills
Estelle N. Salberg	6443 Petel Ave	Van Nuys
W. E. Jester	18738 Sherman Way 14B3	Reseda
Virginia Trotter	8155 Chimineas Ave 14C	Reseda
M. F. Fuerstenberg	19513 Schoolcraft 13B	Reseda
R. Critzas	5616 Lindley Ave 14C	Encino
M. J. Fraher	7354 Yolanda Ave 14B	Reseda
J. N. Kowits	6601 Hayvenhurst 14F5	Van Nuys
Alison Ranger	19008 Nordhoff 7AD5	Northridge
Mrs. M. M. Mason	17501 Osborne St. 7AE	Northridge
L. R. Sader	20227 Lanark St 14A	Canoga Park
Ruth Mc Alpin	18234 Keswick St 14B	Reseda
H. C. Jensen	14613 Dickens St 13C3	Sherman Oaks
Mildred S. Lowry	133 San Vicente	Santa Monica
Jean Cooke	18249 Welby Way 14D4	Reseda
Martha Zeitlin	8366 Garden Grove Ave	Northridge
Carol R. Evans	8341 Capps Ave 14B3	Northridge
Beverly J. King	9856 Winnetka Ave 21	Northridge
H. S. Fisher	7311 Balboa Blvd 14F5	Van Nuys
Dolores Matias	6945 Tampa Ave 14A	Reseda

2644 DATE 10-21 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 22

NAME (PRINT)	ADDRESS (PRINT)	CITY
George Bjork	8408 Etiwanda	Northridge
Nancy Johnsan	14735 Blythe Apt 6	Van Nuys
Celeste M. Robinsan	17808 Cantara St.	Reseda
George D. Trautwine Jr.	19922 Kittridge	Canoga Park
Helen Mc Arthur	7261 Amigo	Reseda
William Gasner	19435 Strathern St	Reseda
Howard S. Moore	6930 Nestle Ave	Reseda
Barbara Hopkins	8115 Darby Ave	Reseda
Mrs. Herald B. Schwartz	17346 Gilmore St	Van Nuys
Mrs. Izola Lunbeck	9007 Amigo Ave	Northridge
Mrs. Marvin M. Sanger	9007 Yolanda	Northridge
Caryl R. Moore	7724 Balcom Ave	Reseda
Mrs. Hazel P thompsan	7048 Valjean Ave	Van Nuys
Jane Schreiber	7419 Hesperia	Reseda
Carolyn Z. Coleman	18616 Bryant	Northridge
E. P. Messineo	8726 Rhea Ave	Reseda
Mrs. John M. Mc Mahn	5727 Zelzah Ave	Encino
E. H. Scott	17444 Covello St	Van Nuys
Mrs. Hilton R. Higginbottom	8481 Hatillo Ave	Canoga Park
Mildred H. Pierce	8833 Shoshone Ave	Northridge
Mary L. Whitcomb	7101 Whitaker Ave	Van Nuys
Billie S. Whitehead	6854 Bianca	Van Nuys
Mrs. J. G. thomas	17233 Lemay St	Van Nuys
Mrs. Paul Roest	7511 Alabama Ave	Canoga Park
Alan D. Sen	14653 Gault St	Van Nuys
Mrs. Patricia L. McCullough	6824 Chimineas	Reseda
Ida Mae Lawzon	7237 Hesperia	Reseda
Mrs. Jone C. Sparks	8354 Garden Grove	Northridge
Marilyn M. Sturgis	17981 Keswick St	Reseda
Barbara J. Davey	7435 Etiwanda Ave	Reseda
Ronald Mc Hrdle	5766 Lasaine	Encino
Jane H. Knox	17837 Erwin St	Reseda
Bennie Olsen	17122 Lanark St.	Reseda
Ruthe A. Foote	18256 Keswick St	Reseda

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DATE 10-21 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 22

NAME (PRINT)	ADDRESS (PRINT)	CITY
Nellie M. Hatfield	7851 Shoshone 14B2	Northridge
Charles J. Stimbeck	9236 Darby Pl 14C3	Reseda
Irene F. Spiegelberg	6213 Balcom 14D35	Reseda
Eulalia V. McLaughlin	17207 Stagg St 14AB	Reseda
Gregory E. Weber	16051 Hart St 14E4	Van Nuys
Doris E. Thompson	17139 Lorne St 14C	Van Nuys
John J. Gulas	6269 Blucher Ave 15B5	Reseda
Lynda Reeves	7001 Etiwanda 14C2	Reseda
Esther R Grigsby	18256 Plummer St 7A	Northridge
Mrs. W. A. Munster, Jr	18149 Lemay St 14A4	Reseda
M. J. Zirko	8406 Tunney Ave 14A	Northridge
Charles Merrin	17933 Valerio 14F3	Reseda
E.B. Anderson	7424 Canby 14C4	Reseda
J. J. Hanchera	20201 Hartland 12E-4	Canoga Park
M. C. Jaakaen	21615 Dufant	Chatsworth
E.L. Keener	8142 Garden Grove 14C1	Reseda
Ruth E. Cusanovich	6824 Firmament Ave 15B5	Van Nuys
Mary Higgins	7937 Nestle Ave 14C21	Reseda
Hortense J. Smith	7254 Darby Pl 14C3	Reseda
Janice C. Metro	19606 Schoolcraft 12B2	Reseda
Beverly Metro	19606 Schoolcraft 12B2	Reseda
J. F. Couture	16943 Vose 14E1	Van Nuys
William A. Dyer, Jr	P.O. Box 1326	Beverly Hills
P. Stefanetty	7421 Etiwanda 14C45	Reseda
Bertha Benjamin	6616 Gerald Ave 14E4	Van Nuys
Betty S. Zaferes	17349 Hartland 14F4	Van Nuys
Frank R. Perricone	23055 Strathern 14B3	Canoga Park
Marguerite K. Drake	7504 Chimneas 14C Ave	Reseda
E.P. Rendy	6752 Capps St 14B3	Reseda
P. Vaczuta	7032 Enfield 14D35	Reseda
E.T. Mc Kean	7742 Calvin Ave 14A6	Reseda
M. Luna, Jr.	4006 Eve Rd. 2	Santa Susana
E. Booth - Clibborn	18425 Roscoe Blvd 14A	Northridge
Lorraine K Stein	6132 Balcom Ave 14D3	Reseda

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DATE 10-21 NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER 22

NAME (PRINT)	ADDRESS (PRINT)	CITY
R. F. SzymKowiaK, Jr.	18702 Strathern 14 St	Reseda
B. P. Lake	6851 Borey Ave	Reseda
John Kopecky	7418 Vanalden 14C5	Reseda
Olga Swayze	7313 Zelzah Ave 14B4	Reseda
Lucille R. Paxton	7443 Whitaker MF4	Van Nuys
Leonard Elmert	18255 Strathern 14B	Reseda
Carol H. Pittman	17535 Willard St, 14B	Northridge
Carl L. Carlson	9361 Balcom 14B5	Northridge
Ruth Kay Edling	8855 Quaker to Un Ave	Northridge
Cherie Dixon	8204 White Oak, 14B3	Northridge
Ruth V Atkins	7250 Ostrom Ave 14E3	Van Nuys
Jim Duckworth	19324 Satico 14B	Reseda
Lynne M. Dryer	6706 Nestle 14C MH	Reseda
Donald B. Hyatt	6809 Delco. 12E15	Canoga Park
Leonard D. Hironaka	7428 Etiwanda 14C15	Reseda
Ruth J. Fisher	18409 Satico 14B	Reseda
Florence Schatah	7745 Rhea, 14B	Reseda
Jean Master	18229 Keswick 14B	Reseda
De Esta Suttora	17054 Sherman Way 14B3	Van Nuys
M. KirKpatricK	17112 KeswicK 14B	Van Nuys
R. E. Daniero	7419 Balcom 14B3-5	Reseda
H. W. Gillette	20218 Sherman Wel 4B3	Canoga
Jack Licha	7257 Wilbur 14B5	Reseda
Elizabeth Blackstone	18341 Hart St 14E 4	Reseda
Norbert Kowalski	7235 Nestle 14C2-4	Reseda
Margarette Martin	18933 Valerio 14B3	Reseda
Clara Woodson	7529 Nestle 14C2-4	Reseda
Lorraine Foster	6922 Geyser 14C Ave.	Reseda
Maxine Brehm	17959 Archwood 14C4	Reseda
R. J. Hingston	7734 Etiwanda 14C15	Reseda
Mrs. June Christman	4610 Dan Pio [redacted] 13C43 14C4	Woodland
Phyllis Brenner	7251 Amestoy 14C4	Van Nuys
Emma R. Keffer	17132 Vase St 14E4	Van Nuys
Jean Brady	7950 Lindley 14C2	Reseda

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10-21 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 22 2647

NAME (PRINT)	ADDRESS (PRINT)	CITY
Marilyn C. Titus	9346 Yolanda 14B2	Northridge
P. L. Sate	8630 Winnetka 12F2	Canoga Park
E. I. Woodard	18620 Malden St 14F1	Northridge
E. J. Ziegler	6436 Hayvenhurst 14F5	Van Nuys
John J. Pfister	6627 Lindley 14C2	Reseda
Mary C Parker	8422 Jamieson 1406	Northridge
Dorothea Munmert	7312 Etiwanda 14C4	Reseda
Russell B. Farrar	6936 Jamieson 1406	Reseda
F. I. Hite	7461 Darby Ave 14C3	Reseda
D. E. Piltz	18757 Cantlay 14B3	Reseda
Gilbert P. Coleman	6940 Owensmouth 12C4	Canoga Park
Mae Boudreau	6251 Columbus 15C4	Van Nuys
E. N. Abbott	18854 Hart St 14E4	Reseda
W. K. Schilling	18603 Bryant St 7AC6	Northridge
S. Kaser	7454 Darby Ave 14C3	Reseda
David R Smith	7028 Sepulveda 15C5	Van Nuys
T Pool	9816 Lubao Ave 6F4	Chatsworth
P. T. McKelson	6961 Lindley Ave 14C2	Reseda
M D Swanson	8947 Geyser Ave 14B3	Northridge
Henry Shiller	7041 Wilbur Ave 14B5	Reseda
Helen S. Mason	8428 Amigo 14B1 Apt 2	Northridge
Ralph C Frost	8055 Jamieson 1406	Reseda
M. S. Beck	6930 Etiwanda 14C5	Reseda
R. W. Sansini	17601 Bullock 14B6	Encino
Harold Crank	8039 Nestle 14C2	Reseda
Darlene S. Andersen	19147 Kinzie St 7AC4	Northridge
Hans Hammarstrom	2356 Magnolia St 2	Simi
Celia Marks	9013 Retrd Ave 7C6	Northridge
J. J. Raber	20519 Kittridge 12AF5	Canoga Park
Calvin Marlar	7127 Amigo 14B1	Reseda
Herold Spencer	6900 Osb Ave 12E3	Canoga Park
S. L. Van Haasen	18733 Schoenborn 6AC1	Northridge
Robert J. Martina	6835 Nevada Ave 12B3	Canoga Park
J. P. Mattson	7929 Lindley Ave 14C	Reseda

DATE 12-21 NAMES AND ADDRESSES OF CUSTOMERS

2648 CASHING CHECKS AT STORE NUMBER 22

NAME (PRINT)	ADDRESS (PRINT)	CITY
Mrs. Maurine Mc Millan	18941 Cohasset St 14F3	Reseda
Norma Rae Brown	18926 Wyandotte 14F3	Reseda
Mrs. E. E. Runch	17857 Hemmingway 14E2	Reseda
Eleanor Camarena	6630 Forbes Ave 14C1	Van Nuys
James Magyar	7341 Garden Grove 14C1	Reseda
C. Rickert	17101 Lanark 14F2	Reseda
Helen Severin	7458 Jamieson 14D6	Reseda
J. Territo	17238 Lemay 14F4	Reseda
W. M. Burton	17130 Strathern 14C2	Van Nuys
J. Crownover	17801 Sherman Way 14B3	Reseda
Mary Frances Sleggett	17834 Vanowen 14D4	Reseda
Geo. J. Ackles	20429 Lorne 12E5	Canoga Park
R. P. Christopher	18714 Covello 14D3	Reseda
R. L. Shuey	18328 Gresham 71B6	Northridge
Donald R. Seidman	18149 Acre St 7C6	Northridge
Henry R. Graves	7442 Capps Ave 14B3	Reseda
Jamice R. Hadfield	7505 Canby Ave 14C4	Reseda
Belva M. Day	6656 Lindley 14C2	Reseda
Mrs. Elmer P. Hagness	9109 Darby Pl 14C3	Reseda
S. Earle	19548 Hartland 12E5	Reseda
Nick Vincelli	7407 Nestle 14C2	Reseda
L. M. Melton	7508 Nestle 14C2	Reseda
P. R. Dubois	7409 Garden Grove 14C1	Reseda
Jean P. Ordway	7238 Topeka Dr 14B3	Reseda
M. P. Petty	14837 Covello 14D3	Van Nuys
Mrs. Phyllis Swancutt	9157 Aldea Ave 71E3	Northridge
Baltasar Satele	7313 Capps Ave 14B3	Reseda
Wanda Elliott	23424 Eldar MAF5	Woodland Hills
Paulena Wilks	7434 Etiwanda St 14C2	Reseda
H. P. Thompson	19607 Vose 14E4	Reseda
Harry W Dickough	6824 De Celis Pl 14F4	Van Nuys
Mrs. Jerry O'Neill	18006 Ingomar 14B10	Reseda
Jean D. Dambach	7106 Owensmouth Ave 71B7	Canoga Park
Marilyn Fitzsimmons	17201 Kenwick 14B2	Van Nuys

10/21/60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 26 Routed per Pacific Employment

NAME (PRINT)	ADDRESS (PRINT)	CITY
[illegible] FLANAGAN	12208 PARK LANE 15F3	GARDEN GROVE
[illegible] McPEEK	11152 ENDRY 15E2	" "
[illegible] K. HAYDEN	12941 MELODY DR. 15F3	" "
[illegible] & HONEY	5452 BELGRAVE ?	" "
[illegible] THOMPSON	12301 GILBERT ST. 15E5	" "
[illegible] A. BRUTON	2075 NORMA LN. 16B2/3	ANAHEIM
[illegible] NAGEL	10611 PERRIN DR. ?	GARDEN GROVE
[illegible] T. CROP	11572 GILBERT ST 15E5	" "
[illegible] E. FREDRICK	12552 SO. LORNA ST 15D4/5	" "
[illegible] DOMINGUEZ	11352 MARGIE LN. 16B1/3	" "
[illegible] THUNEMAN	12651 FLOWER ST 13C1	" "
[illegible] R. GERTZ	2617 E. QUINCY AVE 26B5	ORANGE
[illegible] FAMA BURTON	13272 JEANANN PL. 15F3	GARDEN GROVE
[illegible] J. LEVESQUE	9651 CHA PL. 15E	" "
[illegible] MARY A. SCOTT	11062 BRAMWOOD DR. 16A3	" "
[illegible] RIA J. NELSON	12561 EDITH DR. 15E4	" "
[illegible] RIE WITCHER	11722 STEELE DR. 16F3	" "
[illegible] FLOYD BELLISS	9702 IMPERIAL AVE 15C5	" "
[illegible] GLENN E. SCHEM	1536 SO. DALLAS DR. 15F1-2	ANAHEIM
[illegible] W. STEFFEN	9542 ARNESON AVE 15E4	GARDEN GROVE
[illegible] GRAHAM	12562 JANE DR. 15E4	" "
[illegible] THABEN B. MYLAR	10632 E. CHAPMAN 15F3	" "
[illegible] WAYNE W. REINECKE	11302 BROOKSHIRE AVE 16A3	" "
[illegible] RY F. DE FRIEST	13621 CYPRESS ST 16A6	" "
[illegible] RG HREGGSTROM	10372 MIGUDE 21E1	" "
[illegible] RTHA E. LEITNER	11502 MEDINA 15C6	" "
[illegible] AN M. RIVAS	12321 HESTER PL. 15E4	" "
[illegible] RALD E. FLOCKEN	7762 E. MARISA ST. ?	" "
[illegible] M. NICKELL	13422 HOPE ST 15F6	" "
[illegible] N BRUM	11941 GARY ST 15F3	" "
[illegible] E M. GARDON	12642 S. GILBERT 16E5	" "
[illegible] NNE HUMPHREYS	7502 WESTMINSTER AVE 15A6	WESTMINSTER
[illegible] TTY NEWELL	9681 MADISON CIRCLE 16B4	GARDEN GROVE
[illegible] ANCES L. SORENSON	9432 LENORE ST. 15E4	" "

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DATE 10/27/60

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 26

NAME (PRINT)	ADDRESS (PRINT)	CITY
ANNA M BEYERS	12562 BLACKTHORN ?	GARDEN GR
A.H SPRAGUE	13231 CYPRESS 1ST 16A6	" "
NANCY E CITO	10941 PATRICIA DR. 15F3	" "
MRS. JOSEPH E. McATEER	2039 GAIL LN. 16B2-3	ANAHEIM
S.S. PATERSON	9741 HALIKULANI DR 15E4	GARDEN GR
H.D HALL	13271 GREENTREE AVE 16D4	" "
MRS. E. LEON SMITH	10051 TRAYLOR WAY 15F6	" "
STANLEY KILIANSKI	11602 VISILIA ST ?	" "
SHIRLEY LOEB	11602 TOWN & COUNTRY DR ? 15F3	" "
MRS. R.C. LEMIEUX	11161 BOWLES AVE	" "
LEON L. PERKINS	12192 NUTWOOD 15F1	" "
VERGINIA B. SUGREMAN	12562 OCEAN BREEZE DR 15E4	" "
RUBY J. MARTIN	10242 CHAPMAN AVE 16D3	" "
SIGNE POGGEMANN	9551 SKYLARK BLVD 15E3	" "
ELRING CONCHER	12041 JANETTE LN. ? 16B1/3	" "
BARBARA B. IRBY	6582 BELGRAVE ?	" "
VERGINIA A MALE	12572 WOODLAND LN. 16C5	" "
MRS. JEANNE CROWE	12202 BROOKHAVEN 15F3	" "
BETTY J. GATES	11631 PRAIRIDGE DR 16A3	" "
MILTON R. GRUNDEMAN	9922 STANFORD 15C4	" "
L. GRACE KLEIN	8802 PRARIS RD. 15F1	ANAHEIM
BETTY M. JONES	11822 PEACOCK CT. 15E3	GARDEN GR
MRS. V.S. DRESSLER	12601 BLACKTHORN	" "
MARY F. KNAPP	657 SO. GILBERT 15E5	ANAHEIM
LOIS BRINCKMAN	8822 ANTHONY AVE 15D4	GARDEN GR
M.K. DOSTART	11241 MAGNOLIA 15B4	" "
ROBERT M. MILLER	9571 SWALLOW LN. 15E3	" "
D. RAY ROBINSON	9963 LENORE DR 15C4	" "
[redacted]		
PHYLLIS J. BARNETT	11511 JERRY LN. 16B4	" "
ELADYS SCOTT	9602 ALWOOD APT D ?	" "
DOROTHY I CASE	8791 KAMER AV. ?	" "
MARY M. RICH	9732 LEXINGTON AVE 15A1	" "
BERNICE A. KENNEDY	12351 PRELLE ST 11C4E3	" "

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NAMES AND ADDRESSES OF CUSTOMERS

10/21/60 CASHING CHECKS AT STORE NUMEER 26

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NAME (PRINT)	ADDRESS (PRINT)	CITY
RITA NEWELL	5592 BAN LN. 15BC 6	GARDEN GROVE
WILBUR L. MARTIN JR.	8492 - 20th PL.	WESTMINSTER
LILLIAN MAE PITTSON	16239 So BUSHARD 21E3/4	SANTA ANA
A. M. ANDERSON	1571 CHAPMAN 15F3	GARDEN GROVE
WILLIAM BUTTE	10191 GERALDINE RD 15F2	" "
BROKELYN F. DEAIS	12201 SHERIDAN LN. 15F3	" "
IRNE C. MARTIN	2721½ LOARD 16B2	ANAHEIM
MARGARET ARNOLD	12132 ARKLEY DR. 15F3	GARDEN GROVE
L COLLINSON	9752 STANFORD AVE 15CE4	"
R.A. SCHOPT	12562 MAGNOLIA 15D4	" "
ILBERT RHOADES	10101 HILBERS RD 16F4	ANAHEIM
ORAN MADISON	11822 MELODY PARK DR 15F3	GREENGROVE
RS. STANLEY CARMICHAEL	12221 LORDLEEN CT 15E3-4	" "
HAROLD C OLSON	8821 ANTHONY AVE 15D5	" "
ISABELLE RASTUES	11572 PURCELL ST	" "
ROBERTA FOWLER	10472 PARLIAMENT 15F2	" "
RS C.H. KRUEGER	9121 QUIRA CT 15E3	" "
RS. JOE PIZZATA	12528 EDITH DR 15E4	" "
BEVERLY LEWIS	10752 ELLEN " 15F4	" "
HELEN A. SNAVELY	12542 FLETCHER DR 17F5	" "
ARLENE KOLLER	11142 MAGNOLIA 15D4	" "
H BARTLESON	12061 COLE	" "
MRS. M. WILSON	9898 ORANGEWOOD AVE 15CF2	" "
RONALD ELRIDGE	11841 MACMAR 15D3	" "
MICHAEL F WARNER	9582 ALWOOD APTM.	" "
OY LA PRAIRIE	9778 BELFAST DR 15E5	" "
RS. W.H. HOELTZE JR.	11382 GERALDINE CIRCLE 16F	" "
RS. DWIGHT HOFFMAN	11792 MEDINA 15C6	" "
RS BONNIE DISSE	11661 REVA DR 16B3	" "
RS HOWARD OLSON	8871 YORKSHIRE AVE 15CD3	" "
RNICE H. HAMMOND	9642 Royal PALM 15E2	" "
O. MILLER	11612 KATHY LN. 16C3	" "
E.H YARC	12211 CUNNINGHAM 15D4	" "
SMITH	10671 LADONA DR	" "

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DATE 10/21/60

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 26

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NAME (PRINT)	ADDRESS (PRINT)	CITY
PAULINE JAUREGUI	13161 EARL AVE 15F2-3?	GARDEN GROVE
BARBARA A. GOLIGHTLY	7912 LESSUE AVE	STANTON
VIVIAN HARVEY	9553 KATELLA AVE 15D	ANAHEIM
HARVEY NASH	13761 CYPRESS ST 16A	GARDEN GROVE
MRS. KEITH McCLUNG	9722 COLCHESTER 10E6	ANAHEIM
DARRELL M. GIFFORD	12571 KENSINGTON APT 2 ?	GARDEN GROVE
VERNON L NELSON	13241 GILBERT ST 15E5	" "
PAUL E HOPKINS	13701 LORRAINE 15E3/4	" "
H. MAREE WEBSTER	2345 VANCOUVER DR RITA	ANAHEIM
RUSSELL RABE	11531 DESMOND ST 15C5	GARDEN GROVE
DIANE DONOVAN	12551 OCEAN BREEZE DR 15E4	" "
MRS. THOMAS McCONVILLE	11241 SPANISH DR 16B3	" "
DANIEL RHODES	5552 BALBOA AVE ?	" "
[redacted]		
CLARICE HECKMAN	12611 BROOKHURST WAY 15F4	" "
BARBARA IRBY	6592 BELGRADE ?	" "
VERGINIA WILLIS	9552 BEATY CIRCLE ?	WESTMINSTER
MICHAEL STEWART	13631 FLOWER ST APT 5 15C1	GARDEN GROVE
MARIAN BURGMAN	13331 ONTARIO DR 15E5	" "
ROBERT J. McKEAN	8311 RUEPSTA DR 15C3	ANAHEIM
R.C. PAINTER	11752 MARENOLA 15D4	GARDEN GROVE
MRS. CLYDE STORM	12242 CHRISTINE AV 15E4	" "
MRS LILLIAN ELCOCK	10301 ARMSON 15AE4	" "
YVONNE KIRSCHENMANN	13302 DALE ST 15C4	" "
HENRIETTA DUNN	12621 ORANGE WAY 15E4	" "
V. JEAN STURGES	9002 CHANTILLEER RD 15E1	ANAHEIM
FLORIENNE ANDERSON	10811 REGGIE 16C5	GARDEN GROVE
DOROTHY JEAN ROELOFSON	12721 HESTER PL. 15E4	" "
GEORGE BERNICH	11181 BRONX AV ?	" "
THOMAS PETROSINO	9562 MAUREEN DR 15E4	" "
GILBERT SCHOENBACHER	12301 MERDE ST 15E4	" "
GEORGE MIDDEDE	13521 SHELLY DR 15D3	" "
RICHARD NEDECH	9411 MYRTLE DR 14B4	" "
MRS T.E. LENNON	1262 GILBERT ST 15E5	" "

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NAMES AND ADDRESSES OF CUSTOMERS

10/21/60 CASHING CHECKS AT STORE NUMBER 26

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NAME (PRINT)	ADDRESS (PRINT)	CITY
ERNETTE OLSON	9821 ANTHONY AVE 15A5	G. GROVE
F C TIERNEY	17681 ARNAKILA LN. 15E4	"
HECTOR P CLARK	8961 MARGARINE 15CD3	" "
W. MARTIN BRIDRICK	10292 JOAN DR 15F3	" "
FREDERICK E FAY	12411 MCLEOD ST 2 1	" "
MURRAY BALDAGE	364 E MARKLAND DR	MONTEREY PARK
F E REICHENBERG	17582 FLOWER ST APT 2 15C1	GROVE
LESTER WARREN	13321 HESTER PL. 15A4	" "
VICKET GRISELLE	12171 PARK AV. 15F3	" "
MICHAEL EATON	11832 KATHY AV. 16A3	" "
MRS ELWOOD LYSTRUP	7822 BENTLY AVE ?	" "
J.W. HEATH	8797 LA GRANDA 15A2	" "
ELVIS MAHAN	13132 PEACOCK ST APT 2 15E3	" "
JOANNE SIBLER	11701 EASY WAY 16A3	" "
MYRNA GRIARMER	12582 SHELLY DR 15A3	" "
D J JARNET	11761 DELLA AV. 16B2	" "
MRS CHAS. BIGGS	9895 MIRROR AVE ?	" "
BARBARA EGNER	9612 CHADMAN 15F3	" "
MARTHA BRESHAREAU	10721 ARTCRAFT 16A3	" "
BEVERLY MCKENZIE	9871 LENORE DR 15E4	" "
MRS. JACK P. JONES	13342 LOUISE ST 15C4 ?	" "
A.W. FIGUR JR	8392 CERULEAN DR	" "
ME WAIK	9622 SURFROW AV 15E3	" "
MRS. RUTH I MCCLE	10311 12TH ST 15C6	" "
MRS JANICE FLORK	9901 CATHERINE AVE BCA4 ?	" "
WANDA BRADRA	13311 GRAMA ST ?	" "
MARGARET LAVELLE	13242 MORRIE AV. 15F4	" "
LAURA M CARLILE	10241 VICKERS 16A3 ?	" "
DONALD ATWOOD	13732 COONEY ST ?	" "
CAROL ANN SHERR	714 SO. BRUCE ST 10E	ANAHEIM
EUGENE PROBST	11542 BETA AVE 16B4	G. GROVE
ORA CALKE	13201 BARTLETT ST ?	" "
CHARLES STRAFILL	12601 BARBARA 15A4	" "
CHARLES BRENZEL	13741 BROOKHURST WAY 15F4	"

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DATE 10/21/60

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 26

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NAME (PRINT)	ADDRESS (PRINT)	CITY
MRS CLYDE SARNER JR	11591 ADAMSON 15AE4	G. GROVE
LAURETTA WESTLAKE	411 SO. RANCH DR.	ANAHEIM
STELLA ALEXANDER	11661 BARCLAY DR 15E4	G. GROVE
MARGARET HAMOR	12532 STAFFORD ST 23CD1	" "
MRS. THOMAS BARKER	13239 EARLE DR 15E6	" "
E.A. COBB	12622 FLOWER 15C1 ?	" "
LOIS I WHITEHEAD	5372 LAURELTON AVE	" "
WILBUR SWIFT	11461 MAC MURRAY ST 15D3	" "
HARRY DUPUIS	12061 LORALEEN 15E3-4	" "
PEGRY CARTER	12511 PLEASANT PL 15E4 ?	" "
MRS MARCO GUGLIELMO JR.	10521 COURSON DR. ? 2	STANTON
L.R LAUBE	12601 KENSINGTON LN. ?	G. GROVE
R.E HARPER	10041 MILNESBURG 10E6	ANAHEIM
AGNES MEARNS	9852 BEVERLY LN 15E4 ?	G. GROVE
V. D. HAUS	13442 GALWAY ST ?	" "
MARGARET JUNGCLAS	11592 DANIEL AVE 15E5	" "
SUZANNE J. WATKINS	9581 SHANNON AVE 15E3	" "
SYLVIA RAYSTONE	12442 PENTREATH ST ?	" "
CHARLES SHARES	13351 YORK ST ?	" "
WALTER S SIMPSON	1801 ORANGE AVE 10B5	ANAHEIM
LAVON REICHART	11312 MAC ST 15D3	G GROVE
JOHN M. DALLAS JR.	12131 WILKIN WAY 16C3	"
REX V. MOORE	8392 STANFORD AVE 15CE4	" "
DOROTHY KUNK	12291 ELLEN ST 16A4	" "
MRS EUNICE BUTLER	11461 MONTCHAIR CT 15D3	" "
F.A. TALLMAN	6211 SANTA BARBARA 15BC3	
BARBARA WILSON	8338 PALRIL RD 15E1	STANTON
D.E. WEIBEL	300 W. KATELLA 15	ANAHEIM
DON SHORTZKE	2124 ATLANTA 10F6	"
EDGAR BUTLER	2429 E BRUCE ST 10E5 ?	"
H WASSERMAN	11951 KADLENE LN ?	G GROVE
MARILYN D MCHUGH	11071 ANDY LN 16B6	"
NANCY CANCIANO JR	11271 MORRIE LN 15E6	"
AUDREY OTIS	12642 BROOKHURST 15E4	" "

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DATE _____ NAMES AND ADDRESSES OF CUSTOMERS AT STORE NUMBER 27 White 2655

indicates no map reference in book could mean it is a new street since this publication.

	ADDRESS (PRINT)	CITY
	Portola Dr. ?	Whittier ?
	14314 MANECITA Dr. 83 B2	La Mirada
CONSTANCE E. REBMAN	10825 So. JORDAN RD. 84D4	Whittier.
Mrs. Wenstrom	13511 Biola 82 F1	La Mirada
Clifford N. Ohlen	15703 Aberbeck Ave 84H3	Whittier
MARGARET L. MEEK	10711 S. NEWCOMB AVE 84B3	Whittier
OWEN E WALKER	837 EDNA AVE ?	Whittier ?
Carolyn Strumpf	1251 SLEEPERS ?	WHITTIER ?
DENNIS HORN	10523 Solana Ave. 84E	Whittier ?
GRACE FARNWICH	16078 SHARONHILL AVE 84C5	Whittier
Mrs. Ruth Romm	9546 ELVENADO 84B3	Whittier
Shirley MILLER	14611 E. DAN BROOK AVE 84H4	Whittier
JOHN R & GUIREMAND	11234 NASHVILLE AVE 84H4	Whittier
HERMAN M NEFF	10627 So AVONBURY AVE 84C4	Whittier
Hilda Heyl	11329 S. EDDERTON AVE 61F6	Whittier
Katherine M. HUTTON	1806 MAPLE & 55 D3	Whittier
ESTHER E LEIPER	15138 La CALMA 84B2	Whittier
Arthur L Kohl	9910 MOLLYKNOLL AVE 84C3	Whittier
William S Arthur Jr	4005 Colgate ?	La Habra
M.E. JACKSON	10654 HOMELAND AVE 84C3	Whittier
JAMES B. KAHMANN	16145 SUNNY COURT ?	Whittier ?
R.W. BOWEN	11636 Sunnybrook Lane 61E5	Whittier
Ralph E. BOLLES	9351 GORDON AVE 84E3	Whittier
Ruth ANN SUMMERS	9424 LA ALBADR 84C2-4	Whittier
MRS. L Schofield	10810 Colima Rd	Whittier
Owen SHEFFLETTE	10116 S MEMPHIS AVE 84A4	Whittier
ETHEL AHILTZ	10919 FIRST AVE 84C5	Whittier
ANNE C TRAVIS	15621 Starbuck Ave 84E2	Whittier
Esther H. Adler	10134 Regatta Ave 61F4	E. Whittier
Florence J. BACHELDER	2175 CITRON Rd 84F1	La Habra
Ray C Pharis	1701 KANOLA RD 9962	La Habra
ALTA VONDERHAAR	15539 E HORNELL Dr 84A4	Whittier
Anita B Robinson	10050 Santa Gertrudes 84C4	Whittier
Member copy	9415 Russell 84E3	Whittier

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2656 DATE 10/21/60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 27

NAME (PRINT)	ADDRESS (PRINT)	CITY
MRS. L.F TINKER	1455 E. Road 99B1 - Orange County	LA HABRA
WM. C COWDERY	16167 LEFFINGWELL 84C4	Whittier
Thos SWIFT	10476 LA CIMA DR. 84B2	Whittier
J.L. CADES	15502 SARANAC 84B5	Whittier
Joyce WYARD	1586½ E. JANINE DR 84H2	Whittier
DANIEL COLLINS	15742 YERMO 84B4	Whittier
Richard ECKERMAN	7936 NEW CASTLE 1482	RESEDA Calif
LEO E. DAVIS	10466½ EL BRISO DR. 84B3-4	Whittier
ROBERT WARD	9945 SHILOH AVE 84B3	Whittier
CHARLES W BOGDA	14605 E. DANEWOOD DR. 84A4	Whittier
ELAINE SCHLASSER	9843 CORELLA AVE 84E3	Whittier
ROBERT LONG BOTHAM	1740 E FRANCIS AVE Orange	LA HABRA
EDGAR A. MONTGOMERY	15315 GOODHUE 84A4-5	Whittier
KENNETH D. KEHLER	16103 HALDANE ST 84B4	Whittier
PAUL J. OTTO	15402 WOODCREST ST 84B5	Whittier
GARY J HIMLER	721 LAMAT RD 84F2	LA HABRA
ARTZIE BASIN	8615 PAINTER AVE 61E1	WHITTIER
ROLLIE W HENSLEY	16115 SANTA FE ST. 84A4	Whittier
Jim Boyd CHAMBERS	16139 SANTA FE ST 84C4	Whittier
STEPHEN ESPEITZ	10909 DANELO RD 84A4	Whittier
PETER E DUCHARME	11514 HOMELAND AVE 84C-3	Whittier
DOYLE CARLSON	10626 AVONBURY AVE 84C4	Whittier
BETTY SMICK	1317 CHRISTINE 61F2	Whittier
Virginia SOLOMON	1117 CARPENTER ST LaHabra	Whittier
WALTER V PENROD	10830 ARCHWAY 84A4-5	E. Whittier
NANCY B SANDERS	9391 CANFIELD DR ?	Whittier
J. Richard HARTLEY	10814 S. TROPICS 84B4	Whittier
CLARA White	15430 DITTMAR DR. 84B4	Whittier
MARGARETE SUTTER	624 W BEVERLY BLVD 55D4	Whittier
MYRTLE B MARSH	9920 GUNN AVE 61E3	Whittier
HARRIET E KITTLE	16421 POSADA	Whittier
MARILYN K STEVENSON	1930 HOLLYKNOLL AVE 84C3	Whittier
LC. STONER	914 HARDMAN DR. Orange	BREA CAL
HAZEL BUEHLER	640 N. KINLEY ST 84B4	La Habra

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DATE _____

NAMES AND ADDRESSES OF CUSTOMERS
CASHING CHECKS AT STORE NUMBER _____

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NAME (PRINT)	ADDRESS (PRINT)	CITY
V Clark Pellman	14908 Dexter Dr. 84F4	Whittier
James R Haviland	9926 Parkview ave 84F2	Whittier
C HALLING	~~7600~~ 11013 So CHADSEY. 61	Whittier
Taylor Oxman	303 GRANADA COURT ?	La Habra
CURT J. ZOLLER	9422 CANYON VIEW DR. ?	Whittier ?
JOHANNA DAVIDHEISER	13330 FONSECA ?	Whittier ?
S. SILVER	630 LA SERNA AVE 84F3	LA HABRA
J CAMERON ASHER	1316 E. PUTMAN AV. 61E1	Whittier
CHARLES E SCOTT	10914 GLADHILL RD 84B2	Whittier
MARVIN H. THIERMAN JR	15216 E FERNVIEW 84B4	Whittier
MARIAN K TETTERMAN	10635 NORWALK AVE 84C5	Whittier
MRS. OE McBILL	14703 CHRISTINE 84A2	Whittier
Dorothy E HASS	15943 E. JANING DR 84A2	Whittier
MRS. EW DENNY	9605 So La Cresta Dr 84B2	Whittier
ANN McKENZIE	15826 Rush Yard St 84C4	Whittier
Dorothy E North	15165 HORNELL ST 84A4	Whittier
ANTOINETTE BOYES	15829 E. Whittier Blvd 84F3	Whittier
CAROL BLANKE	11021 S. KANE 61F4	Whittier
GARNER J. LITTLE	10314 LA SERNA 84B3	Whittier
JEAN BAUMGL	11314 S. Norwalk ave ?	Whittier ?
Richard O Brockwick	10824 La Serna Dr. 84B3	Whittier
WM C Crain	15867 JANINE Drive 84A	Whittier
CARL A PETERSON	9833 CARENA ?	Whittier ?
Thomas A BATTAGLIA	15365 LA SALLE Dr. 84B3	Whittier
ESTER RUSSELL	650 LA SERNA AVE 84	Whittier
Mrs Alma Krum	10249 SCOTT 84B5	Whittier
HENRY J. BISSOT	16912 JANINE DR 84A2	Whittier
LOREN CATRON	15255 Lafayette Park 84B4	Whittier
GERALDINE WRIGHTON	15220 Starbuck St 84A3	Whittier
EVERLY M. SCHMIDT	725 PUEBLO PL. Orange	FULLERTON
E COINER	9422 PARINE DR 84A3	Whittier
DANIEL WILLIAMSON	14822 JUPITER DR. 84A3	Whittier
EUNICE LE GRAND	15281 CEDARSPRINGS DR. 84A	Whittier
EARL STEINER	14716 S. COSTA MESA DR. 83B2	La Mirada

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2658 DATE _____ NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER _____

NAME (PRINT)	ADDRESS (PRINT)	CITY
Charles E. Stein	15115 E LOLMAR ?	Whittier
Shirley SINGER	16038 G ~~[illegible]~~ JANINE DR 84A3	Whitt
Muriel MERKIE	10340 ORLEY DR. 84A4	Whitt
JOANNE SORRAN	15270 FERNVIEW 84B4	Whitt
Jonnie K Bolitho	10524 GROVELAND 84C4	Whitt
ELIZABETH JEAN STAIRI	14750 CARNELL 84A3	Whitt
Regina M OKIHAM	10810 S. CULLMAN Ave 84A3	Whitt
Doris I. BALDWIN	15856 Santa Fe [illegible] 84A4	Whitt
Elaine M. SACKER	10824 S. BOGARDUS 84C3	Whitt
Mary M. FUSCO	15143 LACAINA 84B2	Whitt
IRA LEONARD	10734 Virginia Ave 84C4	Whitt
FLORENCE P. GIBSON	10013 MOLLY KNOLL 84C5	Whitt
SUE WALKER	14841 E. STARBUCK 84A3	Whitt
HELEN VALICKI	2500 W. Whittier Blvd. 84E4	La Habra
MARJORIE B WEST	16756 SADDLETO DR. 84DE3	Whitt
CC TROIA	121 View Dr ?	La Habra
Jean SAXTON	10334 Santa Gertrudes 84C4	Whitt
JOHN D SLIDDERS	10837 CHADSEY Dr 84A3	Whitt
Lou COLBY	9021 SHARON Way ?	Whittier
BETTY JEAN RUSH	14357 E DITTMAR DR. 6 1 F2	Whitt
H.M STROZIER	16532 RISLEY 84C4	Whitt
William H. JOHNSON	10651 S. BOGARDUS 84C3 AVE	Whitt
Ruth L SHANAHAN	10239 HESTER AVE 84B3	Whitt
LAWRENCE C BONHAM	10810 S. Fielding Dr 84B4	Whitt
Patricia Ann Bussa	8755 Ave Encinada Ave 84A3	Whitt
Ruby I BANCHER	11515 HOMELAND Ave A4C3	Whitt
R D Hufford	10616 Woodstead Ave 84B3	Whitt
~~Beverly J Bonner~~	~~[illegible]~~	
Carleen L FISKE	15033 E DANBROOK Dr. 84A4	Whitt
Birgit I JERSEN	13807 Chadsey Dr 84A3	Whitt
HORTENSE M COX	10310 CULLMAN Ave 84D3	Whitt
EMORINE V MORRIS	16410 PASADA Dr 83C3	Whitt
BC BRADLEY	16302 E LASHBURN 84C4	Whitt
W. PAIGE	10309 Pounds Ave 84D3	Whitt

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DATE _____

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER _____

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139 NAME (PRINT)	ADDRESS (PRINT)	CITY
R.R. FLETCHER	315 PACIFIC AVE ?	La Habra
C. PIZZINO	10409 KIBBIE AVE 84B3	Whittier
MARJORIE V.H OPLEY	10180 LARKLYN DR. 84D3	Whittier
HOPE G. YODER	16250 SKAGWAY 84C3	Whittier
JAMES C. Smith	15632 Starbuck St 84A4	Whittier
Martin D. Kiley	15156 Dexter Dr 84A4	Whittier
Harold W Kagay	10409 La Cima Dr 84B2	Whittier
Jesse E. Weber	15438 E. Fernwood Ave 84A4	Whittier
Bob Bruce	16336 E. Lockburn 84B4	Whittier
Earl G SaNEM	10733 MOLLYKNOLL 84C5	Whittier
Alfred H WREN	15728 LAMBERT Rd 84A3	Whittier
L.F. WILLIAMS	10110 DERAYLING AVE 84D3	Whittier
Richard H. BIDESER	2301 E. Whittier ave 55C4	Whittier
Alfred F MENDOZA	2550 W. CAMPBELL AVE ?	La Habra
ELIZABETH GREULICH	10503 La Cima Dr 84B	Whittier
Harold W BUCHLER	16140 Santa Fe Ave 84A4	Whittier
LINDA L NAGLE	11124 PORTADA Dr. 84B3	Whittier
WILLIAM H McKEE	10568 S. NASHVILLE AVE 84A4	Whittier
W.C. CHRISTENSEN	10745 WIDENER AVE 84B4	Whittier
J. Mell FLEMING	10319 So. Comstock Rd 84A	Whittier
Christie B. Dunlap	8711 La Quebla ave 84A2	Whittier
Kenneth Gonzales	8414 Whittier Blvd	
Conal L Crawford	10517 Groveland ave 84C4	Whittier
Arlene Slater	1409 E. 7th St 85A6	Whittier
Albert Lasher Jr	8520 Ocean View 64F2	Whittier
Joseph F BRODERICK	10721 EL ARCO DR 84B3	Whittier
C.B. APPLETON	16146 HAIDANE 84D4	Whittier
HELEN K. BRASHER	10718 NEWCOMB AVE 84D3	Whittier
R.J. YAMBOR	10931 S. 7 mile 84C5	Whittier
Virginia C RAMSAY	15545 Starbuck 84A3	Whittier
George B. CARLSON	601 S. Euclid Ave 55F6	Whittier
EDNA S. MOORE	11704 POUNDS AVE 84D3	Whittier
Wm P. Yeates	933 Cerro Dr 84C2	Whittier
Frank Estrada	14658 Valley View Ave 82E3	Santa La Mirada

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2660 DATE _____ NAMES AND ADDRESSES OF CUSTOMERS

_____ CASHING CHECKS AT STORE NUMBER _____

	NAME (PRINT)	ADDRESS (PRINT)	CITY
173	WM. J. McMILLAN	2410 Gregory Lane 84E4	La Habra
	Beth W GLETHER	1400 N. Greenview 84E3 Dr.	La Habra
	Joseph C TORNEO	130 Pagan Dr 84E4	La Habra
	HELEN M Gregory	11124 Larrylyn Dr 84E3	Whittier
174	L Johnson	10518 S. Virginia Ave 84E3	Norwalk
	E McCLINTOCK	16127 E LISCO 84E4	Whittier
	RR KRASZEWSKI	15002 E CHALCO ?	Whittier
	RA SEIDLER	16363 E LISCO 84E4	Whittier
	WA HUTCHINSON	8456 S. SUMMERFIELD 55 PC	Whittier
	RB CAMPBELL	1310 E COLFAX Ct 84E4	La Habra
	WH McKEE	10568 S. NASHVILLE 84E4 Dr	Whittier
	H W GORDON	15617 E YERMO 84E4	Whittier
	KF BAUMANN	16565 E NEARSIDE 84E3	Whittier
	R. FLEMING	640 N JUANITA	La Habra
	RC WICHMAN	9825 S. CORELLA Ave 84E3	Whittier
189	JE Burnett	14527 E HAYWARD 84E3	Whittier
	HC RASH	11006 E MINES Rd 55B5	Whittier
191	NL MILLER	1011 N CONCOURSE	La Habra
	LJ Lathy	15657 E FERNVIEW 84E4	Whittier
	LL HORNE	16121 E LISCO 84E4	Whittier
	BD ZINN	16008 E SHARON 84E3 Hill DR	Whittier
	P CARON	16170 E SANTA FE 84E4	Whittier
	Id BAKER	320 N DEXFORD Dr 84E3	La Habra
	LJ Childs	10521 S. HOMELAND 84E3	Whittier
	AJ Page	1111 S. ROANOKE DR	Whittier
	W D ROOT	2630 W. Greenbrier Ln.	La Habra
	RD LAMB	15603 E. FERNVIEW 84E4	Whittier

DATE 10-21-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 29 2661

NAME (PRINT)	ADDRESS (PRINT)	CITY
HENRY J. LESOVSKY	3382 EARLWOOD DR. 47A1	ROSEMEAD
ARTHUR R LOGAN	4 LOR APT D. S 37B3-4 M	ALHAMBRA
CHERYL S. APPEL	1509 DUNN AVE 45C2	L.A. 63
DONALD DRURY	168 W. WELLS 37E-6	SAN GABRIEL
Mrs Lois KINORTZ	521 N. HAY ST 46C6	MONTEBELLO
AURELIA MARQUEZ	3142 HEGLIS 4781	ROSEMEAD
MOLLY HUTCHINSON	1512 S. GARFIELD 37B3	ALHAMBRA
PAUL DRAYER	1100 ARROJ AVE 37E3	SAN GABRIEL
SHIRLEY M FLANIGAN	701 W. RAMONA RD 36F6 37B3 on Alhambra	ALH.
FRANK WINFIELD	1100 S. 2nd ST 37B4	ALH.
CLARA MATTOON	606 N. ALHAMBRA AVE 46C3-4	MONTEREY PARK
HENRY RENSCHOP	1001 E. HELLMAN 4681	M.P.
MARIANNE FLEMING	7641 E. GRAVES AVE 46E2	S. SAN GAB.
J.F. DEAN	36F6 1429 MILTON AVE 2	ALH
JOHN F DEAN	36F6 1429 MILTON AVE 2	ALH
EUNICE H ROADS	302 W. ADAMS 37C3	ALH
LLOYD R WILL	891 S. BRADSHAW AVE 46B3	M.P.
MARILYN R. McNEIL	524 B. N. ORANGE AVE 4681	M.P.
LEONARD TORRES	1116 S. CHARLOTTE 37E4	SAN GAB
ALTA CARSON	8068 E. GLENDORA WAY 37D6	S. SAN GAB
H.F. REINHART	1517 So ALMANSOR ST. 37C3	ALH.
EDWARD O. TIERNEY	4639 N. MUSCATEL 38H6	ROSEMEAD
BETTY PAPERNO	1133 So. VALENCIA ST. 37C3	ALH.
Anna Maria Powell	323 So. CHAPEL 37C3	ALH
H.L. TAYLOR	1036 So. VALENCIA 37C3	ALH.
ANN GROSS	2605 N. BARTLETT 47A2	~~ALH~~
~~MARION E. GORDON~~		
A. RUTH McKEE	1115 So. GARFIELD 37B3 APT F	ALH
WILMA J. KIELMAN	1140. So. RAMONA 37D5	SAN GAB.
HOMER M. HERBERT	1825 SIERRA VISTA 37C4	ALH.
CHARLES H. BRACKIN	309. N. VECA 37D6	ALH
ESTILL JOHNSTON	2854. E. MARSHALL 37D6	So. SAN GAB
TED DAVIS	845. E. CLOSEMONT	PASADENA
ROBERT N. CALHOUN	235 N. SIERRA VISTA 46A1	M.P.

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2662 DATE _____ NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER 29

NAME (PRINT)	ADDRESS (PRINT)	CITY
Michael Sinclair	1716 So. Hidalgo Ave	Alh
P. H Alverson	5330 Temple City Blvd	T.C.
N. J. Mauls	2054 Fremont	S. Pas.
Bob. Schultz	30. W. Valley Blvd	Alh.
Nick Kanehen	1225 Sierra Vista	Alh
Jack Seeman	820 So. Stoneman	Alh
Frank Waggoner	925 E. Valley Blvd	San Gab
Floyd Hobbs	1922 N. Delmar	So San G
Fred Osby	3340 N Evelyn Ave	So San Gab
J Fouch	1312 S. Ellclid	San Gab
R. A. McKnight	1825 So Monterey	Alh
John R Meyer	9155 Ramona Blvd	Rosemead
Marie H Visser	1709 So Cordova	Alh
Josephine H. Bell	1821 So. Serrano	Alh
Byron Hutteball	1128 So Stoneman Ave	Alh.
John T. Pennebaker	1815 So Granada Ave	Alh
Edna Blair	7512 White Mare	San Gab
A.C Maxfield	3421 Lafayette	San Gab
Mrs A A Caldwell	2000 Westmont Dr	Alh
E. A. Heflin	413 W. Wells	San Gab
Sarah D. Bean	2266 Tuller Rd	S.P.A.
Mary A. Smith	805. E. Graves	M.P.
Betty Ann Wilson	8903 E. Ramona	Rosemead
Herbert L. Kugler	3220 Cordova Ave	Alh
Minnie Hachinsky	1108 So. Hidalgo	Alh
Alex G. Apcar	1028 So. Hidalgo Ave	Alh
E.C- Morse	1812 Valencia St	Alh
Clare Simon	1141 So Valencia	Alh
Ed Brunsman	281. Wapello	Alta
Albert D. Alfieri	720 King St	San Gab
Albert Del Rey	1817 Serrano Dr	Alh
Edward. T Emerek	1109 S. Granada Ave	Alh
Leonard S. March	1163. McComb Way	M.P.
3/ Joseph Lang Jr.	715½ Almanson	Alh

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DATE _____

NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER 27

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NAME (PRINT)	ADDRESS (PRINT)	CITY
Wm. J. KREITZBERG	1405 E. ROSS AVE 37A6	ALH.
ELDINE M. MURPHY	838 S. NEW AVE 37B6	ALH.
ROSE BODKIN	2101 EL PASEO 46A1	ALH
MARTHA DEL REY	717 GERANIO DR 37B6	ALH.
JOHN S. RICE	1100 S. ALMANSOR ST 37C3	ALH.
MARY S. PINE	2061 HUNTINGTON DR 37B1	S. PAS.
J. T. CLARK	1808 S. STONEMAN 07B7	ALH.
~~JOHN T. CL~~		
FRANCES SAYRE	611 S. SIERRA VISTA 37C6	ALH.
RAYMOND MARSH	5042 O'SULLIVAN DR. 45B6 L.A.32	
HENRY MANJEVEZ	1245 So 4th ST 37B4	ALH.
J. A. CRICHTON	917 E. NORWOOD PL 37B6	ALH.
THOMAS J. McCAIG	1627 S. CURTIS 37B3	ALH.
B. E. MATHEWS	321 BENCAMP ST 37B6	S. GAB
M. WASSERMAN	1518 S. 5th ST. 37B4	ALH.
ROBERTA L SNOW	215 W. PALMETTO DR 37C5	ALH.
MANUEL PALACIO	1717 S. EL MOLINO ST	ALH.
RICHARD ANDERSON	1616 MAPLE COURT 37A5	ALH.
LARRY BURK	1160 WILLIAM ST 46A7 M.P	
WILLIAM P. NAHOS	3729 PUEBLO 36B4	LA32
C.M. ACCORDINO	7423 1/2 E. HELLMAN 46B1	S.S.GAB.
JOHN A. LINDSEY	1809 SIERRA VISTA 37C6	ALH
G.D. FRATE	523 S. MARGUERITA 37B6	ALH.
JEAN CRAWFORD	1117 S. 2nd ST. 37B4	ALH
N.B. SMITH	6064 E. DOROTHY AVE 46E5	S. GAB.
MARIA LAURIEGELLA	929 S. ALMANSOR 37C3	ALH.
KAY FRANCES WINDER	528 N. NEWAVE 37B6	ALH.
J. HERNANDEZ	2144 THELMA AVE 45B1	ALH
E. ARELLANO	3642 ROCKWOOD 37F6	ROSEMEAD ALH
MARTIN V. ZARNSTORFF	1622 S. CHAPEL 37C3	ALH.
ROBERT B. LEVITT	617 W. SAN MARINO 37B5	ALH.
DONNA E. RICHARDS	8652 E. MARSHALL 37A6	ROSEMEAD
DONNA SLATTERY	1801 S. 5th 37B4	ALH.
JOAN L. HOOKS	438 S. FREMONT 37A4	ALH.

DATE _____ NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER _____

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NAME (PRINT)	ADDRESS (PRINT)	CITY
BRENDA NIELSEN	3414 LAFAYETTE 37E4	S SAN GAB
IRENE VAN HOOK	617 S. ALMANSOR AVE 37C3	ALH.
FRANK COSTELLO	721 A. SIERRA VISTA 37C6	ALH.
M. SORENSEN	4461 DRUID ST. 45C-1	LA 32
RUBY L. BEAGLE	600 WESTMINSTER AVE. 36F6	ALH.
DOROTHY SHIPP	8828 E ROMONA BLVD 38A6	ROSEMEAD
DORIS L. SMALL	5623 N. BURTON 37F3	S. GAB.
CLARENCE SMITH	7946 E. NORWOOD 37E6	S. S. GAB
D.T. PAYNE	1711 LEMON ST. 37A5	ALH
PATRICIA KENNEDY	4411 BEDFORD	LA PUENTE
JOSEPH MALIGA	2308 HITCHCOCK DR 46A1	ALH.
M. RUZGERIAN	321 E. S. MARINA AVE 37B5	ALH
MRS. H.J. MILLER	127 S. FIRST ST 37B4	ALH.
J.C. OCONNER	2106 LA PALOMA 36F6	ALH.
J. COSTA	314 PALMETTO DR 37C5	ALH.
JACK O'GEAN	2563 COLUMBIA 37A6	S.S.GAB.
DONALD L. GUESTEIN	2032 S. STONEMAN 37B2	ALH.
MARY E. HUBBARD	5273 ARTSON 37E6	S.GAB
V. QUARTUCCI	1037 S. EUCLID 37E5	S. GAB.
THOMAS F MILLS	601 W. RAMONA RD 38A1	ALH.
BEVERLY A KING	916 S. 1ST ST 37B4	ALH.
ANNA L. STANISH	1418 S. 2ND ST 37B4	ALH
V.W. PAUL	1889 SEIGNEUR 45D1	L.A.32
ARTHUR DAHL	221 S. OLIVE ST. 37B6	ALH
MRS R. SHELLEY	317 So. ARROYO DR 37D3	S GAB
FRITZ BLAU	1926 1/2 S. DATE ST. 37A5	ALH
MARGIE GRAHAM	1670 S. VALENCIA 37C3	ALH
OSCAR GOMEZ	424 E. HELLMAN AVE 46B1	M.P.
MARY MORROW	3226 PORTOLA AVE 36E4	L.A.32
H. VAN DOREN	1324 C NEW AVE 46D2	S.GAB.
ANGELINA PARKMAN	804 E. CROCUS 46B2	M.P.
G.B. HOFFMAN	1309 CAMELLIA DR 37D6	ALH
MOLLIE GLASSER	1238 S. MONTEREY 37E6	ALH.
BY RON CORDER	7435 E. GARVEY 46B2	S.S.GAB.

DATE _____

NAMES AND ADDRESSES OF CUSTOMERS
CASHING CHECKS AT STORE NUMBER _____

2665

NAME (PRINT)	ADDRESS (PRINT)	CITY
D.C. BRANSBY JR.	206 B. N. MOORE AVE 46B2	M.P.
GEORGE R. STILES JR	620½ FRONT ST 37A5	ALH.
YVONNE M. ABBEY	2212 S. FREMONT 46A1	ALH.
MARY TURNBULL	1510 PROSPECT 37E5	S.GAB.
ROBERT T. BROWN	8519 E. DUARTE RD 37F1	S.GAB
GEORGE CLARK	126 JUNIPERO ST 37B4	S.GAB
GEORGE L. GIBBS JR.	1604 ACACIA ST 37A4	ALH.
WILLIAM H. MOSES	10661 HALLWOOD DR 38C4	TEMPLE CITY
HILDA GESS	1220 S. EL MOLINO 37C3	ALH.
ROBERT L. NISBETT	2220 S. ELECTRIC AVE 37B3	ALH
NICK V. LAASTRONI	1515 A COMMONWEALTH 37A3	ALH
M. LEVY	909 E. NORWOOD PL. 37B6	ALH
ANNE S. HEALY	412 S. 5th 37B4	ALH.
DORIS A. PICKLY	1721 S. 3rd ST 37B4	ALH
J.S. SUNDERLAND	3320 N. PROSPECT 37E5	J.S.GAB
WALTER L. PANKRATZ	2301 S. MELHORN DR 46A1	ALH.
ROBERT A. QUALEY	2020 S. 6th ST 37B6	ALH.
LESLIE PEDOR	223 N. LINCOLN AVE 46C	M.P.
KATHLEEN M. DEPETRO	1125 W. RAMONA RD 37B6	ALH.
DOUG B. JONES	1515 S. CHAPEL AVE 37C3	ALH.
V.E. JONES	314 N. LINCOLN AVE 46C2	M.P.
LAWRENCE A. VAN HALE	7501 SEVILLE AVE 58F1	HUNTINGTON PK.
BYRON E. DELL	2305 SNEAD DR. 46A1	ALH.
BETTY A. CARMEN	8333 GARIBALDI AVE 37F1	S.GAB.
BILLY B. WALDEN	5123 ACACIA 37A4	ALH
SHIRLEY SULLIVAN	307 N. ALHAMBRA AVE 46C2	M.P.
MARY E. STERNES	7101 S. 2nd 37B6	ALH.
FLORENCE TANGO	403 E. RAMONA RD 37B6	ALH
ROBERT E. POWERS	1204 SIERRA VISTA 37C6	ALH
WILLIAM H. WOLF	1116 S. GRANADA AVE 37C3	ALH.
S. SANDERS	1515 S. 4th ST 37B4	ALH
EMIL BRITT	2262 VANDERBILT AVE	L.A.37
FRANCES E. ANDERSON	709 S. ALHAMBRA 37C3	ALH
MARGARET M. FARLAND	3119 N. BROADWAY 36B6	L.A.37

DATE _____ NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER _____

2666

NAME (PRINT)	ADDRESS (PRINT)	
Kenneth A. Hughs	2022. No. Eucalyptus	46
Joseph C. Yares	1017 So. Valencia	37G
James A. Muznik	1405½ Prospect	37E
Robert. G Lanpher	1170 Beanham St.	46A
Arlin C. Inman	1615. So Atlantic	37B
Charles M. Higgins	201. N. Alhambra Ave	46
James M. Caston	1700 S. Chapel Ave	37B
John De Grazia	605. N. Alhambra Ave	46
Lillian A. Samuelson	1504 N. Delta St	37
Alice M. White	2325 Highbury Ave	36
Roy C. Han Sr.	511 A. So Alhambra	37C
Walter E Snyder	1600 So. 6th St	37B
Mary Harris	261½ S. Arroyo Ave	37
Fred Cunningham	417 E. Norwood Pl	37B
Dean Lovelace	3800 Hellman	36
J. Levin	460 Via Vista	54B
Wm. H. Mc Clelland	1821. So. Granada	37
B. Hansmeyer	208. E. Norwood Pl	37
Kathryn Jackson	835. W. Ross. Rd.	
Martin N. Moede	1800 So. Veera	37
Norman T. Booth	5625 Viscount St	
H. Bontenbal	346 A. Sefton	46
James Vander	2412. N Jackson	37
Virgil A. Carver	753 Sierra Vista	37
L. C. Jenson	3012. Morengo Ave	37
M. Jenson	2012 Morengo Ave	
Wing Warren	1647 La Fuente Ave	
Morris R. Smith	1626 So Chapel Ave	37
R. S. Meyer M.D.	619. S. Chapel	3
W. A. Mc Gregor	838. A. Cullard.	
Jeniel Anderson	807. E. Graves	46
Gertrude Kane	2817. W Shord St	37
Dennis E. Monge	726 So. Stoneman	37
Paul A. Kane	2817. W. Shorb.	37

Routed in white #31

C.C. Cramer, Jr. - 1100 Rinaldo, A. Covina 92A3	50.00
James Holt - 947 Calif. - A. Covina 92A2	15.00
Lennie Hollis - 1021 Merced - A. Covina 92A2	148.70
Charles Roberts - 727 S. Sycamore, A. Covina 92B2	30.00
Carroll Ridley - 16352 Doubleglenn, La Puente 92A3	35.00
Walter Bergman - 416 E. Mobilly, A. Covina 92A3	40.00
Ford Retirement Trust - Desi Silicia, 999 Calif. Ave. - A. Covina 92A3	69.26
Gary Melvey - 16239 Arnaz, La Puente 92A5	25.00
Mrs. Myra Lakeside, 1650 Loukelton, La Puente 92B3	40.00
Nina Retallick, 555 E. Vine, A. Covina 92A2	75.00
Bette Waldron, 1110 Dellaven, A. Covina 48F2	7.00
Elizabeth Boatman, 1104 S. Prescidale, A. Covina 92B2	35.00
Clarence Cochran, 2610 A. Florence, L.A. 51D6	78.75
Webster's Disposal, 1602 E. Arrenaute, L.A. 92B3	68.88
Eaglin Steel Corp., 10801 Dale Ave, Stanton	32.09
Clifford Ahlberg, 1104 Arcadia, A. Covina 92B3	8.00
A.H. Etoyne, 1216 E. Louisa, A. Covina 88B5	35.00
C.L. Phillips, 6128 S. Flower, L.A. 44B5	20.00
Edw. H. Bayer 2110 Ena Ave 92A3 W/Covina	30.00
Richard R. Harris 1716 E Merced 92A2 W/Covina	5.00
Allison Mayfield 1136 Auburn W/Covina 92A3	20.00
Grover Whitney 1213 E. Thelbey W/Covina 92C2	20.00
Madeline M. Frame 521 E Merced 92A2 W/Covina	50.00
Ellen Puffpaff 817 Amaya W/Covina 92C1	40.00
Thompson Wood 1246 Butterfield 92C-D W/Covina	30.00
Jean Jewell 905 E. Herring W/Covina 92B2	40.00
(155	492.88

James Q 701 Ballen St. W. Covina 8.
Charles Hahn 808 Gretta W Covina 92C 2 40.
Joseph Ballen 1717 Holcolate W Covina 46D 2 10.
Hadley Oat Transport Sierra Pomona 14
Robert Smith 818 Merced W Covina 92F 2 10.
Francis Elliott 1235 Hillward W Covina 92A 2 30.
Jean Smith 331 E. Holt Pomona 29.
Elmer Manufacturing Co. El Monte 36.
Lester Jones 1705 Mc Wood West Covina 92L 3 40.
James Shotwell 725 Merbelle W Covina 92F 3 30.
Harry Tripp 1415 Glendora W Covina 92G 30.
James Stanton 16.
Consolidated Steel 541 Merced W Covina 92A 2 96.
Wellian Freeland W Covina 19.
Charles Conley 1025 Robinhood W Covina 92A 2 15.
J. R. Contreras 1557 W Conley La Puente 92C 4 128
Charles Hom 1344 Sandy Wood W Covina 92A 30 30.
Ben. Foreman 16639 Ramona Ave Covina 92C 4 35.
Barbara Hagerty 625 Florence W Covina 92A 2 30
Rhey. Covina 1015 S. Hazel W Covina 92B 2 50
J. A. Wallace. 5028 Bennett W. Covina 92B 3 40.
M. H. Wellin 1110 Craig Ave. W. Covina 92B 2 41
F. Ferrari 1643 Hickory W. Covina 92C 2 25.
Edwin Rath 123. W. Island W Covina 92C 4 15.
John Herrmon 702 Sunset W Covina 92B 2 35.
John Arrington 821 W. Merbelle W Covina 92A 3 30.
Robert Bemis 16625 Olivet La Puente 92A 3 20.
T-6

Ralph Wallace 417 Mabell	92A3 W Covina	50.00
Robert Eldridge 1428 Monte	92A7 W Covina	35.00
Ida Ashby 1141 Bluebird	92B1 W Covina	45.00
E W Beardsley	West Covina	50.00
John Alge 1433 E. Henry	92B2 W Covina	14.46
John Kilpatrick 1629 Fremont	92B3 W Covina	15.00
Ida Shenton 1007 Robindale	92B4 W Covina	188.40
R. Thaling 1014 Summ	92B5 W Covina	86.47
Soranger Reimer 1625 ?	W Covina	30.00
William Rolfe 737 E Haig	92B6 W Covina	47.00
Paula Brown 1546 Shadydale	92A2 W Covina	10.00
Charles Mc. Clelland 1324 Emm	92B7 W Covina	70.00
Miles Johnson 124 Barbara	W Covina 92A8	25.00
Ida McKinnon 1809 Glen Ave	92B8 EEF1 Azusa	132.50
Lucy Malcolm 1203 Eckhart	92B9 La Puente	61.30
Pete Swenson 1313 Auburn	92D3 West Covina	80.00
Mary Wagner 916 Shasta	W Covina 92E3	35.00
James Rees 1009 Gayley	W Covina 92C1	90 74
Richard Fiddlemeier 1132 Grande	W Covina 92C3	30.00
Irving Park 1743 Portec	92B2 W Covina	172 54
Richard Snyder 1314 Whalen	W Covina	40.00
D.R. Price 1643 E. Francis	92B3 W Covina	25.00
Ruth Woodruff 122 Fremont	92D4 W Covina	20.00
Jean Reaves 642 E Lucille	92A2 W Covina	186.00
J.D. Solis 821 E Lucille	92A9 W Covina	110.31
S. Garcia 914 Helmsdale	92B5 La Puente	114.48
Jim Ware 1346 Portec	92B2 W Covina	10.00
(157		434 1

A. Jefferson	15607 Walla #8 La Puente	C3
E. Morales	912 Herring 92A3 Covina	25
Harold Larsen	16511 Brook Lane 92B3 Covina	20
Natalie Greene	1024 Charlemont 92B2 W Covina	40
John Arnold	1055 N Sheffield 48F3 W Covina	40
Jack Wilcox	1015 Pine 92A2 W Covina	80
Bob Zaller	15128 Homewood 48C3 La Puente	123
Jaime Segura	711 E Bullock 92A2 W Covina	40
Bonnie Brown	102 E Cypress 92B3 W Covina	20
T.A. Bryan	848 Barbara 92A2 Covina	30
E. CRAIG HARPER	553 SANDY HOOK 92A3 WEST COVINA	30
JOSEPHINE MILLETT	1418 S. JUNIPER 48F3 WEST COVINA	54
DELMAR C. BADGLEY	1443 E. OLIVE 92A2 WEST COVINA	25
M. A. SLATER	953 GRETA AVE 92C2 WEST COVINA	110
MRS. D.L. ALLISON	1252 BUTTERFIELD 92C2 WEST COVINA	35
NORMAN J. PHELPS	1106 SUSANNA 92B2 WEST COVINA	30
ROBERT W. MULLANE	1122 HERRING 92A2 WEST COVINA	40
WALTER A. KOLARIK	1009 S. HILLBORN 92B2 W. COVINA	15
STEVE W. WOMACK	731 E. BARBARA 92A2 W COVINA	10
JON TEALE	15776 FRANCISQUITO 92B3 LA PUENTE	10
MR. CLARE WILLIAMS	1315 MALO ST. W COVINA	20
ROBERT E. DABBS	16426 HOLT 92B3 LA PUENTE	68
THEODORE T. HARPER JR.	508 E. MICHELLE 92B3 ST. W.C.	15
RICHARD BEARDEN	1315 RADFORD W.C.	10
R. SANDO	1631 GREENVILLE 92B3 W C	30
WILLARD H. SCHOLL	1002 GLENALAN W.C. 92A2	15
CASEY SANUS	650 E. FLORENCE 92A2 W.C.	30

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Robert L. Robinson	1034 Crowley	West Covina	25.00
Irwin B. Hodson	1834 California	W. C. 92B2	150.00
Elizabeth H. Portner	11045 Peckedale	W.C. 92B2	25.00
O. E Lackey	819 Susanna Ave	W.C. 92B2	10.00
Robert Lee Tice	1425 E. Portner	W.C. 92B2	25.00
Roger Harkens	1306 Shadydale	W.C. 92B2	10.00
Donald G. Beltz	743 Ruthcrest	La Puente 92B3	10.00
Mary Sipe	826 W. Lucille	W.C. 92B2	20.00
Masorie F. Grimes	914 Barbara	W.C. 92B2	15.00
Glen Teeter	1204 S. Serenade	W.C. 92B3	7885
~~Ronald Bogert~~			
Dorothea Ruth	1112 W. Hercules	92B3 West Covina	66.00
Dave Wenller	1616 Mt. Wood	92C3 W.C	35.00
Elizabeth H. Boatman	1104 So. Pricidale	92B2 W.C	35.00
Paul H Woodbury	1015 Terrie Ann Drive	92B2 W.C.	15.00
Gelnn Renwick	1137 Rimsdale Drive	92B3	25.00
Clifford W Schulz	940 So. Craig Drive	92B2 W.C	25.00
Robert C Herrick	1317 E Portner	92BC2 W.C	12.00
Sally H. Alvarez	1541 Van Wig Avenue	48C3 La Puente	15.00
Virginia S Bunnell	7512 Riverton	16 3 Sun Valley	54.00
Elizabeth A Bunnell	7512 Riverton	Sun Valley	54.00
Myrna C Baker	815 Susana	92B2 W.C	20.00
Edward J Jam	949 Cretta Ave	92C2 W.C.	15.00
Helen R. McCoy	1841 Sierra ALTA Way	33C4 Monterey Park	20.00
Pete Tackes	843 E. Barbara Ave	92A2 W.C.	46.00
Ann Squillace	710 Truman Place	9203 W.C	1.00
Douglas J MacPhers	828E Herring	92B2 W.C	20.00

Doris Ramirez	1547 Danley	La Puente	92C2	25
Will L. Comfort	1249 Glenview Rd.	W.C.	92C2	16
Lorna Millerberg	11057 Lower Azusa	El Monte	39A4	7
Lester M Jones	1705 McWood St.	W.C.	92C3	12
LLOYD E. Mullenaux	1024 W. Spruce St.	W.C.	9292	8
Ruth A Tripp	1415 So. Glendora	92B2	W.C.	15
Charles Roberts	727 So. Susanna Ave.	92B2	W.C.	30
Lynford H McDermont	741 Barbara Ave	92A2	W.C.	41
Felice C. Johnson	1523 E. Herring	92B2	W.C.	30
Milton T Bolls	641 So. Lark Ellen	92C4	W.C.	57
Willyne Reck	16147 Doublegrove	92a3	La Puente	5
Dorothy M. Hunter	1639 East Michelle	92a3	W.C.	25
Dolores C. Weber	16848 E. Harvest Moon	92a4	La Puente	10
Virgina H. Sullivan	1022 W. Lorwood	9292	W.C.	20
John I Tomi	932 Herring Ave	92B2	W.C.	40
Arthur R Laret	1239 E. Merced Ave	92a2	W.C.	66
Melville A. Behrendt	1717 E. Merced Ave.	92a2	W.C.	30
Jean Codword	1110 So. Evon wood Ave	92a2	W.C.	35
Victor M Siana	826 So. Craig Ave	92B2	W.C.	10
Ora Shay	1238 So Valinda	92B3	W.C.	15
Josephine N Brown	1141 West Sixth St.	42E1	L.A.	30
N. Browne	1819 Linda Vista St.	92B2	W.C.	40
Vivian L. Peterson	17026 Holton	92B3	W.C	20
J.K. McIntyre	1310 Barraman	La Puente		136
Jo Ann J. Johnson	17125 Doublegrove	92A3		20
Marie Beidler	946 So. Craig Dr.	92B2	W.C.	20
Jayme L. Sunder	946 Herring Ave.	92B2	W.C.	15
C.T. Fator	715 E. Lucille	92a2	W.C.	20
			760	42

Barbara Bissermon	1228 S. Walnut Ave.	92A3	W.C.	5.00
Norma P. Lalich	1546 E. Portner St.	92BV	W.C.	15.00
Loraine Risemon	1625 Portner	92BV	W.C.	35.00
Semi d Anna Filicia	929 California	92AV	W.C.	161.00
Joan Prause	1226 Silver Birch	92A3	W.C.	40.00
Ellen M. Reich	820 E. Florence	92BV	W.C.	35.00
Alan D. Brassington	119 Robin Rd.	92C1	W.C.	7.00
Elizabeth A. Crowley	735 E. Florence Ave.	92BV	W.C.	50.00
Betty Donnell	1137 Blue Dove	92BV	W.C.	20.00
Dore ~~Hord~~ Charlie Pia	1320 W. Margarita	92A1	W.C.	1.00
Rose L Murray	1310 Thackery St.	92CV	W.C.	40.00
Edna E Lell	937 Russellee Dr.		W.C.	38.00
Lucille Hogan	1234 S Sarcinne	92A3	W.C.	350.
Earl Bagel	1111 Linden Summit	92B4	W.C.	2500
Clark Burdett	715 Summit	92BV	W.C.	500
Sharon Hoffman	103 Pine	92AV	W.C.	6000
Herald Harnell	1137 Blue	92BV	W.C.	1500
E. Hartert	938 Carmelita	92AV	W.C.	50.00
J. P. Spangeller	1445 Hellman	92BV	W.C.	40.00
Roland Hemley	2120 Santa Ana	92BV	W.C.	20.00
J W Mac Arthur	921 Blue	92BV	W.C.	20.00
Robert Horn	957 Pima	92C1	W.C.	2600
Paul Calle			W.C.	3000
Carlton White	1031 Palmdale	92AV	W.C.	1.65
Millicent Carlson	1314 Monterey	92AV	W.C.	40.00
Pauline Colby	944 Monrovia	92AV	W.C.	30.00
Ben. Varela	1634 California	92AV	W.C.	500
Jean Freeman	11295 Mission	Hills		246.00
		161		4387

2674 Blue green red center

DATE 11-25-60

NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER 32

B. G. Jones, Mgr

NAME (PRINT)	ADDRESS (PRINT)		CITY
Vijo A. Doman	16749 Benbow	88BE4	Covina
Edward D. Basque	1225 Mariana St	92A1	W. Covina
Helen Robbins	700 East Michelle St	92AD3	"
Virginia McClintock	1018 West Ithurri St	92	"
Barbara E. Corn	14531 Palm Avenue	85C1	La Puenta
Jackson F. Usher	1414 Merced "	92A2	W. Covina
Patricia R. Bennett	814 Hillward Ave	92a ?	"
David Kahn	1003 Glendale St		"
Ilean Bratton	1149 East Meda	87a5	Glendora
I. H. Fern	1030 West Spruce	92A	W. Covina
Homer H. Denton	4548 North Landes	39E34	Baldwin Park
George W. Grantham	737 East Michelle St	92AD3	W. Covina
Joan Lumia	919 Blue Ash Road	92B1	"
Mrs. S. H. Porter	423 South Lark Ellen	92C4	"
Clinton E. Westlund	738 South Greenberry Drive	92A	"
Vivian J. Looft	16244 Edna	88DF4	Covina
Edward H. Kelish	1021 Teresa Street	88136	W. Covina
Arthur A. Gray	2242 Havenbrook	48F1	"
Gary Fix	152 South Azusa Ave. Apt. #4	92A	Azusa
Garrett Hartsuyker	853 South Del Cerro Drive	92A	W. Covina
Harry S. Vanstone	212 North Conlon Avenue	88a6	"
Eileen Dully	1848 North Valinda	9xB3-5	La Puente
LeRoy F. Latta	18585 Armstead	88E1-1	Azusa
T. L. Hall	1519 Edanruth Avenue	48A	La Puente
Patricia A. O'Connell	1211 Robin Road	92C1	W. Covina
Nyle Milam	555 North Foxdale Avenue	88A5-6	"
H. G. Ancerman	1102 Oakdale Street	?	"
Clement D. Hackey	1036 East Louisa Avenue	88135	"
Emory G. Hatcher	1231 Rexwood Street	48F	"
George M. Estes	1831 West Mossberg Ave	92A	"
Nick Chiarappa	1107 Herald Street	92a	"
Louise Hasa	2027 Rio Verde	92CE1	"
Norman E. Mallan	1813 Leewood Street	92A	"
V. D. Giacomo	4340 North Enid Avenue	88C3-4	Covina
Curtis R. Jensen	540 South Albertson	88E3-6	"

DATE 11-25-60 NAMES AND ADDRESSES OF CUSTOMERS 2675

CASHING CHECKS AT STORE NUMBER 32

B. G. Jones, Mgr

NAME (PRINT)	ADDRESS (PRINT)		CITY
Virginia E. Brooks	1229 Butterfield	92C3/4	W. Covina
Minnie W. Allen	437 North Shadydale Avenue	88B4	"
S. Cherrington	1042 East Workman Avenue	88E6	"
Earl A. Stuhr	1841 East Larkwood Street	92CE2	"
Francis W. Ambrose	1811 Walnut Creek Court	92A1	"
L. C. Dookie	231 Juniper Street	92A1	"
J. W. Thomas	1131 Shamwood Avenue	88D6	"
Raymond J. Burbank	16520 Ingram St	92B5	La Puente
Louis Sunker	1018 West Leewood	92A2	W. Covina
Cecile M. Bolls ✓	641 South Lark Ellen Avenue	92C4	"
Ernest Dimpero	1243 East Hardina Street	92E1	"
Howard A. Pendley	1044 West Greendale Street	88BD	"
Marshall L. Trout	1815 West Durness Street	92A2/3	"
Paul A. Rasmussen	513 North Morris Avenue	88A6	"
Eva F. Bliven	1818 West Divera Street	?	" ?
L. H. Dagne	1112 East Service Avenue	92C2	"
D. M. Bush	203 South Armel Drive	88D5	Covina
Lawrence Keys	945 Oak Park Place	92B2	W. Covina
M. I. Carroll	740 South Glenshaw Drive	92A2	"
Theresa Flaim	1143 East Garvey Blvd	92B1	" ?
Mrs. R. T. Nipp	631 East Michelle Street	92A3	"
Marian L. Dorrance	15608 East Mulvane	92B5	La Puente
Jessie Cornelius	9927 East Daines Drive	38BD3	Temple City
Richard S. Simonds	119 North Maplewood Avenue	88B6	
Mike G. Ervin	1844 Stuart Avenue	92C1	W. Covina
Solomon E. Virgil	16129 Flanstead	?	La Puente
Harry C. Goalby	200 North Conlon Avenue	88A6	W. Covina
Gilbert O. Lopez	148 North Record Avenue	45A3	U. A. 63, Cal
Max Abrams	1233 East Rowland Avenue	88BD6	W. Covina
D. H. Gordon, M. D.	20224 Lorencita Drive	93B1	Covina
Ernest J. Tomek	1115 Idahome Street	88BD6	W. Covina
Robert A. Ackerman	740 North Shadydale	88B4	"
Joan Schierts	1127 West Garvey	92B1	" ?
Claud Lee Horton Jr	1139 East Garvey	92B1	" ?
Constance G. Diebold	1414 East Larkwood	92CE2	"

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DATE 11-25-60 NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER 32

B. G. Jones, Mgr

NAME (PRINT)	ADDRESS (PRINT)	CITY	
Diana L. Hartman	12021 Hallwood 39AB4	El Monte	
Patricia Trimmell	1541 Harbart Street #18 ?	W. Covina	
Francis L. McHenry	1602 Sawyer Avenue 92A1	"	
Alvin Kuhn	425 North Morada Avenue 88B5	"	
Dorrance Barton	711 Greenville Drive 92A3	"	
Wayne Wright	1230 East Hardina 92E1	"	
David L. Moss	1218 Walnut Creek Parkway 92A1	W. Covina	
Harold Caldwell	1602 East Workman 88E6	W. Covina	
Estelle M. Rigney	709 Lucille Avenue 92A2	"	
James F. Andrick	405 North Morada Avenue 88B5	"	
C. R. O'Neill	133 Walnuthaven 88B5	"	
Raymond E. Gust	17147 Doublegrove Street 92A3	La Puente	
Gordon R. Phillips	957 South Greta Avenue 92C2	W. Covina	
Richard H. Hansen	1242 West Carlton Avenue 88B5	"	
W. D. Shartel	828 North Foxdale 88A5	"	
Durelle Regnaud	1251 West Carlton 88B5	"	
Donald L. Risk	1141 Larkwood Street 9XE2	"	
Talbut G. Ross	402 Broadmoor Avenue 48A5E4	"	
G. A. Brooks	13944 East Joycedale Street 48D2E4	La Puente	
Paul R. Frederick	926 Crumley Street 92A2	W. Covina	
Robert A. Bado	140 South Meadow Road 92E1-2	"	
Geraldine A. Parrette	1145 South Meeker Avenue 48F1E2	"	
Calvin C. Hopkinson	908 Evanwood Avenue 92A2	"	
Ralph A. Hardin	1541 Harbert, Apt. #20 ?	"	
James A. Chandler	1516 Delhaven 48F2E3	"	
J. E. Pierce	535 South Barranca 92A-3	Covina	
Richard G. Rey	1154 East Gasad 88BC5	W. Covina	
Julian A. Saucedo	3620 North Grand Avenue 89A4	Covina	
Arthur L. Herbert	1722 Hardina 92E1	W. Covina	
Chester H. Schuster	1200 East Louisa Avenue 88B5	"	
Eugene Edwards	959 California Avenue 92A2	"	
Alton G. McMillen	16653 Alwood Street 92AC3	La Puenta	
Francis L. Kirk	841 West Barbara 92AB2	W. Covina	
Marilyn B. Williams	1770 South Lang 48E3	"	
Clyde W. Busching	1345 Halinor Avenue 48E1	"	

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DATE 11-25-60 NAMES AND ADDRESSES OF CUSTOMERS 2677

CASHING CHECKS AT STORE NUMBER 32

B. G. Jones Mgr

NAME (PRINT)	ADDRESS (PRINT)	CITY
Vane Anderson	1110 West Camila Road 92 A 1	W. Covina
James B. Alerdeta (Mrs.)	423 South Walnut Creek Place 92 A 1	"
Frank A. Capotosto	257 Leland 39 P 6	"
Philip A. Warren	1502 Stuart Avenue 92 C 1	"
John S. Temple	1111 Camila Road 92 A 1	"
John R. Sarbacker	1213 Stuart Avenue 92 C 1	"
Herbert S. Barton	731 South Evanwood 92 A 2	"
Arthur Tauchman	1018 West Thelborn 88 B D 6	"
John F. Meeker	1020 South Sunkist 48 F 1	"
Naomi Riddle	1158 " " 48 F 1	"
Maria Pallulat	838 East Cameron Avenue 92 C 2	"
Willis E. Neas	717 South California Avenue 92 A 2	"
Erich Schierbaun	1035 Greenview Road ?	"
Dorothy L. Ingraham	16244 Cypress 88 C D 4	Covina
J. Rendle McNamara	1410 East Verness Street 88 B D 6	W. Covina
E. M. Plount	718 North Shadydale 88 B 4	"
Robert M. Cowles	1023 West Rowland Avenue 88 B D 6	"
Emmett E. Mitchell	731 South Greenberry Drive 92 A 2	"
Morris Boches	308 North Vincent Avenue 88 B 6	"
James H. Peltz	234 Gardenglen 92 C 1	"
Allen J. Gilbert	1227 South California 92 A 2	"
Alvin B. Kilbey	1716 Leewood Street 92 A 2	"
Paul G. Yates	1632 West Robindale Street 92 A 2	"
Mrs. Jennie Wallace	1049 West Garvey 92 B 1	"
Harry W. Corpora	203 North Morada Avenue 88 B 5	"
Margaret Chambers	630 South Saint Malo 92 A 3 B 1	"
Robert Rainey Jr	1213 East Elgenia Avenue 88 A C 5	"
Neil D. Monahan	552 South Sandy Hook 92 A 3 B 1	"
W. G. Weiser	1206 East Eldorado 88 A B 5	"
R. C. Comstock	650 North Chapman 88 B 6	"
George P. Beatty	1252 East Puente Avenue 88 E 5	"
John F. Montes	253 North Bromley Avenue 48 C 1	"
Brooks A. Greene	925 Serenade Avenue 92 B 2 - 3	"
Edward Klaier	16721 East Kingside Drive 88 B 4	Covina
Philip J. Yeager	223 South Barranca 92 F 1	"

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DATE 11-25-60 NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER 32

B. G. Jones Mgr

NAME (PRINT)	ADDRESS (PRINT)	CITY
V. L. Mock	202 Bixby Avenue 88C6	W Covina
James E. Robertson	1128 West Green Dale 88BB	"
R. R. Overby	898 Oak Park Place 92B2	"
M. G. Anson	844 West Service 92E2	"
Jackie E. Hargis	1119 East Cameron 92C2	"
Donald M. Huff	1417 South Bromley 48E1	"
Charles F. Peregoy	1106 Charlinda 92BE2	"
James E. Miller	605 South Saint Malo 92A3B1	"
Roy Davis	17124 East Autumn Drive 92C4	La Puente
Opal Jones	654 South Saint Malo 92A3B1	W. Covina
Lotus A. Montgomery	330 North Willow 48E1	"
H. W. Kolpack	1125 West Rowland 88BD6	"
A. M. Kolvas	1217 Primasaux 92C3	"
Fred H. Mayar	644 South California Avenue 9217	"
A. L. Shrainer	1917 West Merced Avenue 9217	"
Alma Scott	1349 South Halinor 48E1	"
Gilbert Gaia	1432 Rama Drive 48E2	"
Consuelo R. Rojas	1145 Vineland Avenue 48B4	La Puente
Edward W. Kuebler	1108 East Louisa Avenue 88B5	W. Covina
Ralph Alessi	1018 Princedale	"
Edward Talbot	1445 Pioneer Drive 88CD5	"
Norman Rousseve Jr	545 Osborn Avenue 88B6	"
Louis D. Costa	236 Fernwood Street 92D2	W. Covina
J. E. Hurst	721 Craig Drive 92B2-3	"
James M. Rhea	1822 Sherway 48F1	"
Glen L. Younker	2008 West Sunkist Place 48F1	"
Kenneth J. Koury	1715 Sherway 48F1	"
Joseph R. McDonald	1031 West Merced Avenue 92A2	"
Donald J. Walsh	1134 East Grove Center Avenue 88B5	"
Clyde Wallace	1542 Lark Ellen Avenue 92C4	La Puente
Minnie M. Beason	1326 Avington 92C1-4	"
Emmett J. Harbaugh	1028 Charlinda Street 92BE2	W. Covina
Mary L. Bunting	1121 Vine 92A2	"
Margaret K. Ambrus	861 North Sunset Avenue 92A2	La Puente
Darrell G. Micklin	1015 East Greendale 88BB	W. Covina

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NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER 32

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B. G. Jones Mgr

NAME (PRINT)	ADDRESS (PRINT)		CITY
John B. Merrill	1021 East Herring	92B7	W. Covina
Charles Oliver	541 Toland Avenue	88C6	"
John P. Lavonshe	1203 Larkwood Street	92CE	"
Christobel I. Berger	2539 East Thackery	92C1	"
James R. Quam	701 Barbara Street	92ABV	"
Eugene L. Pigott	403 South California Avenue	92172	"
Harold L. Hollingsworth	1232 Margarita Drive	92B1	"
James F. Boyle	111 North Toland Avenue	88C6	"
Ralph M. Dusenberry	1535 East Workman	8896	"
Clarence Freeburg	1240 Bromley Avenue	48E1	"
Bernard Poppert	615 Valaton Avenue	85A5-6	"
D. E. Liuzzi	227 South Lark Ellen	92C4	"
Robert Flotten	820 South Del Carro Drive	92DA	"
Sophia F. Wheeler	846 Dodsworth	89A4-5	Covina
Preston G. Barr	1317 South Siesta Avenue	48C3-4	W. Covina
Jack P. O'Neal	840 Van Horn Avenue	48E1	"
Phillip Landsberg	13702 East Hartsville	48C3 E5	La Puente
Myrle Clifton	1329 South St. Malo	92A3B1	W. Covina
E. C. Fager Jr.	1026 West Thelborn Street	88B06	"
Frank Fordyce	1005 " "	88B06	"
H. Gaines Dobbs	1725 West Roseway	9217-1	"
Michael F. Grisafe	921 South Leaf Avenue	88C5-6	"
Frank J. Campbell	1339 South Leland	48E1	"
Grady H. Elrod	1415 Willow	48E1	"
Robert McIntire	17061 Glentana	88C4	Covina
Suzanne E. Casad	1546 Pioneer Drive	88C05	W. Covina

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DATE 11-26-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 33 Routed on Purple

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NAME (PRINT)	ADDRESS (PRINT)	CITY
Verle B McDonald	11662 Fredericks Drive 16B2	Garden Grove
RETA'S Cabinet Shop	915 E. Washington 22 E-1	Santa Ana
Roy E. Bevan	10122 Flanner Ave 15F2	Garden Grove
Forest L. Houdeshelot	10612 Dixie Dr 15E1	Anaheim
Brattain Constr. Co.	1304 West Commonwealth Ave 15E6	Fullerton
Robert E. Trumbo	1608 So. Medina Dr 16A3	Anaheim
Herbert H. Morris	10042 Aldgate 15F2	Garden Grove
Victor F. Garza	10941 Rustic Lane 11B2	Anaheim
Hal Roarty	13096 Blackbird 16D5	Garden Grove
Harold R. Shultz	1730 So. Wm Miller Dr 15	Anaheim
Van D. Hall	9901 Cerritos 15B1	Anaheim
Werner E. Tirre	9672 Von's Drive 15F2	Garden Grove
Shaw's Nursery	13331 Yockey St. 15D6	Garden Grove
Hallamore Electronics	714 No. Brookhurst 10F2	Anaheim
Jan. E. Kinsey	11112 Sangiac St. 15F1	Garden Grove
Flaherty Clinic	1718 No Main St. 17B4	Santa Ana
William T. Reese	10552 Parliament Ave 15F2	Garden Grove
Mary E. McCreary	9552 Maureen Dr. 15E2	" "
Blanche J. Daughtry	9672 Maureen " Apt. 3 15F2	" "
Leonard J. Patenaude	10021 Dewey Dr. 15EF2	" "
Richard H. Gingrich	9801 Gamble Lane 15E2	" "
Mildred G. Broman	9582 Maureen Dr. 15E2	" "
Phillip Kouri, M.D.	1834 West Lincoln 10D4	Anaheim
Dale E. Onsen	10182 Flanner Ave 15F2	Garden Grove
W.W. Peninger	10812 Jean St. 15EF2	Anaheim
Ricardo H. Bendeck	10171 Flanner Ave 15F2	Garden Grove
Henry Espinoza, D.B.A.	8604 Garden Grove Blvd 15B5	" "
R.C. Howard	10321 Elsanoy Dr. 15F2	" "
K.W. Koll Constr. Co.	1555 Placentia Ave	Newport Beach
Beryl L. Frost	2110 West Midwood Ln 15F2	Anaheim
The Comerford Mfg Co.	880 So. Rose 15B1	Anaheim
Kenneth Kendall, Jr	2105 West Forest Ln 11E2	" "
K.L. Magnusen	9371 Maureen Dr 15E2	Garden Grove
Vincent H. Audet, Jr	10852 Rustic Ln 11B2	Anaheim

DATE 11-26-60 NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER 33

NAME (PRINT)	ADDRESS (PRINT)	CITY
Lewis R. Kline	11272 FULMER DR ?	Garden Grove
Leland Huffman, JR	10162 BECCA DR 15F2	" "
~~Maurice Dineen~~	#	
Marylen McCutcheon	# 1759 Rainier Court 15F2	Anaheim
Robert M. Mabry	9802 GAMBLE Ave 15E2	Garden Grove
Henry C. Clark	10802 JEAN ST. 15E2	Anaheim
Don Ware	11452 Tobie St. ?	Garden Grove
Richard A. Mann	2227 Judith Lane 15F1	Anaheim
Douglas E. Hunter	11212 Vineyard St. 15D2	Garden Grove
Alfred H. Anderson	9842 Gamble Ave. 15E2	" "
J. C. Howard	11221 Gardenaire Lane 15E2	"
George Lafaro	1767 So. Dallas Drive 15F1	Anaheim
Millie P. Jacobsen	2162 West Judith Lane 15F1	
Thomas H. Patterson	10841 MARKEN	"
George Saito	1729 So. Harbor Dr. 15F2	
M. R. Balmes	9531 Maureen Dr. 15E	Garden Grove
R. H. Walker	1801 West Steele Dr 16H3	Anaheim
Arnold K. Cobb	10012 ALDGATE 15F2	Garden Grove
Helen Lynn Burns	9571 Canton Ave. 15E1	Anaheim
Judd W. Marks	11081 Barclay Dr. 15E2	Garden Grove
Grove Janitor Service	11442 Barclay Dr 15E2	" "
Donald F. Hoffeld	10181 Flanner Avenue 15F2	"
J. E. Kahen	9791 Gamble ave 15E2	" "
George M. Munselle	11101 Rainier Court 15E2	" "
Gordon L. Jones	9292 Muirline Dr. 15E2	" "
Roy E. Redmond	10472 Orangewood 15C2	" "
Cecil G. Renner	10131 Aldgate 15F2	" "
Paul F. Burns	9431 Dewey Dr. 15F2	" "
Phillip J. Smalley	1772 Gardenaire Lane 15E2	Anaheim
Fulton H. Starley	11312 Gardenaire 15E2	Garden Grove
Robert L. Sanders	9272 JOYZELLE Dr. 15E2	" "
Charles F. BEAMES	2110 Judith Lane 15F1	Anaheim
Richard Koopman	9372 Pacific Ave. 15E1	"
William Crane	9622 Pacific 15E1	"

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DATE 11-28-60 2782 NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER 83

NAME (PRINT)	ADDRESS (PRINT)	CITY
Glenn D. Middlebrooks	2145 W. Harla Ave 15E1	Anahein
Francis J. Meier	1891 Jacaline Lane 16C3	"
D. J. Jacobs, Jr.	9662 Maureen Dr. 15E2	Garden Gr
Albert Michel	9912 Harriet Lane 10E1	Anahein
Wesley W. Willard	1602 So. Sonoish St. 15 1-2	"
Teddy J. Cummins	909 Echo place. 19A4	"
Floyd Harding	9281 Pacific Ave. 15E1	"
Carleta Little	11041 Dale Lane 15F2	Garden Gr
Robert Le Vie	9652 Crestwood Lane 15E1	Anahein
Otto Roemmich	9584 E Maureen 10E1	Garden Gr
Joan S. Heyde	10071 Dewey Dr. 15E2	" "
~~Phillip J. Smalley~~	1702 Garden Grove Lane	anahein
Leslie J. RAJCZI	11532 Gail Lane 16B2	Garden Gr
Sidney Berlin	9641 Crestwood Lane 15E1	Anahein
Wm A. Bailey Plumb. Cont.	8931 Tracy ave. ?	Garden Gr
Frank E. Rich	340 Lawrinda ~~15E6~~	Long Beach
George E. Bosy	10632 Gilbert 15E5	Anahein
Stephens M. Hertz	2519 E. Quincy ave	Orange
Stephens Bros. Carpet Co.	1081 No Palm 12D4	Anahein
Atkinson Refrigeration	11612 Palmwood Dr. 15F1	Garden Gr
Clement P. Crowe	1753 Bayless St. 2	Anahein
arthur L. Hale	9692 Cerritos 15B1	"
Laurence L. Radell	3216 Dakota ave 15DF5	Costa Mesa
Paul R. Parent	951 Nutwood 15F1	Anahein
Arthur L. Romo	10361 Endry St. 15E2	"
Carrall C. Johnson	9912 Aldgate 15F2	Garden Gr
David W. Clawson	12822 Chaparral Dr 16D4	"
David M. Walsh	11641 Lampson Ave 15F1	"
Paul J. Bergen	9911 Joyzelle Dr. 15E2	"
Wayne H. Pouliot	7300 Thunderbird Ln. ?	Stanton
~~Lyman H. Lovegren~~		
Myron R. Lowen	2111 W. Midwood Ln 15F2	Anahein
R. O. Giles	9811 Gamble 15E2	Garden Gr
James B. Stoltzfus	10451 Rodeo Dr. 15E1	Anahein

TE 11-28-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 33

NAME (PRINT)	ADDRESS (PRINT)	CITY
Billy Maxwell	1725 Gardenaire Lane 15E	Anaheim
Loren E. Deane	11301 Flynn Lane 15F	Garden Grove
Cyril A. Will	8772 Katella 15D	Anaheim
Bill B. Gussler	13192 Edwards St. 15F	Westminster
Ralph L. Schonau	2106 W. Harle 15E	Anaheim
Ernest B Stone	10231 Dewey Dr 15E	Garden Grove
Clifford Johnson	11282 Laurianne 15E	" "
Edward J. Moriarity	8822 Dewey Dr 15EF	" "
Thomas J. Anderson	10452 Parliament Ave. 15F	" "
Herman C. Anthonissen	10912 Jean St. 15E	Anaheim
Palmis Tejaco Grim	11011 So. Brookhurst 15E	Garden Grove
Maurice Hemmon	217 Bel Air St. 10C	Anaheim
James F. Winders	11201 Carolen Lane 15E	Garden Grove
Dwight R. Howell	11412 Biscayne Blvd. 15F	"
Walter H. Klose	9612 Katella 15D	Anaheim
U.B. Jis Ranch	2130 W. Ball Rd. 10F	"
Harold S. Alexander	9742 Joyzelle 15E	Garden Grove
C.W. Coig	10601 Crew Dr 15E	Anaheim
Thomas F. Sullivan	11282 Gilbert Street 15E	Garden Grove
W.E. Campbell	1765 Biscayne Ct. 15F	Anaheim
E. J. Cotney	8811 Katella 15D	"
Isaac SOWERS	8172 Helice Circle ?	Buena Park
Quinn L. Young	10772 Jean St. 15E	Anaheim
Ralph F. McLinkscott	11262 Bowlesave. ?	Garden Grove
Lew D. Burnap	10001 Flanner ave 15F-2	" "
Marie Schmetzer Co-air conditioning.	185 So. Prospect	Ave - TUSTIN
John Cosmos	11162 Harcourt ave 15E	Garden Grove
Paul B. Mack	8781 Dewey Dr. 15E	" "
Mrs. Mary E. Furr	832 No. 2 E YN 16D	Anaheim
C. E. Hardin	1721 Gardenaire Lane 15E	
Robert R. Smith	9161 Chanticleer Road 15E	
R. Preston Young	11141 Fraley St. 15E	Garden Grove
Raymond A. McCarville	9302 Drew Lewood 15CF-2	" "
Marvin E. Ewing	9612 Santa 15E	Anaheim

DATE 11-28-60

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 33

NAME (PRINT)	ADDRESS (PRINT)	CITY
Val R. Dantis	9772 Hibiscus Dr. 15E2	Garden Gr
Joseph T. HAIRSTON	9252 Dewey Dr 15E2	"
Charles L. Smith	2484 Chantilley 15E1	Mesquite
James G. Brannan	9642 Crestwood Lane 15E	Garland
John E. Taylor	10122 Dewey Dr 15E	Garden Gr
Frank W. Bokelman	1743 So. Dallas Dr. 15F1	Garland
Thomas M. Lake	1713 So. Garden Dr 15F	"
Dorothy R. Chesney	10038 Beeson Dr. 15F2	Garden Gr
Weldon E. Smith	10582 Gilbert 15E5	Garland
W. R. McCune	1735 So. Dallas Dr. 15F1	"
Rudolph SIFUENTES	11281 Brookhurst 15F4	Garden Gr
Jerry a. Huff	1133 Casa Grande No. B. ?	Garland
Larry Dangler Masonry Co	902 So. Fegella Court ?	"
Robert R. Turner	10651 Thomas Dr. 15E1	"
James Floyd Smith	2441 Theresa ave NE5	"
John R. Long	10201 Brookside Dr 15F2	Garden Gr
Ernest G. Patrick	9581 Harle 15E1	Garland
Dwight G. Martin	10582 Larry Dr 15E1	"
Martha Weathery	8802 Katella 15B2	"
Keith T. Ashe	11361 Bowles ave. ?	Garden Gr
SEIGBERT JAKOBS	2144 West Orio 15F1	Garland
William N. Todd	9811 Harle St. 15E1	"
George L. GLUYAS	11331 Barclay Dr. 15E2	Garden Gr
Joe J. Colton	12061 Cole St. ?	"
C. Herbert Pyle	11371 LANEY Court 15F2	"
Calvin E. Groves	13791 Barney Circle ?	"
Lionel E. Babcock Jr.	2272 Crestwood Lane 15E1	"
Stanley N. Martin	10632 Dixie Dr. 15E1	Garland
Edith C. Coffee	9882 Dewey Dr. 15EF2	Garden Gr
Andrew P. KLARIMAN	11211 Bowles ave. ?	"
W. A. Harding	11132 Bradley 15E2	"
John L. Frarey	2851 Adah St. ?	"
Vance E. Derington	290 Camellia 101-5	Garland
Don H. Barton BARTRON	10412 Romona Way	Garden Gr

DATE 11-28-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 33 2685

NAME (PRINT)	ADDRESS (PRINT)	CITY
Robert Gene Hamilton	1706 So. Brandon St 15F1	Anaheim
Luther N. Miller	10041 Aldgate Ave. 15F2	Garden Grove
Winston Hodge	9902 Judith Lane 15F1	Anaheim
O.T. Pederson	1231 Shelli Dr. 15D3	"
Kenneth Berry	11231 Hardenaire Lane 15E2	Garden Grove
A. Papavero	11102 Barclay 15E2	" "
David B. Roberts	9262 Joyzelle 15F2	" "
Grove Rambler Sales	9625 Harbor Grove Blvd 15B5	"
Dale O. HUSEBOE, DDS	2220 W. Judith Lane 15F	Anaheim
Chaffee Tool Works, Inc.	Brea, Calif.	
Daniel D. Wheldon	10406 McDaniel Dr. 15F2	Garden Grove
Ronald D. Peacock	9572 Canton 15E1	Anaheim
Mrs. J. Levesque	9681 Oma place 15E2	Garden Grove
Fred B. Barg	9302 Maureen Dr 15E2	" "
Arnold Jay Flynt	9341 Maureen Dr. 15E2	" "
Franco Grinding Co.	10650 Fern ave 15C5	Stanton
H.K. Miller	1809 Palais Rd. 15F1	Anaheim
Kenneth W. Dukes	10502 Parliament Ave 15F	Garden Grove
N. Cedric Roberts	9772 Katella 15D2	Anaheim
L.E. Husted	11371 Larkin Dr. 15E2	Garden Grove
Buckley Maxwell	9611 Joyzelle Dr 15F2	" "
Thomas E. Holman	2122 W. Forest Lane 15F1	Anaheim
Ralfe Holkestad	11802 Brookhurst 15F4	Garden Grove
Wm. F. Gast	9722 Orangewood 15C2	" "
William H. Brewer	2153 West Harle Ave. 15F	Anaheim
Don W. Ware	11452 Tobie St. ?	Garden Grove
Richard M. Gibson	10551 Perrin Dr. ?	" "
Douglas C. Howard	11402 Tobie St. ?	" "
Donald H. Crosby	9171 Vons Dr. 15E2	" "
Everett Hilliard	10402 Mc Daniel Dr. 15F2	" "
Mrs. G. F. Stoller	11161 Hardenaire Lane 15E2	"
Abbott C. Hatch	2122 W. Harle Ave 15F	Anaheim
Rulon H. Starley	11312 Hardenaire 15E2	Garden Grove
Robert J. Dotts	1847 W. Cris ave 15F1	Anaheim

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DATE 11-28-60

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER #35

NAME (PRINT)	ADDRESS (PRINT)	CITY
J.E. SHERRATT	10803 HASTY 60 E 3 D4	Downey
Wilma Burley	10528 ARRINGTON AVE. 60-C4	"
Robert L. McCoy	10330 PANGBORN 60 E 3, D5	"
B.S. THOMPSON	9063 GOTHAM ST 60 C3 D4	"
Percy L Kelsey	8556 E FIRESTONE Blvd 60 [illegible]	"
Dario Finzi	10812 PLUTON ST. 60 E 5, 61A5	Norwalk
I.B. YOUNG	9303 BIGBY AVE. 60-C, D3	Downey
Lena Van Meter	9057 GOTHAM ST 60 C3 D4	"
R.T. MATSUMOTO	12437 CLARET AVE 61A B4	"
Doris E Somerville	12845 CLARK AVE. 61A B4	"
CURTIS MASON	10021 CASANES AVE 60 E3 D4	"
Cecelia A AMARANTUS	8327 - E 5th Apt. B 60 B3	"
J.L. SPARKS	10714 CHANEY AVE. 60 D2-3	"
Perry M Schlack	9217 APPLEBY ST. 60-D2	"
J.B. CAMPBELL	9415 E NANCE ST. 60 B3	"
W.A. O'DONNELL	6826 BAILWOOD	Bell
Mary M ALBANESE	10215 NEWVILLE 60-D4,5	Downey
Juanita Collard	10536 S Newville 60 D4,5	"
Daniel F Haley	10015 ALONDRA Blvd 66-C3	Bell Flower
Leo. L MAXWELL	9604 SPEY ST. 60 C6	Downey
Mary HUDSON WRIGHT	9022 CECELIA ST. 60 A2 D4	"
JOAN TEMPLE	9230 BOELL ST. 60-A2 D4	"
M. D. BOYD	9630 TEWINN	"
Steve Sabach	12930 BURGESS 61 F6	La Mirada
Renee Nault	8210 Rosing	Pico Rivera
Pauline T. WOOD	10349 HALEDON 60 C 3 AVE	Downey
H.A. Oaiver	11714 LAKEWOOD 60 D2, B6	"
R.P. KREBEE	9014 Cecelia ST. 60 A2 D4	"
M.A. HUNT	11504 LITCHEN 66 71	Norwalk
James C Doyle	12443 So. DIMROBIN AVE 60 C 6	Downey
D.S. CORRAWAY	8723 5th ST. Apt. D 60-33	"
M.L. BROWN	10626 GARNISH DR 60 D 3 4	"
M.J. Upthoff	8729 ALBIA 60-A4, B5	"
A.A. BENAVENTO	12442 DUNROBIN AVE 60 C 6	"

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11-26-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER #35

NAME (PRINT)	ADDRESS (PRINT)	CITY
S.B. Mc QUARRIE	9011 APOLCE ST. 59 F6	DOWNEY
T.A. HARPER	8623 MEADOW Rd 60 B6	"
Calen B TuTTle	9315 Cecilia Ave 60 A2 D4	"
Mary J. Gollenger	9214 HANNAH ST 54 B6	"
Carol Garver	8205 7th ST. 60 B3	"
O.J JOHNSON	3026 No NEWTON	"
Tom W. FISHER	8403 ALBIA ST. 60-A4	"
P. MAGLIOZZI	7732 E PHLOX ST 60 B4	"
DONALD C BROOKS	8541 ~~Lixon~~ ST. LUXOR 60 B4	"
LOLA FUGATT	8733 E 4th St 60 B3	"
M.J. WHYBREW	10613 STELLY FIELD 60 D3	"
JESSIE CURTIS	10530 WESTERN Ave 60-B.3	"
KATHRYN THIEL	9357 ~~PARK~~ LA M 60 B4	"
C.W. DAVIS	12333 LAKEWOOD 60 D4, B6	"
JOHN R WILLIAMS	8438 E 4th St.	"
NORMAN SLOAN	8359 E 4th St	"
R.L. MONTALE	11822 Ringwood Ave 60 74,5	NORWALK
STEVEN SAKACH	12630 BURGESS 61 F6	LA MIRADA
BETTY KINGSBURY	8709 LYNDORA 60 FT E	DOWNEY
HELEN WATTS	11730 PATTON RD 60-B5, C3	"
J.I. HAMMOND	9111 RIGBY ST 60 C, D3	"
DOT M. CHAMPAIGN	9013 LUBEC ST.	"
R.W. HARRISON	8709 E LYNDORA 59-75	"
PAULINE ROBINSON	9914 HONDO 59 F4	"
WILLIAM F McQUILLEN	10555 WOODRUFF 60 D4,6	"
PAUL A ROSS	7942 DANUBE 54 C6	"
MAYREE L SPENCER	9297 KLINEDALE 60 E4	"
KAREN L DONWERTH	15127 SARANAC Dr 74 B5	WHITTIER
EDNA M WAGNER	8356 GARDENDALE 65 F1	PARAMOUNT
HAROLD SOLOMON	9628 3/4 FIRESTONE Blvd 59 E3	DOWNEY
B.L. VARNER	8334 VISTA DEL RIO 60 D1	"
MARY A WADDY	10601 MALLOCK Ave 60 D2,5	"
THERESA PROULX	8302 7th ST. 60 B3	"
ENITA J BARNETT	9341 BUELL ST 60 A2 D4	"

$527.75

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DATE 11-26-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER #35-

NAME (PRINT)	ADDRESS (PRINT)	CITY
Joe Hudson	9713 Bellflr St. 66B, C1	Downey
Willard Aldridge	9318 LuBec 60 B1, 23	"
C R Rogers	9050 E Imperial St. 60 B4	"
Eucleve L Koehne	11628 Gurley Ave. Apt 13 60 B6	"
Robert Weston	9134 So Walden 60 C4, D2	"
Harry H Clowser Jr	6828 Corona 53-B5	Bell
O.F Noyes	9117 Margaret St. 60-B4 C	Downey
Ruth Hill	9813 Whitelaw 60 F2	Pico Rivera
M. M. Smith	10634 Lesterford Ave. 60 D4,5	Downey
Joe Giron	9829 Downey Norwalk 60-C3	"
Harry Daniels	9535 Cecilia 60 A2 D4	"
Fern Edgington	12354 Dunrobin Ave Apt 15	"
Rose T. Hussey	10820 Lakewood 66 A1	"
Evelyn A Mannees	11914 Beck ?	Bell Flower
Evelyn E Howard	9423 Cecilia St. 60 A2 D4	Downey
P.A Dunlap	9154 Stewart + Gray Apt 4	"
Jane Ray	9351 Buell St. 60 A2 D4	"
Doris M Nelson	9547 Cecilia 60 A2, D4	"
Roberta L Phillips	12265 Woodruff 60 D4	"
Loretta Simon	9321 E Florence Ave 60 B2	"
Charles Moss	2945 Kansas 58 F3 60 D4,5	South Gate
Warrene Wishon	10622 So LesterFord Ave.	Downey
H Piller	9530 E La Villa St. 60 B3, D4	"
Richard J Hansen	1224 Glynn Ave 60 A5	"
Chester Gregas	9224 Appleby St. 60 D2	"
L A Carr	10618 Newville 60 D4,5	"
Jane Baudo	8518 E 6th St. 60 B3	"
Howard M Goodson	10519 Arrington Ave 60-C4	"
J.L Thomas	941 North Brighton ?	La Habra
Belle C Seery	12508 Ryerson Ave. 59 F3	Downey
Gloria V. Manzo	13130 S Groveland Ave 84-C4	Whittier
John Hupman	9601 Cecilia St 60 A2 D4	Downey
Pauline Pate Saylor	9252 LuBec St. 60 B1, E3	"
Willard L May	10642 Lakewood 60 D2	"

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11-26-60 NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER # 35

NAME (PRINT)	ADDRESS (PRINT)	CITY
F.P. Groover	10419 Newville 60D 4,5	Downey
N. D. CocHeRN	10521 ARRINGTON Ave. Apt A 60-C4	"
William C Long	9399 E Ferm St 60 B2	"
D Filippis	8450 Orange 60 A5	"
Jim Cuccia	10534 Manuel Ave 60 C3	"
Joyce J Rouse	10634 Tristan Dr. 60 C3	"
Mary C McDonald	8127 E 3rd St. 60 B3	"
Tommy L Medley	11121 Dalewood St 60 B5	"
Linda Pisonero	7865 E Brookmill 60 A3 59F3	"
Lorene Marion	9912 A San Antonio 59B4	South Gate
John Hurley	9401 Maynard Myron 54E6	Pico Rivera
M L Nance	9055 Buckles 60 C5	Downey
T Fearnot	12147 Quirita Ave	"
Elmo E Hunt	14608 Dartmoor 82B3	Norwalk
William F McTwillen		
Nancy A Feahm	6404 Dos Rios Rd 54B6	Downey
R CARLSON	12903 Hurley 60A6	"
Thomas Gibbs	10107 Ratliffe 66B, C-1	"
Vivian C Taylor	10329 Gord Ave 60 E3 D4	"
F.E. Brown	10607 Shelleyfield 60 D3	"
John H Lesselyong	10825 Brookshire 60A6	"
C.W. Humphreys	9369 Cecilia St. 60A2D4	"
J.A. Brown	10528 Arrington 60-C4	"
James O'Shea	7665 Hollywood 33F3 34A	Hollywood
Marie Ann Glauser	10025 Pangborn 60E3, D5	Downey
Marie Watson	10537 Arrington Ave 60-C4	"
Ruth Coffaro	12333 Horley 60 A4	"
Florence B Merchant	10223 Caseres Ave 60 E3 D4	"
H.B. Halsey	10541 Shelleyfield Rd 60 D3	"
Mary M Johnson	10508 Shelley Field Rd 60 D3	"
Claudia Tuberto	10336 Lettered Ave 60E4	"
James A. Heaunes	11226 So. Colo Road Ave 60 C5,6	"
Paul A Wilber	9603 Wiley-Burke Ave 60 B2	"
H. J. Moss Jr	9355 Woodruff (Xing) 60 C5	"

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DATE 11-28-60 NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER #35

NAME (PRINT)	ADDRESS (PRINT)	CITY
Jack Wiest	9244 Rosille Dr	Downey
Pat M. Fahy	10428 Rico Vista Rd. 60 D E 4	"
Betty Gray	8129 Gomolette Ave 59 F 6	"
Dot I. Richards	9162 Via Amorita	"
Ann Adland	10428 Falcon 60 C 4	"
David Anderson	11517 Adco Ave 59 F 3	"
Janet B Kinder	630 Exeter Ave	La Habra
Margaret E Baccus	10310 Mallock Ave 60 D 4 5	Downey
Alice M Gustafson	9552 Buell St. 60 A 2 D 4	"
Ruth W Bulaich	9327 Digby ST 60 C, D 3	"
D. P. Norton	16511 Garfield Ave 65 E 3	Paramount
Phyllis Mason	9321 Gotham 60 C 3 D 4	Downey
Pat Manning	11319 Buell St 60 74	"
Ray E Shull	9440 Slocum Dr 60 E 2, 3	"
Mary J Pinizzotto	10713 So Western 60 B 3 Ave	"
Jessy G Burfoot	12737 E Rosecrans 66 E 2	Norwalk
Nadia A Hockett	10240 Adoree 59-F 6	Downey
Estelle N Erben	10525 Shelly Field 60 D 3 Rd	"
Pressie M Anderson	7110 Krutt Dr 54 B 6	Bell Gardens
Leo M Woodward Jr	10607 Shelleyfield 60 D 3 Rd	Downey
Barbara J Butcher	11026 So Woodruff 60 D 4	"
Minnie E Stacey	8329 Alamoor 60-A 5	"
Robert J Buckley	7943 Harper 60 B 2	"
Lloyd Sharpless	7821 3rd St 60 B 3	"
Thomas R Wilson	9459 Klindale 60 E 2	"
Phil Bruce	8544 Eucalyptus 60 A 5	"
Holbert S Dodd	12231 East Brook 60 Ave C 6	"
Ronald Monahan	9326 Via Amorita 60 A 2	"
Richard D Biggs	10512 Everest ST. 60 B 6	Norwalk
Jessy G Burfoot	12737 E Rosecrans 66 E 2	"
Lee S Cline	10623 Cranney Ave 60 C 2	Downey
Beverly E Waters	9663 Angell ST 66 B, C 1	"
Bette Walters	1000 Mallison Apt 6 59 B 4	S. Gate
M.F. Sukentich	10254 Criscitt 66 B, C 1	Downey

(c) 2691

DATE 11-21-60

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER # 35

NAME (PRINT)	ADDRESS (PRINT)	CITY
BreBee Ingler	9220 Buthern 60 E2	Downey
Carla Ingler	9220 Bothern Buthern 60 E2	"
E.C. Stephens	10712 Chaney Ave 60 D2,3	"
T.L. Townsend	9553 Wheelock St 54E, F6	Pico Rivera
Joyce O Chouard	10528 So. Agnew Ton 60-C4	Downey
Edward F Smith	12404 Dunrobin Rd 60 C6 66 F1	"
D. J. Duchame	11560 So Downey Ave 60 C3	"
Katherine L Smart	9060 East Imperial Highway 59 F5	"
Alice Herod	10418 Chaney Ave 60 D2,3	"
J.J. Lesselyong	10527 La Paine 60 C1	"
Richard K Lacos	8914 - 5th St. Apt. 1 60 B3	"
William M Sitter	10114 So. Lakewood Blvd 66 A1	"
John A Cameron	8913 E 5th St apt. A 60 B3	"
Wanneta Porterfield	10024 Belcher 66 B, C1	"
C.A. Stowell	10537 Shelley Circle 60 D3	"
Joseph Jay	4501 Banner Dr 70 D3	Long Beach
Mardelle Mc Donald	12032 Bellflower 60 C6 66 C2	Downey
Ruby F King	8729 East 6th St 60 B3	"
Sybil Thacker	9530 Aedine 60 D5	"
Ena Biege	8635 Nada St. 60 A4	"
William C Long	9277 E Fries ST 60 B2	"
Ray Hansen	9024 Muller ST #B 60 A2	"
Dale Stillman	9026 Muller St 60 A2	"
Marcelle Burdsall	10030 Lesterford 60 D 4,5	"
Saundra L Lagee	10727 Rico Vista Rd 60 D 4	"
P.T. Kennedy	10237 Matlock Ave 60 D 4,5	"
Florence Clara Ings	10229½ Brookshire Ave 66 A6	"
Margaret A. De La Cuesta	11002 Woodruff Ave 60 D4	"
Lloyd Mc Neely	6450 Walton View 54 D6	Pico Rivera
Richard A Wirth	9070 - 3 East Imperial Hwy. 59 F5	Downey
Catherine L Nugent	11505 Hoxie	"
Charles Fuenich	8420 East Cole St. 60 A4	"
Dena Hardman	11110 Pangborn Ave 60 E3, D5	"
L.A. Brown	8736 E Imperial Hwy 59 F5	"

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DATE 11-25-60 — 2692

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NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER 39

GROCERY STORE 39-

NAME (PRINT)	ADDRESS (PRINT)	CITY
Imogene Murphy	19623 Kilmore St 14AF6	Reseda
Betty J. Moore	19712 Kittridge 12AF5	Canoga Park
Frances M. Hoffmann	19144 Bessemer 14AB6	Reseda
Betty P Bauam	20646 Kittridge 12AF5	Canoga Park
Russell M Sweeney	19837 Kilmore 5F6	Woodland Hills
Eileen Anthony	19126 Calvert 14AB5	Reseda
Mary J. Harper	9414 Beckford Ave 14A1	Northridge
Kiva Hoffman	19953 Oxnard St 14AA6	Tarzana
Betty Kaimari	6449 Yolanda 14B2	Reseda
Josephine P. Casaina	6523 Keokuk 6F6M	Canoga Park
George H Shisler	19509 Victory 14B5	Reseda
Mrs. Robert M. Huffman	6311 Bovey Ave 14A4-5	Reseda
Georgianna A. Boyle	19231 Sylvan 14AC5	Reseda
Ila M. Brattien	5162 Etiwanda 14C6	Tarzana
Milton W. Flack	6250 Tunney 14A1	Reseda
Robert F Bevensiep	19345 Kittridge St 14A5	Reseda
Patricia S. Smith	6518 Quartz 12F2-3	Woodland Hills
Vernon D. Wedemeyer	19858 Setticoy St 5F2	Canoga Park
Mrs. Robert U. Pettit	6414 Corbin 12F3	Reseda
Robert M. Bookey	218 W. El M Wood 17E6	Burbank
Barbara Pajatz	5926 Cahill Ave. 14B6	Tarzana
Marian B Carver	18559 Haynes 14AB5	Reseda
Betty M. Nelson	19846 Hatteras St 14A6	Tarzana
Shirley Eisenholm	6409 Topeka Dr. 14B3-4	Reseda
L. Jackelin	6321 Belmar 14A4-5	Reseda
Herp Silvers	9044 Shoreham Dr 3384	Hollywood
Danuta Hargrave	6238 Calvin Ave 14A1	Reseda
Mrs. I Friedman	6237 Sylvia Ave 14A5	Reseda
Mildred E. Berry	6542 Baird Ave. 14C1	Reseda
Lorraine Shell	6444 Quakertown 12F3-4	Woodland Hills
Lois R. Wayne	19419 Santa Rita 21A1	Tarzana
Celia S. Petal	19035 Calvert 14A5	Reseda
Mrs. Rae Ann Clark	18560 Kilmore 14A5	Reseda
Daisy B. John	6151 Canby Ave. 14C4	Reseda

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NAMES AND ADDRESSES OF CUSTOMERS
CASHING CHECKS AT STORE NUMBER 39

GROCERY STORE NO. 39-1

NAME (PRINT)	ADDRESS (PRINT)	CITY
Barbara Blumberg	5148 Melvin Ave 14AA	Tarzana
Janey J. Sipman	19008 Friar St 14AC5	Reseda
Mary F. Walker	6511 Yolanda Ave 14B2	Reseda
Jean H. Nicklaus	6556 Laramie Ave 12E4	Canoga Park
Mary E. Sheppeem	5709 Calvin 14A1	Tarzana
Elizabeth A White	6244 Shirley Ave 14A3	Reseda
M. Speer	18528 Bryant 9AC4	Northridge
Peer W. Bazzini	15954 Leadwell 14E3	Van Nuys
Eugene F. Kingsley	7051 Bothwell Road 14A3	Reseda
Joyce York	19201 LeMay ST 14A4	Reseda
Elizabeth Jane Clark	6551 Gazette Ave 12D	Canoga Park
Joann E. Sandeen	7220 Claire 14A3	Reseda
Betty J. Arthur	6224 Tampa 14A2	Reseda
Elaine Bates	6225 Wilbur 14B5	Reseda
Norma Radosevich	19437 Enadia Way 14A3	Reseda
Maxine Cannata	5652 Tampa 14A2	Tarzana
Mrs. Lorraine Scott	20006 Archwood 12D4	Canoga Park
Mrs. Robert W. Campbell	6515 Quakertown 12F3	Woodland Hills
Harriet Meltzer	6249 Shirley Ave 14A3	Reseda
Robert Mendelsohn	19429 Friar St 14AC5	Reseda
Wiley H. Conover	6329 Bothwell Road 14A3	Reseda
Jeanette J. Winard	19146 Hartland St 14A4	Reseda
Sybil R. Kaufman	6252 Calvin 14A1	Reseda
Peter Mugrdechian	6439 Shirley Ave 14A3	Reseda
D. Krapf	6500 Shirley Ave 14A3	Reseda
W. J. Pugh	6943 Topeka Dr. 14B3	Reseda
M.C. Vilmer	19446 Lemay St 14A4	Reseda
John L. Bennett	19133 Hartland St 14A4	Reseda
R.E. Wachter	6647 Quakertown 12F3	Canoga Park
James T. Badal, M.D.	4835 Van Nuys Blvd.	Sherman Oaks
Nellson H. Vels	19101 Bessemer St 14A6	Reseda
Thomas D. Scott Jr.	6641 Shirley Ave 14A3	Reseda
Terry Petrie	6935 Reseda	Reseda
L. Lee	18755 Lemay 14A4	Reseda

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DATE 11-25-60

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 39

GROCERY STORE 39-1

NAME (PRINT)	ADDRESS (PRINT)	CITY
C. J. Robison	19843 Delano 12 F	Reseda
A. M. Gordes	18407 Erwin St 14 BS	Reseda
Mary S. Mankado	6249 Tampa 14 A 2	Reseda
J. M. Varvis	6719 Belmar Ave 14 A 4	Reseda
Laura Hauser	19121 Calvert St 14 A 5	Reseda
Lora B. Sandifer	19048 Bessemer 14 A 6	Reseda
Mrs. Betty Usher	19736 Kittridge 12 A F	Canoga Pk
L. L. Morton	6529 Tampa 14 A 1	Reseda
J. E. Dowd	6546 Anna Ave 14 A 3	Reseda
Thelma B. Stern	7946 Louise 14 B 5	Northridge
Anita J. Anderson	19600 Victory Blvd. 14 B 3	Reseda
Mary Jane Baldwin	8115 Darby Pl. 14 C 2-5	Reseda
Bobbie Regards	19645 Victory 14 B 5	Reseda
Shirley J. La Roy	6317 Bothwell Rd. 14 B 2	Reseda
Irene M. Willbergh	6232 Calvin 14 A 1	Reseda
Geraldine A. Spacone	19400 Victory Blvd. 14 B 5	Reseda
Lillian Wernimont	6257 Runnymede 14 A 1	Reseda
Joyce M. Coates	19355 Erwin 14 A C 5	Reseda
Marilyn Barkus	6461 Yolanda 14 B 2	Reseda
Adel M. Lynch	19107 Jason St. 14 C 5	Reseda
Amos W. Nelson	6126 Melvin 14 F 6	Canoga
Loyal K. Lueck	20581 Haynes St. 14 B C 5	Canoga
Eileen Bushman	19436 Erwin 14 A C 5	Reseda
Sylvia Dold	6243 Tampa 14 F 2	Reseda
Florence A. Knapp	6370 Bothwell Road 14 A 3	Reseda
F. W. Armstrong	18945 Erwin 14 A C 5	Reseda
James J. Hannon	6221 Calvin 14 A 1	Reseda
Earl J. Parks	6145 Melvin 14 F 6	Canoga
Dorothy Peterson	19586 Mobile 14 A 5	Reseda
Guillermo B. Aguayo	6411 Anna 14 B 4	Reseda
Cora B. Miller	9731 Oakdale Ave. 3 P	Chatsworth
Charles J. Chalk	19426 Calvert St. 14	Reseda
Mary Jo McNamara	6301 Sylvia Ave 14 A 5	Reseda
J. Jr. McDonough	19309 Erwin 14 A C 5	Reseda

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NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 39

GROCERY STORE 39-1

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NAME (PRINT)	ADDRESS (PRINT)	CITY
Alberta V. Masier	5938 Jumilla 12F-6	Woodland Hills
Margaret A. Baker	6438 Shirley 14A3-6	Reseda
Muriel E Carlisle	6329 Belmar Ave 14A4-5	Reseda
L. Bettke	5702 Cahill 14B6	Tarzana
Norbert B. Moffatt	5930 Tampa Ave 14A2	Tarzana
Marilyn Navin	8526 Larline Ave 6D6	Canoga Park
Patricia B. Weller	19410 Gilmore 14F	Reseda
Mary L. Cole	18567 Victory Blvd. 14G5	Reseda
Betty Fainari	6449 Yolanda 14B7	Reseda
Virginia Clark Young	19317 Hatteras St 14F6	Tarzana
Philip L. Glaser	6540 Penfield Ave 12F	Woodland Hills
Shaween C. Jacobsen	19222 Calvert 14A5	Reseda
Mrs. Marilyn Mills	19252 Kittridge 12A5	Canoga Park
Beryl Avanee	18937 Sylvan 14A6	Reseda
Alvyn B. Marable	19310½ Ventura 21A1	Tarzana
L. Petroff	6612 Balsam Ave. 14A3	Reseda
Pat Fiarrusso	19505 Welby Way 14B4	Reseda
Suzanne Ruffney	17800 Collins St 14B6	Encino
Wm H. Pensom	8140 Quartz 1Q1-2 14A4	Canoga Park
Evelyn Dandas	19407 Lemay St 14A4	Reseda
Edwin Miller	6081 Calvin 14A1	Tarzana
Vincent C. Romero	7021 Shirley 14A3-6	Reseda
R. Richardson	18708 Gilmore 14F2	Reseda
Frances E. Costa	20139 Haynes 14B5	Canoga Park
R. Claeper	7002 Aura Ave 14A1-5	Reseda
Jennie Vee Robison	19843 Delano St 12F-6	Woodland Hills
Peggy J. Krueger	19921 Kittridge 12A5	Reseda
Lyna S. Lacroed	19836 Bessemer 14B6	Reseda
Jesse S. Portney	6256 Aura 14A1-5	Reseda
Marilyn A. Smith	19321 Erwin 14B5	Reseda
Beatrice Okun	6916 Aura 14A1-5	Reseda
William C. Wirth	18733 Victory 14B5	Reseda
Janice Ward	6549 Tampa 14A2	Reseda
[illegible] Malley	18626 Donna St 14B5	Reseda

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DATE 11-25-60

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 39

GROCERY STORE 39-

NAME (PRINT)	ADDRESS (PRINT)	CITY
Frances M. Conrad	19049 Sylvan St 14A5	Reseda
Mrs. E.L. Stanley	6524 Corbin 12F3	Reseda
D.B. Conrad	7251 Milwood Ave 12B5	Canoga Pk
Dolores Worley	19518 Hamlin 14A3	Reseda
Helene B Burd	5944 Cahill Ave, 4B6	Tarzana
J.R. Chislett	8751 Jumillo Ave 12F6	Northridge
Marie Cain	20213 Bassett St 12B4	Canoga Pk
Velma A. York	19100 Sylvan 14A5	Reseda
Mrs. Madelyn Terrell	19557 Gilmore 5F6	Reseda
Dorothy Peterson	19536 Mobile St 14A5	Reseda
Teresa D. Holland	6319 Tunney 14A1	Reseda
Mrs. Harry L. Warden Jr.	6336 Bovey 14A4-5	Reseda
L.E. Albrecht	6159 Melvin Ave 14A6	Tarzana
Evelyn Stevens	6519 Tampa 14A2	Reseda
D.P. Wells.	6510 Shirley 14A3-6	Reseda
Mrs. M.P. Roebuck	6415 Topeka Dr 14B3	Reseda
Mary A. Carlino	7029 Claire Ave 14B3	Reseda
Melvin S. Sevland	19168 Delano 12F6	Reseda
Kenneth L Thar	6515 Shirley 14B3	Reseda
Virginia French	19204 Friar 14A&C5	Reseda
Gloria B. Hamm	18709 Victory Blvd. 14A&C5	Reseda
Ruth M. Amparan	19747 Friar 14A&C5	Woodland Hills
Mrs. Herald W. Shields	5715 Cahill Ave 14B6	Tarzana
Lucy H. Ruppert	6040 Oakdale 12F6	Woodland Hills
Barbara H. Bowen	6516 Rhea 12B2	Reseda
Thelma Zellers	19306 Victory Blvd. 14A&C5	Reseda
A. Politis	19620 Victory Blvd. 5	Reseda
Kathleen Sparks	6385 Jumillo Ave. 13F1	Woodland Hills
Georgia R. Wood	6454 Oakdale 12F6	Woodland Hills
Eileen H. Henry	19172 Oxnard St 12A6	Tarzana
Doris Shick Knox, Jr.	18330 Sown 14C5	Reseda
Mrs. Donald E. Forest	19951 Kittridge 12A5	Canoga Pk
Helen C. Lodge	6232 Aura St H A1	Reseda
S.M. Clancy	6444 Shirley 14A3-6	Reseda

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NAMES AND ADDRESSES OF CUSTOMERS
CASHING CHECKS AT STORE NUMBER 39

GROCERY STORE 39-1

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NAME (PRINT)	ADDRESS (PRINT)	CITY
M.E Holmes	19213 Erica 14AC5	Reseda
Hilton R. Higginbottom	8481 Hatillo 14A6	Canoga Park
Celia M. Buenvaca	6260 Wilbur 14B5	Reseda
Virginia W. Rogers	19609 Erica 14AC5	Reseda
Mrs. R.N. Pally	19342 Friar 14A5	Reseda
M.P. Riordan	6534 Amer Ave. 14A1	Reseda
Edward Bjerk	6501 Shirley Ave 14A3	Reseda
Patricia A. Corwin	6438 Penfield Ave 12F4	Woodland Hills
Joyce Buehning	19620 Hamlin St 14A5	Reseda
Judith Jackson	19416 Kilmore 5F6	Reseda
Frances H. Dennis	19701 Victory 14B5	Woodland Hills
Wayne M. Dice	6502 Quartona 12P3	Woodland Hills
Marian F. Kaspar	22024 Celes 13RC2	Woodland Hills
Nancy Montelle	5701 Donna 14A6 Ave	Tarzana
Cecile L. Becker	20021 Kittridge 12AF5	Canoga Park
A. E. Sparks	20454 Gilmore 5F4	Canoga Park
Viola Anne Vondersaar	19422 Stagg St 14AD2	Reseda
Harold Trageserman	19420 Calvert 14A5	Reseda
Josephine P. Cascino	6523 Keokuk 6E4	Canoga Park
Fred E. Marx	6264 Melvin Ave. 14A7	Reseda
Mrs. Paul Roest	7511 Alabama 12C4 Ave	Canoga Park
M.K. Eykyn	6115 Melvin Ave 14A6	Tarzana
R.E. Hobson	19759 Kittridge 12AF5	Canoga Park
Eleanor L. Peterson	4631 Vanalden 14B4	Tarzana
Mary Jane Stevenson	19553 Hamlin St. 14A5	Reseda
Eileen Stein	23814 Hartland 14A6	Canoga Park
Bernice A. Griffin	6157 Tampa 14A2	Reseda
Lorraine M. Janzen	19739 Victory 14B5	Woodland Hills
Gail FAirchild	6922 Amer Ave 14A1	Reseda
Linda Karin Blair	55542 Zelzah Ave 4D2	Encino
Doris Jean Carey	7014 Winnetka Ave 12P3	Canoga Park
Donna Rae West	6514 Yolanda 13B2	Reseda
Florence Rapinac	19147 Calvert 14A5	Reseda
Louise P. Shank	23246 Calvert St 14A5	Woodland Hills

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DATE 11-26

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 31

GROCERY STORE 40%

NAME (PRINT)	ADDRESS (PRINT)		CITY
Raymond McFadden	401 View Crest	146 F6	Montebello
Rose Sireenian	756 So Taylor	54 D2	"
Mrs. William Krill, Jr	216 So 5th St	54 E2	"
H. H. Ford	1413 Cole Grove	54 C2	"
C.C. Marshall	140 So Green wood	54 D2	"
Consuela Hernandez	4022 Princeton ST	45 C6	L.A
T. Duran	145 S 3rd St	54 E2	Montebello
T Velasco	1221 Sprucest	54 F2	"
R. Dodge	517 F. So Montebello	54 D2	"
John Serquiff	917 No Ayala	?	"
Margaret I. McDonald	1512½ Beverly Terrace	54 B1	"
J. Espinosa	619 So Taylor	54 D2	"
Elliott Martinez	9519 Banta Rd	55 B1	P.co Rivera
John Haynes	210 So Green wood	54 D2	Montebello
Raymond Kapalka	105½ E. Freemont St	54 E1	"
Virginia L. Kruse	312½ Poplar	54 E1	"
Leo A. De Hays	428 N. Garfield	54	"
John Rodriguez	129 So 10th St	54 D2	"
Julio Martinez	2632½ Beverly	54 F1	"
James Gray	240 So 7th St	54 E2	"
Richard Mascorro	268 Maiden Lane	54 E1	"
W.D Wiley	228 So 3rd	54 E2	"
Edith A. Hoyt	9851 Grorare		El Monte
Larry Lopez	512 N. 4th	54 E2	Montebello
John Gilmartin	10040 Ayon Croft	55 B1	W. Ville
Phyllis Tantardino	918 So Green wood	54 D2	Montebello
Esther Orkin	700 So. Taylor	54 D2	"
Geraldine V. Ryan	820 No 3rd	54 E2	"
Serena Aston	828 So. Park	54 D2	"
Steve Villalvos	1707 So Orange	54 E2	P.co Rivera
Charles McDonough	1031 Los Angeles Ave	54 D1	Montebello
L. Westergard	613 Morris Pl	54 C1	"
Michael F Mc Quade	7634 Via Corona	46 AB6	"
Bob McCasland	1022 Montebello	54 D2	"

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E 11-26

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER

GROCERY STORE DEPT 40-1

2699

NAME (PRINT)	ADDRESS (PRINT)	CITY
Jack Kaiser	433 N. 21st St. 5482	Montebello
R.V. Mendoza	4642 So. Grape 5481	Pico Rivera
C. de Ronde	216 N. Maple Pl 5481	Montebello
R.L. Gross	4810 Pine 5481	Pico Rivera
George Maddes	3421 Chapelle 5481	" "
Mrs Stewart Engle	224 No 6th St 5485	Montebello
Ben V Rodriguez	6709 So. Cross Way 5485	Pico Rivera
Florence Lake	252 W. Grande Vista 5482	W. Whittier
Ronald Hurd	1424 Carob Way 5484	Montebello
James Parrino	104 E. Andrz 5486	Monterey Park
Helen Cass	2347 Evergreen 9282	W. Covina
J P Denise	129 5th St 5482	Montebello
J R Thingvall	429 Via Miramonte 5481	"
Virginia McDonnell	152 No Taylor 5482	"
W McCormack	340 N. Maple 5481	"
John Romanick	137 So Greenwood 5482	"
Mary Linden	8618 Whittier Blvd 5485	Pico Rivera
Mrs Roxie May Wright	525 So Greenwood 5484	Montebello
Mrs Ben F Kraus	320 N 6th St 5482	"
Caroline Marquez	422 Via Lunelo 5481	"
Nena M. Leedham	3116 Via Lastra 4636	"
Lois H Mick	808 Raywood 5481	"
Alice M Frize	344 No 6th St 5482	"
Norma Christensen	5824 Jillson St 5382	L.A
Judy Koester	804 So 6th St 5482	Montebello
Katherine Negrette	812 So. 4th St. 5482	"
William D. Ennigee	5 K A N 21st St. 5402	"
Lillian Mora	445 N. 6th St 5482	"
Donald R. Ryan	140 N. Greenwood 5482	"
Roy Van Kirk	241 Nelson Pl 5481	"
Thomas Lockhart	148 1/2 So Greenwood 5482	"
William Davis	145 So. Greenwood 5482	"
Augustine C Parra	805 So Park 5482	"

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DATE 11-26 NAMES AND ADDRESSES OF CUSTOMERS

2700 CASHING CHECKS AT STORE NUMBER

GROCERY STORE DEPT. 40-1 RECEIVED BY

NAME (PRINT)	ADDRESS (PRINT)	CITY
Weaver Del Pozo	8628 Alburtis 54	Whittier
Rodolfo Salazar	3732 E. Princeton 54	L.A. 33
Mark Baldwin	121½ 15th St 54	Montebello
Manuel Villalobos	308 N. 10th St. 54	"
Baudelio Rosado	217½ S. Spruce 54	"
Tom M. Benavidez	1430 So. Montebello 54	"
David Stone	1357 So. Greenwood 54	"
James Watson	6050 Fairfield 54	L.A.
Mike Dovalina	233 N. 3rd St 54	Montebello
Linda Kennel	1608 Madison 54	"
Holly Fox	354 Via Vista 54	"
D H. Corkum	1316 Cole grove 54	"
Ann M. Kelso	1325 Bluff Rd 54	"
J C. Smith	1345 Carob Way 54	"
Nellie Mae Sudo	929 N. 4th St 54	"
Margaret Hughes	304 Los Angeles Ave 46	"
Louise B. Blakely	424 Orcutt Way	"
C R Alexander	441 Katherine 54	"
Mrs Lula M. Lundholm	124 N. 12th 54	"
Jo Ann Macker	130 7½ Charleston 54	"
Lauretta Wood	833 So. Spruce 54	"
Clarence E. Wright Sr	525 So. Greenwood 54	"
Harold Anderson	412 N. Maple 54	"
Anna Nesterenko	2220 Camille	"
Tim Rodriguez	1613 Helen Dr 45	L.A. 63
John + Mc Quade	636 So. 4th St 54	Montebello
Wm. Bennington	1505 Bluff Rd 54	"
T. Montoya	6634 Fairfield 54	L.A. 22
Jerry Wallace	812½ S. Greenwood 54	Montebello
Barbara Bowes	2423 Repetto Ave 54	
Stephan Elizarraraz	234 Carmelita Pl 54	
Frank Adelbeck	724 So. 6th St 54	"
Jeanne A. Meziere	1423 S. Spruce 54	"
Milton Cohen	338 Via Vista 54	"

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E 11-26 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 40

GROCERY STORES DEPT. 40-1

2701

NAME (PRINT)	ADDRESS (PLEASE GIVE ST.)	CITY
J. LEVIN	460 Via Vista 5481	Montebello
Evelyn DRAIN	921 So 5th ✓ 54E ✓	"
Mrs Theressa Chavarro	706 So. Greenwood 5481	"
D J. LEE	6650 Northside Dr 548	L.A 22
GARY Shipman	427 W. Madison 54C	Montebello
Sharon Angell: llo	3106½ Olympic 54	L.A
J.P. Andes, M.D	6159 Hereford DR 540 ✓	"
A.M. Heinzel	820 N. Sanchez 2	Montebello
Carthell Keller	710 S. Maple 540	"
Jess Morris	369 Maiden Lane 54E	"
Anne Smith	745 So 5th St 54E ✓	"
Margaret Mancini	203 N. Taylor 540 ✓	"
Dominick Tinti	344 NN 19th St. 54E ✓	"
Shirley Schriver	814 ½ Greenwood 548 ✓	"
Adam Marthe	621 W. Cleveland 54C	"
Isabell Haddad	416 B: N 7th 54E ✓	"
Paul Menke	205 So Greenwood 548 ✓	"
Wm Halopoff	1037 So 5th St. 54E ✓	"
Wm Nighswonger	829 Sanchez	"
Robert MARIN	321¼ Lincoln 46E6 ✓	"
Ann McLaughlin	303 N. Taylor 540	"
Marilyn Bibb	120 N. Maple 548	"
W. Tulipe	6436 Hereford Dr 54C ✓	L.A 22
Othel Prescott	1608½ Madison 54C	Montebello
HARRY Hesley	1636 E. San Marcus	Compton
IRA Todd	208 So Montebello 540 ✓	Montebello
MARY BARRON	4733 Gerick	Pico Rivera
Christina Costa	537½ N. 2nd St 54E ✓	Montebello
Wm Nelson	645 So 5th 54E ✓	"
ALFONSO SUAREZ	117 N Green wood 540 ✓	"
Jacqueline Perrenoud	801 Bluff Rd 540 ✓	"
ELNORA Semenick	924 N Azalea	Montebello
Yvonne Reynolds	147 So 18th St 54E ✓	"
D.M. Patapov	1107 S. McBride 53C	L.A 22

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DATE 11-28 NAMES AND ADDRESSES OF CUSTOMERS

2702 CASHING CHECKS AT STORE NUMBER 40

NAME (PRINT)	ADDRESS (PRINT)	CITY
Ruby Calnon	137 N. Park 54R 2	Montebello
Donald Smith	5400 E Olympic 54	L.A 22
Jack Navarra	5446 1/2 Green wood 54D	Montebello
Steve Brown	6538 1/2 a Del Coronado 54B3	L.A. 22
Marcelle Billips	401 Roosevelt 54D 2	Montebello
Beverly Watts	7816 Hasty Ave 541	P.Co River
MRS Pasty R. Reef	828 So. Green wood 54D 2	Montebello
K. Hawkey	1704 W. Harding 54C 1	"
T.C. Durkop	2100 North side DR 54B3	"
Ruth E. Lehman	1121 Madison Ave 54C 1	"
Mildred Boyd	1036 So. Green wood 54D 2	"
Anthony M. Moreno	424 No Spruce 54D 2	"
George Kibble	751 So. Figueroa	L.A.
MRS A.J. Bailey	217 So. Montebello 54D	Montebello
Sandra Lindsey	345 Poplar 54E 1	"
Armando Rosas	1105 Cinkel St. 54B3	"
Robert Sager	7664 Paramount 54B 3	P.Co River
Augustine Parra	805 So Park 54B 2	Montebello
Vera Clark	312 So. Spruce 54D 2	"
Alice Bennett	8818 E. Holbrook St 54B3	P.Co River
Robert Leonard	226 N. Nelson Pl 54D	Montebello
Theresa Morrill	685 S/6th St. 54B 2	"
Peggy Williams	1729 W. Olympic 54	"
Victoria Blankartz	820 Date 54C 4	"
Louise Marriott	6689 Olympic 54	L.A 22
Marion Turner	441 Bradley 54E 1	Montebello
M. Enmocenti	344 E. Fremont Sq. 54E	"
Ella Marriette	7325 Finlay Ave 46C6	L.A 22
Frances Kalman	1656 Kempton Ave 46C3	Monterey Park
Gabriel Severin	1720 Cole grove 54C	Montebello
Ben Rodriguez	6709 So Cross Bay DR 54B3	P.Co River
Loretta Coward	216 1/2 N/7th St. 54B 2	Montebello
V.M. Sandoval	5207 So Los Toros 54B	P.Co River
R.L. Appier	8406 Carron Dr. 54E 4	" "

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DATE 11-28 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER GROCERY STORE DEPT. 40-1 No 2703

NAME (PRINT)	ADDRESS (PRINTED BY)	CITY
Lewis Heaps	2202 Olympic Blvd	Montebello
Virginia Fairfield	9312 E. Maxine 54C6	Pico Rivera
H. H. Armijo	653 So. Taylor 54D2	Montebello
Fernando Lopez	3459 So Chapelle 55A3	Whittier
Carol Stevens	548 S. Montebello 55B	Montebello
Gen Sharp	111 E. Fremont Sq. 54E1	"
Alvie Sullivan	303 Van Norman Rd 54E3	"
Mrs Billie Rankin	1405 Mines Ave 54D2	"
Silvio N. Ciufo	333 N. Wilcox 54C1	"
John Rhoades	525 So Greenwood 54D2	"
J. Leone III	464 Via San Clemente	" 45B5 6
Henrietta Barrack	4903 Columbia 54	Pico Rivera
Bill Rodarte	729 Carmelita Pl 54D3	Montebello
Mary Livingston	700 So. Vail 54C3	"
Robert Wilson	5527 Calico 54	Pico Rivera
Lillian Silverberg	460 Via Vista 54B1	Montebello
Marian J Karetos	116 So 3rd St 54E2	"
Henry Clusiter	6354 Cross Dr 54E	Pico Rivera
J. M. Belinkoff	649 Carmelita 54D3	Montebello
R. J. Duarte	747 Say brook 54B2	L.A. 22
Mike Hauser	666 J North side 54B1	Montebello
Delia S. Townsend	617 So. Taylor 54D2	"
Austin Marshman	2105 Hereford 54A2	"
L.A Henry	8618 Whittier Blvd 54	Pico Rivera
Rose Gregorian	408 N. 12th St. 54E	Montebello
Arvazine Pearce	9624 Pine hurst	South Gate
Marilee Warford	236 N. 6th St. 54	Montebello
Phyllis Parsley	312 N. 20th St. 54	"
John Garrett Jr	136 Roosevelt 54D2	"
Barbara Brown	510 Joyce 54C	"
Thomas Boddy	306 N. Poplar 54E	"
Viola Hurst	7223 Farmland 54	Pico Rivera
Harry Rowe	11703 Alclad 61B5-6	Whittier
Lillian Smith	1124 Spencer 45B1	L.A. 23

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DATE 11-25 11-26 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER

VON'S GROC. #41
1611 W. WHITTIER
LA HABRA, CALIFORNIA

2704

Page 1 Routed in Orange

NAME (PRINT)	ADDRESS (PRINT)	CITY
Robbie R Kelley	2220 Orchid Ave La Habra	La Habra
E H. Beeching	760 E Pine Hurst 1F4	La Habra
Jack S. Schroeder	330 Rigsby St 1D4	La Habra
William W. Grafton	373 West Rd 84C2	La Habra
Gilbert Grey	9682 Russell 1E3	La Habra
Michael T Long	320 E Terry 2A3	La Habra
Harry R Ekno	561 West El Camino 1F3	La Habra
John M. Terpening	901 North Tropicana Ave	La Habra
Lemoyne Sellars	2704 South Fullerton Rd 98C6	La Puente
Sue Pyron	1531 W Lindauer Dr. 1E3	La Habra
Donald W Coupland	1220 No. Bonnie La. ?	La Habra
Walter R Moore	1633 South Pontenova 85E2	La Puente
Steven Borak	1530 West Silliker 1E3	La Habra
Kenneth W. Raymind	620 La Serna Ave 1F3	La Habra
Frank L Hartman	1030 Vernon St 1E3	La Habra
T. Richard Nelson	1561 Dona Dorotea Dr	Studio
Arthur J Johnson	900 Dorothea Rd 99M3	La Habra
Leonard C Maynard	731 La Vereda 1F3	La Habra
William L. Clifton	821 Linda Ave 1F3	La Habra
Richard L Pennell	501 El Rancho Dr. 1E4	La Habra
Eleanor M. Hobey	1441 Edgemont 1E3	La Habra
John M. Engleman	201 Muir Way ?	La Habra
John D. Eldridge	350 East Terry Way 2A3	La Habra
Jean M. Deering	1100 Circle Dr 1F3	La Habra
Richard W. Atwood	521 Hartview 92B4	La Puente
Blanche E. McDowell	1332 Macy St 84E3	Whittier
Bradley F. Williams	330 El Rancho Dr 1E4	La Habra
Wesley M Alexander	1041 Vernon St 1E3	La Habra
Gerald T. Gallagher	2101 East Ramona Ave ?	La Habra
Betty M. Grove	348 S Puente St 2D5	Brea
Thomas M. Bales	1450 Antoinette 1E3	La Habra
Robert S. Lawyer	1021 No. Hiatt 2F6	La Habra
Richard Lister	1404 Mc Coet 2C4	Brea
Maurice R. Joiner	1420 No. Antoinette Dr 1E3	La Habra

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E 11-26 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER

VON'S GROC. #41
1611 W. WHITTIER
LA HABRA, CALIFORNIA

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NAME (PRINT)	ADDRESS (PRINT)	CITY
ilbert E. Elmore	149 Canada Sombre 8QF-6	La Habra Heights
Ho M. W Hahlin	1310 No. Green view Dr. 1E3	La Habra
ohn Z IRas	1530 Sansinena Ln 1E3	La Habra
dwin W. Halloway	350 El Rancho Dr. 1E4	La Habra
E Austin	126 Janine Dr. 84A3	La Habra
eorge Feldman	920 Country Ln.	La Habra
s Jean Porter	865 Picacho Dr 84A2	La Habra
ed L Robertson	1840 Laguna Dr. 1E3	La Habra
h. Engel Hardt	965 Avocado Crest Rd	La Habra
E. Fowler Jr.	921 Bonnie Way 9A4	Brea Calif.
nald MatHewson	200 La Presa 1F3	La Habra
ward G. Foster	630 Verona St 1E3	La Habra
neth D. Keller	16103 Haldane St 84A4	Whittier
F. Marcellus	249 Madelena Dr.	La Habra
hedy R. CHaFFin	341 Bishop Dr. 2H3	La Habra
F Ford A Prettyman	320 No Marian St 1F4-5	La Habra
es C. Clements	405 So Bedford 2B5	La Habra
bert J Miller	240 El Portal 1E4	La Habra
bert RicH	500 Ryan St 1F3	La Habra
erreLL H Tillis	330 East Terry Way 9A3	La Habra
mes H Brodie	1060 Edgemont 1E3	La Habra
illiam A Bentley	1242 Macy St 1E3	Whittier
S. WiLKins	807 Penrhea Rd 84F2	La Habra
ne Sammer Field	621 W. Ryan 1F3	La Habra
R. WHyte	1051 West Russell ST 1D3	La Habra
rtHa E. Vigo	910 W. Linda Ave. 1F3	La Habra
R. Keith WrigHt	1430 Milinda Ave 1E3	La Habra
chita Love Elliott	1500 Gentor Rd 84F2	La Habra
H. HopKins	2061 Tumin Rd. 9913	La Habra
rman V Beaman	621 Fenda St 2B5	La Habra
arian Sansinena	1374 Hacienda Blvd 1E4	La Habra Heights
s Jean Porter	865 Picacho Dr. 84A2	La Habra
s Glenn G Dudley	1672 Sierra Vista Dr. 1F3	La Habra
Kakas De Fini	2324 SKyLine Dr 9931	La Habra

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DATE 11-28-60 NAMES AND ADDRESSES OF CUSTOMERS 1441 W. WHITTIER LA HABRA, CALIFORNIA

2706 CASHING CHECKS AT STORE NUMBER

Page 3

NAME (PRINT)	ADDRESS (PRINT)	CITY
George R. Moeller	730 El Rey Dr. 1E4	La Habra
Mrs Georgia B Jacobson	1800 Hillandale 1E5	La Habra
Stanley C Kelly	1068 W Picacho Dr 84D	La Habra
Robert C. Bergen	9292 E Gordon Ave 1D3	Whittier
Roger S. Shade	1110 N High 2176	La Habra
Bernie Bernstein	161 E. Janine Dr 84D3	La Habra
Henry Hoffman	1301 Farrington Dr 1E3	La Habra
Shirley J. Leslie	1229 N Citrus 1F3	La Habra
Kenneth L. Conner	690 Picacho 84D	La Habra
James J. Conner	2100 Lindaue Dr 1E34	La Habra
Jack B. Steele	1435 No. Hacienda Blvd 1E4	La Habra Hts
Mrs Mark Stevens	651 La Serna Dr. 3F3	La Habra
John J Grubb	500 El Camino Dr 84B1	La Habra
Betty Leona Tuck	1224 Padonia ?	Whittier
R.B. Burke	2283 Canonita Dr ?	La Habra
James A. Bruce	2251 East Amorita ?	La Habra
V.G. McQuiddy	1040 Kingston Ave 2A 3	La Habra
J.O. Sullivan	1388 Hillside Dr 2A3	La Habra
C R Slater	966 No Brighton St ?	La Habra
Marian C Styles	1171 Hillside Dr 2A 3	La Habra
John H. Roche	1438 East Rd 84F2	La Habra
L.B McCutcheon	1096 S. Hidden Ln. 3A3	La Habra
D.G. Engle Horn	207 E Madelena Dr ?	La Habra
Lyle E. Felderman	731 West Linda Ave 1F3	La Habra
Robert J. Corey	1202 So. Citrus 1F3	La Habra
Robert L. Buonedone	2211 Frantz St ?	La Habra
Mary A. Labadie	523 No. Spadra BC 6	Fullerton
Mr. R.G. Dowell	640 La Serna ? F3	La Habra
Tony D. DeGeorge	15048 Cedar Springs E4A3	Whittier
Bert C. Gale	1380 Kirby 1F3-4	La Habra
Eugene P. Edwards	1501 Greenview Dr 1E3	La Habra
H.G. Lamp	1611 El Rancho Dr 1E4	La Habra
Edward H. Poindexter	930 No. Flamingo Way ?	La Habra
Marcus W. Stoddard	1051 Hidden Ln. ?	La Habra

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AVON'S GROC. #41 11-28-60
1311 W. WHITTIER NAMES AND ADDRESSES OF CUSTOMERS
LA HABRA, CALIFORNIA
CASHING CHECKS AT STORE NUMBER _____

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NAME (PRINT)	ADDRESS (PRINT)	CITY
Arthur H Wolcott	330 East Green 1F4 Wood	La Habra
Velma U. Mabey	2181 El Cajonita 84D	La Habra
Gerald Rarup	821 Corto Way Apt 6 ?	La Habra
Eleanor B. Rose	2220 Kenrich Court Apt 2	La Habra
Mrs E.J. Baiocchi	601 No Hacienda Dr 1E	La Habra
Fernanda Marruso	1211 No Orange 2A4	La Habra
Robert P. Luitwieler	140 Holgate 2C4	La Habra
McNeal E Brannigan	1410 Antoinette Dr 1E3	La Habra
V.E. Westphal	1830 W. Russell 1E3	La Habra
Lawrence Copeland	1392 Hillside 2A3	La Habra
Dan E. Davidson	710 C Hurch Hill Rd 99A	La Habra
Richard Lister	1404 McCart 2C4	Brea
Richard T Herrick	520 W. La Serna 1F3	La Habra
George W. Chalfant	1965 No. Cypress St 2A	La Habra
Mack T Hughes	1041 Dolores St 1E3	La Habra
Joseph F. Pellkofer	363 Canada Sombra Rd 65-4	La Habra
Paul Bell	530 Palermo Way ?	La Habra
Thomas M. Bales	1950 Antoinette 1E3	La Habra
Erwin L. Rupert	900 Harvey Dr 2D4	Brea
W Brandmaier	752 Avocado Crest Rd ?	La Habra
~~Joe Shepherd~~	~~520 Glenview Dr~~	
Charles Provost Jr.	1540 Kirby 1F3-4	La Habra
Dr. M.T. Anderson	620 El Rancho Dr 1E4	La Habra
Richard R. Shade	611 No Hacienda Dr 1E4	La Habra
Ernest Dixon	1160 Hacienda Rd 1E4	La Habra
J.P. Danielson	2265 Papaya Dr. 99A	La Habra
Douglas Candler	371 El Rancho Dr. 1E4	La Habra
Bert J. Haddock	721 El Camino Dr 1E4	La Habra
Peter A. Carlson	311 East Canada Dr 85-1E	La Habra
A. Edward Zezula	2272 Canonita 84B1	La Habra
Isabel P. Stonehouse	1518 No Walnut 2A5	La Habra
George C. Gibson	1346 Naedner Dr. 2D4	Brea
Eugene W. Evans	1206 N. Citrus Dr. 1F3	La Habra
William M. Cramer	1128 Encanada Dr 84	La Habra

DATE 11-28-60 NAMES AND ADDRESSES OF CUSTOMERS VON'S GROC. #41
2708 CASHING CHECKS AT STORE NUMBER 1611 W. WHITTIER ~~LA H. 93A, CALIFORNIA~~
Page 5

NAME (PRINT)	ADDRESS (PRINT)	CITY
William H. SchHeckmann	720 Linda Ave 1F3	La Habra
David C Richly	1317 Soledad Dr. 84E3	W Hittier
J.G. Marshall	900 N. Tropicana Way ?	La Habra
Harry R. Ekna	561 West El Caminel F3	La Habra
Tex Wallis	840 Nashua -	La Habra
Annie O'Brien	1635 E. Suncrest Ct 99B1	La Habra
John F. Mann JR.	945 Repasado Dr 99F1	La Habra
R.L. McMichael JR	1011 DeLores St 1E2	La Habra
N.H. Gustafson	810 No Brighton st ?	La Habra
R.C. Hartman	1029 East Arcadia Crest ?	La Habra
Stanley Sievers	1601 El Rancho Dr 1E4	La Habra
Reg E. Cawley	953 West Encanada 84B1 Dr ?	La Habra
Walter H. Votaw	1205 Sun bird ?	La Habra
Jean H. Saylor	1511 Silliker Ave 1E3	La Habra
John A Long	1440 No. Antoinette Dr 1E3	La Habra
Richard W. Sitter	1236 Padonia Ave ?	W Hittier
Theodore F. Swanson	1340 Greenview Dr. 84F1	La Habra
Donald I. McNally	311 La Serra 1F3	La Habra
W.C Bremer	9923 Encrada Dr 84B3	W Hittier
Thomas M. Tapscott	631 La Jaet DR 84 F2 F3	La Habra
Carl M. Zlaket	510 La Serra	La Habra
Evan Calvin Hynes	1213 E. Avocado Crest 99	La Habra
John J Eshinger	1401 No Greenview Dr 84F1	La Habra
L.T Glackin	340 E. Bishop Dr. 2F3	La Habra
Charles R. Kinghan	1449 Nebal Rd 99F2	La Habra
Heber D. Staff	241 N. Fonda St 2B3	La Habra
Heber F. Daughters	1900 Tuminal Rd 99B2	La Habra
Robert J. Bishop	620 Service Rd ?	La Habra
Edna M. Davis	1251 No Russell St 1E3	La Habra
Gloria Spivey	1301 East Whittier Ave 99	La Habra
Wm. McCormick	2261 East Amarita	La Habra
Robert E. Frees	1314 Camanita Ln 84B1	La Habra
Hugh Triffet	1200 N. Orange 2F4	La Habra
Allen M. Lynn	1061 Hidden Ln 2F3	La Habra

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DATE 12-28 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 41-1 2709

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NAME (PRINT)	ADDRESS (PRINT)	CITY
Frank Steadman	1113 Eseverri Ln.	La Habra
W. Bonham	1080 No. Edgemont St	La Habra
Earle E. Bishop	341 S Deanna St	La Habra
Ora M. Edwards	560 E Frances x Rd	La Habra
Howard T Syverson	9411 E. Russell	Whittier
Marjorie W Long	1440 Antoinette Dr	La Habra
Stan Byron	1531 W. Lindauer Dr	La Habra
Mary Jane Pruett	700 Hacienda Dr	La Habra
Lorraine Kurz	205 E. Leucadia St	La Habra
R. Clark	380 Deanna St	La Habra
Myrtle B. Bess	2440 Gaben Dr.	La Habra
J.H. Allen	1102 Macy St	Whittier
Lyman A. Dieterick	929 Dorothea Rd	La Habra
Neil L Tidmus	341 N Wilson	La Habra
Eugene M. Maree	1214 Antoinette Dr	La Habra
Howard E. Bright	2410 W. Wilshire Ave	La Habra
Ervin J Feliz	220 S. Stanford	La Habra
Kathleen A Palmer	331 Granada Dr	La Habra
Joe Edward Barron	9002 Sharon Way	Whittier
Earl V. Lloyd	340 So Stanford	La Habra
Mary B. Johnson	16541 E. Whittier Blvd	La Habra
Ray E. Leger	659 Lamat Rd	La Habra
Walter D Carlson	561 Walker Ave	La Habra
W.E. Dickinson	345 West Rd	La Habra
Charles K. Gallagher	700 So. Walnut	La Habra
Adrian F. Headrick	1721 Lindauer Dr	La Habra
Joe A. Villalli	1330 Greenview	La Habra
Owen J Little	711 No Palm	La Habra
Clifford G Secrist	1100 Hacienda Rd	La Habra
John W Farley	2041 Amerita	La Habra
L. James Taranik	2450 Las Palomas Dr	La Habra
Wanda S. Gayer	541 East Rd	La Habra
Joe Mary Vasilik	1541 Essex Dr	La Habra
Rhue N. Leach	241 Norma	La Habra

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2710 DATE 11-25-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER Blocker Store

Brow... 51 ou... Map

NAME (PRINT)	ADDRESS (PRINT)	CITY
Mrs Carl H Sanders	2315 Brentford Rd. 37E1	San Mari...
Virginia S. Collins	1475 Hampton Rd. 37D1	San Ma...
Barbara Lewis Tuerk	504 N Milton Dr. 37D1	San Ga...
Irene B Testut	830 Madre St. 28A5	Pasade...
Jane S Bryant	204 N. Bradbury Dr. 37D3	San Ga...
Harriet H. Trigg	640 Orange Grove Ave. 26F5	So Pasa...
Lauris J Phillips	830 Chester Ave. 37D5	San Mari...
L.O. Houston	2104 Roanoke Rd. 37D	San Mari...
Francis J Walsh	2325 Roanoke Rd. 37C	San Mari...
Patricia H. Schmidt	2611 Lombardy Rd. 27E5	San Mari...
R.J. Franklin	140 Del Mar Ave 37E	San Mari...
J.E. Brunner Jr.	1737 Virginia Rd 37C1	San Mari...
John T. Kealing	2345 Melville Rd. 37D1	San Mari...
Virginia E. Walter	2385 Lorain Rd 37C2	San Mari...
Mrs J.M. Moore	1798 Lorain Rd. 37C2	San Mari...
M. Madeline Weaver	245 W. Colorado 28A4 Blvd	Arcadia
Leona L. Wise	3445 Monterey Rd 37C1	San Mari...
Mrs Neil L Hanson	2105 Adair St. 37C2	San Mari...
Mary Lou Imbroglio	1484 Cambridge 37D	San Mari...
Mrs. M.D Johnston	1575 Del Mar Ave 37E1	San Mari...
Ethel G Clark	1200 Lorain Rd 37C2	San Mari...
Mrs J.S McDonald	2126 Roanoke Rd 37C2	San Mari...
W.E. Colburn	1755 Westhaven 37D1 Rd.	San Mari...
Kathryn J. Popovitch	1025 San Marino Ave. 37E	San Mari...
Rhoda Belyea	2454 Ridgeway 37E1 Rd.	San Mari...
Irene J. Higley	736 San Salvador 37E1 Pl.	San Ga...
Ethel C. Annin	1805 Warwick Rd 37E1	San Mari...
Rosemary Kuhnmuench	1960 St. Albins 37 Rd.	San Mari...
Jean Currie	326 N. Geronal 37E3 Ave.	San Ga...
John H. Coulombe	1725 Rubio Dr 37E1	San Mari...
A.M. Smart	2325 Adair 37C2	San Mari...
Fern C. Rundall	1361 San Marino Ave. 37E	San Mari...
Aileen R. Carney	2370 Roanoke Rd. 37C2	San Mari...
J.C. Matthiessen	2570 Lombardy Rd. 27E5	San Mari...

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DATE 11-25-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 51

NAME (PRINT)	ADDRESS (PRINT)	CITY
Mrs Robert C. Holmquist	1708 Huntington Dr. 37A1 APT-B	So. Pasadena
Barbara Hobart	1180 Sierra Madre Blvd 27A5	San Marino
Patricia Ann Shanks	2745 Lorain Road 37C	San Marino
Juliet V. Bell	513 Santa Cruz Rd 37B4	Arcadia
Mabel S. Olmsted	1819 West Drive 37B1	San Marino
Mrs Jack J. Connelly	2152 Adair 37C	San Marino
Mary E Dearden	920 Chester Ave 27A8	San Marino
Ruth B. Kerman	2423 Sherwood Rd 37C	San Marino
Earl T. Bates	2410 Ridgeway Rd. 37C	San Marino
Helen Pelton	2375 Sherwood Rd 37C	San Marino
Mrs A.C. Kruse	695 Winston Ave 27E	San Marino
John S. Flower	2585 Sycamore Dr. 37E	San Marino
Lorraine Anthony	2162 Melville Dr. 37B	San Marino
John E Watte Jr.	1275 Kenelworth 37E1	San Marino
Edna L. Hughes	744 Sierra Madre Blvd 27A6	San Marino
Eleanor W. Barker	789 Winston Ave 27E	San Marino
Ward- A division of Royal Industries	2981 E. Colorado 28A4	Pasadena
Margaret C. Burford	1185 Lorain Rd 37C	San Marino
Frances Gilbert	560 No. Milton Dr. 37B	San Gabriel
Carolyn Hannifin	989 Winston Dr. 27E	San Marino
Mary Hunter	1608 Lorain Rd. 37C	San Marino
Walter A Beswick	2680 Lorain Rd. 37C	San Marino
Helen R. Thomson	570 La Paz Dr. 27E5	San Marino
Carolyn Snyder	1376 Wembley Rd 37B	San Marino
D.W. Rewick	2385 Ridgeway Rd 37B	San Marino
Mary G Wegge	2310 Robles Ave. 27A6	San Marino
Carolyn M. Kinkle	1156 Oxford Rd 27A6	San Marino
Mary C. Kern	1594 Charlton 37C1	San Marino
Betty J. Beekins	2930 Thorndike Rd 27A4	Pasadena
Mrs June Fox	1640 Lombardy Rd 27A4	Pasadena
Patricia R Leisner	586 Winston Ave 27E	San Marino
Corinne R Thompson	2924 Grainsborough 27C	San Marino
Mrs Philip H. Johnston	900 Rosalind Rd 27C	San Marino
Lorraine N. Weinand	1575 Kensington Rd	San Marino

DATE 11-25-60 NAMES AND ADDRESSES OF CUSTOMERS

2712 CASHING CHECKS AT STORE NUMBER 51

NAME (PRINT)	ADDRESS (PRINT)	CITY
A. G. Parisi	570 San Marino Ave.	San Mar
Elizabeth G Bertich	1775 West Haven Rd.	San Mar
Mrs J. V. Combs	1662 Lorain Rd	San Mar
Mrs P.F. Vaginino Jr	2325 Cumberland Rd	San Mar
Priscilla W Hoover	2360 Adair St	San Mar
T. N. Hay	1139 W. 6th St.	Los Ang
Joseph C. Wilson III	2965 Robin Rd	San Mar
Mrs. J. Robert Wegge	661 Lander Lane	Pasaden
J.T. Wallenbrock	1862 Alpine Dr.	San Mar
Paul G. Keeler	2427 Coniston Place	San Mar
Elizabeth K. Mauthe	2355 Longden Ave.	San Mar
Donald P Chehock	1358 San Marino Ave.	San Mar
Emelie G Head	1400 Winston Ave	San Mar
Sylvia Leighton Wikle	1476 Bradbury Rd.	San Mar
G.A. Clandos	2840 Somerset P/	San Mar
Sheryl J. Salveson	1022 W. Coolidge Dr.	San Gab
Judy B. Leslie	1755 Warwick Rd.	San Mar
Mrs Robert B Hicks	1817 Alpine Dr	San Mar
Katherine N Warden	1517 Wilson Ave.	San Mar
Harriet S. Angus	1165 Oakwood Dr	San Mar
Jean G Bates	1789 Bedford Rd	San Mar
Emma Regnier	1151 Oxford Rd	San Mar
Catherine M Bennett	2205 Lorain Rd	San Mar
Madelyn D McKenna	1456 Bedford	San Mar
Mrs Lewis Johnston	531 San Marino Ave.	San Mar
John Von Kleinsmid	1351 San Marino Ave.	San Mar
Mrs Howard H. Drake	950 S Sierra Madre	San Mar
Mrs Charles Gardiner	655 Chester Ave.	San Mar
Jacqueline Flynn	1178 Sherwood Rd	San Mar
Harry Wright	2250 Roanoke Rd	San Mar
Lucille Donovan	1695 West Dr.	San Mar
Carole Anne Phelan	2705 Melville Dr	San Mar
Nancy Bender	1833 West Dr.	San Mar
O.J. Bannert	1925 Sharon Pl	San Mar

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DATE 11-26-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 51

2713

NAME (PRINT)	ADDRESS (PRINT)	CITY
Barbara H. Johnson	6366 Provence Rd 37F1	San Gabriel
Frances C Kimball	439 N. Segovia 37F3	San Gabriel
Lois M. Fillmore	2460 Cumberland Rd 27F6	San Marino
Margaret H Sloggett	2410 Cumberland Rd 27F6	San Marino
Nancy N Moore	1885 Warwick Rd 37E	San Marino
Janet M. Krueger	516 N. Del Mar 37E1	San Gabriel
Mary B. Harvey	1340 Cambridge 37F1	San Marino
Diane Lenna Randolph	1365 Oxford Rd 27F6	San Marino
Ora C. Weirick	432 W Coolidge 37F	San Gabriel
Frances R Diehl	2610 Wetherly Rd 27F5	San Marino
Donald A Thomas	162 N Fenimore 37E1	Azusa
Philip M Werner	1105 Oakwood Dr 27F5	San Marino
Dorothy D Jackson	2140 Sherwood Rd 37C	San Marino
Harriet M. Say	2945 Somerset Pl 37F1	San Marino
Elizabeth Munroe	1530 Rubio Dr 37E	San Marino
Mercedes Rockwell	2465 Roanoke Rd 37C	San Marino
Dr. Logan G Oettinger	770 Chester Ave 27F5	San Marino
Doreen H. Hambleton	1470 Circle Dr 37C1	San Marino
Mrs Clayton M. Clark	545 Bonita Ave 37E	San Marino
Harry W Krotz Jr.	2305 Montecito 27F6	San Marino
H. Outland	1595 W Haven 37F	San Marino
Mrs John W Mann	2485 Lombardy Rd 27F5	San Marino
Mrs E H Simmons	2200 Orlando Rd 27E	San Marino
Mrs Richard Mott	8550 Palma Vista 27F	San Gabriel
Mrs M C Gill	6732 N Karin Pl 37F	San Gabriel
Jeanne G Peterson	2545 Fair Field 27F5	San Marino
Grace S O'Donnell	6838 Rockhold Ave 37F	San Gabriel
Dorothy L. Jackson	1883 Alpine Dr 37C	San Marino
Margaret H Cies	1460 Park Place 37C1	San Marino
Harriet B. Garber	1690 Kenilworth Ave 37C	San Marino
Carolyn S. Platz	1795 Sharon Pl 37C	San Marino
Helen B. Williamson	1378 Oxford Rd 27F6	San Marino
Mrs George Hernan	1580 Oxford Rd 27F6	San Marino
Warren D[illegible]	2290 Huntington Dr 37F	San Marino

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DATE 11-26-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 51

NAME (PRINT)	ADDRESS (PRINT)	CITY
Shirley J. Myer	2350 Ridgeway Rd. 37E1	San Mar
Barbara Sage Sayers	1280 Winston Ave 27E4	San Mar
Ruth M. Haas	1507 Old Mill Rd. 37C	San Mar
R A Faullgren	2240 Robles Ave 27B6	San Mar
Carol Cook	1954 California St. 37E3	San Mar
L.G. Artman	1880 Carlisle Dr. 37A5	San Mar
Nancy K Taylor	1322 Wilbury Rd 27E9	San Mar
David E Shipman	2115 Sherwood Rd. 37C	San Mar
Mrs William S Lund	831 Domingo Dr. 37B2	San Gab
Edmond J. Clinton	1705 West Haven Rd 37	San Mar
R W Collings	1749 Virginia Rd. 37C1	San Mar
Donald J Beaven	1610 Del Mar 37C4 Ave	San Mar
James C. Ford. Dep Dist Attorney	600 Hall of Justice	Los Ang
Mrs R.J. Simpson	1890 Sycamore Dr. 37	San Mar
Mabel S Lang	1845 Sharon Place 37E1	San Mar
Louise R Werner	1865 Sharon Pl 37E1	San Mar
Catherine E O'Leary	2355 Ridgeway Rd 37E1	San Mar
Charlene P Betts	378 So. Bonita 37E5	San Mar
Marie Ronning	2958 Sheffield Rd 37	San Mar
Mrs B.J Ukropina	2053 Orlando Rd. 27C	San Mar
Mrs Robert A Brown Jr	848 Winston 27E6	San Mar
Margaret O Dwyer	2340 Coniston Pl. 27F6	San Mar
Evelyn Coleman	513 N. Gerona 37E3	San Gab
Mrs C. Frank McKee	1965 San Marino Ave 37C2	San Mar
Chet Mayo Union San.	2390 Huntington Dr. 37B1	San Mar
Vivian Hughes	645 Canterbury Rd. 27E5	San Mar
John Patrick Crowe	581 Berkley Ave 27B4	San Mar
William A. James Jr.	6435 N. Willard 37 Ave	San Ga
Mary O. Stephens	1380 Shenandoah Rd 37C	San Mar
Anna Margaret Sutch	816 N. Garfield 37B3 Ave	Alhamb
Carol B. Pearson	532 N. Segovia 37E3	San Gab
Ella Marie Secrest	1420 Mirasol Dr 27E	San Mar
Naomi C. White	2630 Canterbury 27C Rd	San Mar
Lloyd S. Tolleen	2495 Lorain Rd 37	San Mar

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11-26-60 NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER 51

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NAME (PRINT)	ADDRESS (PRINT)	CITY
orothy J. Twohy	2485 Sherwood Rd. 3781	San Marino
R. Huggins Col	1015 E. Main St. 3781	Alhambra
sther M. Zarem	610 Chaucer Rd. 3785	San Marino
Isie Block	2198 Melville Dr. 3781	San Marino
ayd B. Skeels	110 S. Euclid Ave 3781	Pasadena
.A. Clandos	2840 Somerset Pl. 3781	San Marino
s Charles Macbeth	1880 Palmas Dr. 3781	San Marino
ion J. Varner + Asso	524 S Rosemead 2578	Pasadena
an Marchese	1600 Chelsea Rd. 3781	San Marino
s Gladstone B. Kellogg	850 Chester Ave 2785	San Marino
lpha F. Harvey	566 N. Gerona 3781	San Gabriel
rence Pollard Barn	1600 Los Robles 3781	San Marino
R. Loeffler	6453 Treelawney 3781	Temple City
ne M. Hansen	2560 Lorain Rd. 3781	San Marino
lga S. Schiller	2210 Sherwood Rd. 3781	San Marino
nice R Smith	765 Old Mill Rd 3781	Pasadena
s John W. Thatcher	936 Winston Ave 2786	San Marino
G. Garrett	2782 Dorcesta Rd 3781	San Marino
obert D Belyea	2454 Ridgeway Rd. 3781	San Marino
s A.R. Callaghan	1525 Rubio Dr. 3781	San Marino
n P. Cunningham	2976 Sheffield Rd 3781	San Marino
ene S. Prochnow	405 So Sierra Bonita	Pasadena
ester F Moore	2485 Lorain Rd 3781	San Marino
ris Jean Wetherbee	2350 Monte Cito Rd 2785	San Marino
scar Rasbach	2365 Ridgeway Rd 3781	San Marino
ey Lou Bonne	3925 E Huntington Dr	Pasadena
helma R Cummings	913 Winston Rd 3781	San Marino
therine F. Speyer	121 E Roses Rd 3781	San Gabriel
ena C. Fitzer	421 N. San Marino Ave 3781	San Marino
L. Spies	3248 George [illegible]	Pasadena
lan L. Peters	1950 Kerns Ave 3781	San Marino
ena Beard head	1520 Charlton Rd 3781	San Marino
strude Mahody	1685 Alpine Dr 3781	San Marino
[illegible]	[illegible]	[illegible]

DATE Nov. 25, 1960 NAMES AND ADDRESSES OF CUSTOMERS

2716 Granger small map. CASHING CHECKS AT STORE NUMBER

STORE 56-1 DEPT.

routed in Blue Purple on Big Map

NAME (PRINT)	ADDRESS (PRINT)	CITY
James Bridges	2128 Meridian 36F5 45F1	Al Hambra
John Ulwelling	5412 Berridge 36F6	Los Angeles
R + H Restaurant	29 So. Garfield 37B3	Al Hambra
Helen Knudsen	2651 W. Garvey Blvd. 45F1	
Helen Y Snell	2065 Barnett Rd 45D1	Los Angeles
Winn + Fennell	2140 W Valley Blvd 37B6	Al Hambra
Marvin Electric Mgf Co.	648 Santa Fe Ave 44E4	Los Angeles
J. Chester Stender	3301 Warwick Rd. 45F1	Al Hambra
R. J Kennedy	2215 Lanpsdowne Ave 45B	Los Angeles
Cannon Electric Co	3212 Humbolt St 35F6	" "
Gerdon Bread Co	457 E. Santa Barbara Ave 52D4	
Radio Corp of America		Los Angeles
N.C. Reuland	1211-A W. Commonwealth 36F5	Al Hambra
Howard D. Fontaine	5363 Bohlig Rd 45E1	Los Angeles
Alan Armiger	2215-C Ramona 37B6	Al Hambra
Earl F Mahan	1317 So Elm St 36F4	"
E.H. Schluer	1629 So Elm St 36F4	"
Nardin Mfg Co, Inc.	2125 W. Mission Rd 37B5	Al Hambra
C.F Braun + Co		"
Endevco Corp. division North American A/Inc.	161 E. Calif St 27A5	Pasadena Los Angeles
Thomas Helferich	1816 So. Date Ave 37F5	Al Hambra
Joyce A. Glore	1311 Edgewood Dr. 37F6	"
Coleman Medical Group	2339 W. Valley Blvd 37B6	"
Ellen Speiser	7433 E. Garvey 45F1	So. San Gabriel
Sydney L. Miller	3044 W Norwood Pl. 37B6	Al Hambra
J. H. Ball	1822 W Valley Blvd 37B6	"
Mary Goiorani	1705 So. Campbell Ave 46F1	"
Grace Hodges	2220 Winthrope Dr 36F5	"
R. W. Miller	2615 W Ramona Rd 37B6	"
T.A Rogers, Inc.	4855 W. Jefferson Blvd 44B6	Los Angeles
Barton Instrument Corp	520 Monterey Rd Pass 37C1	Monterey Park
W. I Willin + Co	5234 E Valley Blvd 37B6	Los Angeles
Lyle L. Sandlin III	1361 Yosemite Dr. 26G5	"

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E Nov 25 60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER STORE 56-1 2717

NAME (PRINT)	ADDRESS (PRINT)	CITY
PERFECT-GENERAL CO	527 W 7th St.	AZUSA
RUTH SLOAN	903 BRASK SHOPS BLDG	LOS ANGELES
COLLINS MACHINERY CORP	5474 ALHAMBRA AVE	"
BETTY J HUBBART	1721 So CAMPBELL	ALHAMBRA
KAMER ENGINEERING INC	2675 NINA ST	PASADENA
EVA ANN STREBEL	2616 WHITNEY	ALHAMBRA
LOUISE E. ENLOW	1710 So CAMPBELL	"
RODGER G KEE	2316 WARWICK - AVE	LOS ANGELES-32
ELMA LINDSTROM	2227 LAELER RD	LOS ANGELES-32
DON BECKMAN	2309½ W. RAMONA	ALHAMBRA
GILLIAN RODE	2134 MERIDIAN	"
HAROLD C MUNN	2114 CHARNWOOD	LOS ANGELES-31
C. E. GOODALL	1921 WESTMONT	ALHAMBRA
DORNA J ENGALLS	1316 EDGEWOOD DR	"
NORTHWEST WELDING & MFG	3201 W MISSION RD	"
FIRELOOM BEDDING CO.	1119 WESTMINSTER AVE	"
CLARY CORP		SAN GABRIEL
LINCOLN FOUNDRY CORP	2525 E. 49th St.	LOS ANGELES
GRIFFITH CO.	1060 So BROADWAY	" -15
JOHN V CONNER	2212 NORWOOD PL	ALHAMBRA
AUTRONICS	180 No VINEDO AVE	PASADENA
E.S SCARLETT MFG	5639 No ROSEMEAD BLVD	TEMPLE CITY
F.E. DILL	2225 HITCHCOCK DR	ALHAMBRA
CEDARQUIST CO.	1721 ZONAL AVE.	LOS ANGELES-33
INTERSTATE BAKERIES	2634 BLIMP ST	" -39
G & H AUTO PARTS	1673 W. VALLEY AVE	ALHAMBRA
BASULTO CONSTRUCTION	1304 TREMONT ST	LOS ANGELES-33
BARUN BROS	5051 RODEO RD	LOS ANGELES-16
SQUARE D CO	4335 VALLEY BLVD	" " -54
F.E DILL	2225 HITCHCOCK DR	ALHAMBRA
T.E HAGOPIAN JR.	2918 GLENAVEN DR	"
CHICAGO SEWING MACHINE CO	820 So. MAIN ST	outside LOS ANGELES
E.B. BROOKS	1301 So EDGEWOOD DR	ALHAMBRA
GEORGE S HARVEY	1717 So. FREMONT	"

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DATE Nov. 25-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER

STORE 56-1

APPROVED BY

2718

NAME (PRINT)	ADDRESS (PRINT)	CITY
James E. Jordan	1412 So Date	Alhambra
Pepsi-Cola Bottling Co	901 E. 62nd St.	Los Angeles
Palmquist Bros	2233 W Valley Blvd	Alhambra
Harry L. Walter	3016 Ross Ave.	"
Tanner Motor Livery, Ltd		Los Angeles
Piddington & Associates	3219 E. Foothill Blvd	Pasadena
Cassco Co	5220 Valley Blvd	Los Angeles
Air-Kool Aluminum Co	1330 S Atlantic Blvd.	"
Microdot Inc.	220 Pasadena Ave.	So. Pasadena
Ruckles & Co	2150 E. Colo. Blvd	Pasadena
Alba Engineering Co, Inc.	5716 Alba St	Los Angeles
August Pacheco Garage	3240 W Main St	Alhambra
F. Penty	2215-B Ramona Rd	"
Ruth Sherwood	2118 McPherson Ave.	Los Angeles
Dale A Clarke	672 So Lafayette Pl.	"
International Latex Corp		"
Jennie M. Beckwith	2315 Westmont Dr.	Alhambra
Ed Ashton	1605 Edgewood Dr.	"
Evangeline Olsen	1646 La Golondrina	"
Sherman Paper Products	2001 No Soto St.	L.A. 32
W. B. Black	5347 Gravois Ave	L.A. 32
Merrill A. Hill	4637 Druid St	L.A. 32
Meier Transportation	843 No La Brea	Hollywood
Pugh Mfg. Co.	5052 Alhambra Ave.	L.A. 32
Marie L. Craig	1509 So Date St.	Alhambra
Harry G Petrey	3304 Jurich Pl.	"
William R Daily	2020 Chanmwood	L.A. 32
California Debs, Inc	3660 So Hill	L.A. 7
Uarc Advertising Agency	1300 Westmont Dr.	Alhambra
George Gibson	2135 So Palm Ave.	"
A. J. Mallinckrodt	2101 Winthrop Dr.	"
Richardson Dist Co.	1222 W Valley Blvd	"
C. C. Grubbs	2306 Vandalia	L.A. 22
C. W. Crooks	5160 Almont St.	L.A.

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Feb 25, 1960

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 56-1

STORE DEPT.

RECEIVED BY

2719

NAME (PRINT)	ADDRESS (PRINT)	CITY
ALBERT AMARAL	1717 PEDLEY DR	ALHAMBRA
CALIF. INSULATION CONTRACTORS	5359 VALLEY BLVD	L.A. 32
J.C. GRAHAM	2937 W. HELLMAN AVE	ALHAMBRA
CARL WESTLING	2425 FLORENTINA AVE	L.A. 32
CHARLES DRONET	3310 PAOLA AVE	L.A. 32
R. JOAN RAY	2231 CHARNWOOD AVE	L.A. 32
SAM S. CAMPERI	2548 W. RAMONA RD	ALHAMBRA
MURL R. COOK	2135 McPHERSON PL.	L.A. 32
THE R.J.M. CO.	238 So. MISSION RD	L.A. 33
JOHN T. SOFRANKO	1724 GABRILLO AVE	ALHAMBRA
WEEKS MATTRESS CO.	138 SAN FERNANDO RD	L.A. 31
PAUL W. RATZLAFF	2917 FRONT ST	ALHAMBRA
THOMAS MATULIN	1164-E So ATLANTIC BLVD	ALHAMBRA
ARTHUR F. DOLAN	1822 S PRIMROSE	"
ALEXANDER H. PERRY	1202 So PALM AVE	"
C.H. LOWERY	1221 So ETHEL AVE.	"
EMMA G. JESSER	2100 So MERIDIAN AVE	L.A. 32
MARIE CARROLL	2923 WARWICK AVE	L.A. 32
DOUGLAS L. GOULD	4128 SOLDNER ST	L.A. 32
MILL HARDING CO.	500 MONTEREY PASS RD	MONTEREY PK
ROBERT L. WYMAN	2201-A LA PALOMA	ALHAMBRA
ANDY'S GARAGE	2600 W. VALLEY BLVD	ALHAMBRA
SHARCO PRODUCTS	921 E. RANCHO DOMINGUEZ	COMPTON
FERNANDO R. DAVILA	619 W 52ND ST.	L.A. 37
H.D. ALLEN AVE	1812 GOLONDRINA AVE	ALHAMBRA
ROBERT CUNNINGHAM	448 E. TRUSLOW	WEST COVINA
THEO. HAMM BREWING CO.	2080 E. 49TH ST.	L.A. 58
L.A. WATTSON CO.	12550 SATICOY	N. HOLLYWOOD
CLAUDIA JEAN HARRY	1717 So ELM	ALHAMBRA
ROBERT MELLIN	2408 MIDWICK HILL DR	"
JAMES M. PIERCE	22154 ORANGE GROVE	"
NANCY M. SALTER	715 WINTHROP DR	"
SISTERS DOMINICAN SINSINAWA	2510 So FREMONT	"
HAZEL WILCOX	314 NO GARFIELD	"

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DATE Nov. 24, 1960 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER

STORE 56-1 DEPT

RECEIVED BY

2720

NAME (PRINT)	ADDRESS (PRINT)	CITY
PEARL F ALLEN	1812 LA GOLONDRINA	AL HAMBRA
MARY WHITTINGTON	1413 PRIMROSE	"
James BERTINI	15545 ARROW Outside HIGHWAY	IRWINDALE
FRECWAY Baptist School	3000 W. RAMONA BD	AL HAMBRA
GUARANTEE POST CONTROL	1263 No. Virgil	L.A.
T.B. KACZMAREK	1506 So ETHEL	AL HAMBRA
MRS EARL W SMITH	1317 So MARENGO	"
L. J BLOOM	3626 MIDWICK DR	
LOREN J HARRISON	2442 HILLISTER AVE	L.A.
CHAS. M. DOANE	1926 FLETCHER	Pasadena
Commercial Dye House, INC	676 W. SLAUSON AVE.	L.A.
FOIX FRENCH BAKING Co.	1324 CYPRESS AVE	L.A.
Valley SAVINGS & LOAN	120 No CENTER	EL MONTE
NERRELL ENTERPRISES	2400 TUJUNGA Hutsell	SUN VALLEY
NEVA L. MILLER	3044 W. NORWOOD AVE	ALHAMBRA
GEORGE H. ROSS	2932 PYRENEES DR	
BENSON'S DONUT SHOP	2001 W. Valley	"
PARK H. HYDE	2229 So PALM	"
JAMES W. LAUGHLAN	2413 WINTHROP DR.	
PATRICIA FALKENSTEIN	2313 WINTHROP DR	
PATRICIA B ELLICE	1836 So. MARGUERITA	
Belvedere Sewing Machine Co.	1945 So. FLOWER	L.A.
ANGELUS SHEET METAL Supply Co.	4000 Valley BLVD	L.A.
ROGER G KEE	2316 WARWICK AVE	SAN MARINO
K. V. LOCKWOOD	650 ST. JOHN AVE	PASADENA
H.A. KEYSTONE	1933 MERIDIAN AVE	South Pasadena
RUBY HELENE DANIELS	2856 W. Valley BLVD	ALHAMBRA
Helen R PAINCE	2512 CARLOS ST	
SYLVIA WARDE	1962 CAPE TOWN AVE	L.A.
ELIZABETH NEALES BALLARD	2616 Orange GROVE	ALHAMBRA
BERNARD HANES	2129 WINTHROP DR.	
PASADENA Beverage Co	2721 E. WALNUT ST	PASADENA
GROWERS RANCH MKT, Inc	436 So ATLANTIC	L.A.
Helen V. TIEDEMANN	1422 So PALM	ALHAMBRA

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DATE Nov. 29 — NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 56-1 — GROCERY FOOD DEPT. — 2721

NAME (PRINT)	ADDRESS (PRINT)	CITY
ERMAN BLUEPRINT CO.	5711 SANTA FE AVE	L.A. 58
UTH R. HENBERG	1632 GRANDVIEW	ALHAMBRA
CANTERBURY RECORDS INC.	465 W. VALLEY BLVD	
THOMAS P LUCKETT	2461 W. RAMONA RD.	
CHARLES W. NEPINSKY	2605 EL PASEO	
ARLAND D FLOYD	2602 LOMBARDY RD.	
HARON CHESWICK	1638-A WEST SHERMAN	ALHAMBRA
ILM AD CORP.	2134 GRANVILLE AVE	L.A. 25
KB FOOD PRODUCTS	610 So. RAYMOND ST.	ALHAMBRA
J KRUEGER CO.	535 So. CLARENCE ST.	L.A.
ETERSEN PUBLISHING CO.	5959 HOLLYWOOD BLVD.	L.A. 28
TUDENTS' WIVES AUXILIARY	1721 GRIFFITH AVE.	L.A.
ATHONY MACARONI CO.	212-26 NO. SPRING ST.	L.A. 21
INCENT T FARRONE	1952 BARNETT RD.	L.A. 32
ellow BROWN CO.	421 Boyd ST.	L.A. 13
& M IMPARTING CO.	733 NO. SPRING ST.	L.A.
ell BRAND FOODS, LTD	P.O. BOX 2462 TERMINAL ANNEX	L.A. 54
LMER M GILBART	2244 VANDALIA AVE	L.A. 32
ees PLYMOUTH, INC	2250 E LAS TUNAS DR.	Temple City
IL CARDENAS PRODUCE CO.	1103 SAN JULIAN ST.	L.A.
HARLES L. COMER	1800 So. ETHEL AVE.	ALHAMBRA
ARMAN JACOBS	122 So. PRIMROSE AVE.	
NETIAN TERRAZZO AND MOSAIC CO., INC.	4827 HUNTINGTON DR.	L.A. 32
RRADINI, VENETIAN + CONSOLIDATED JOINT VENTURE	4820 VALLEY BLVD.	L.A. 32
XCLUSIVE QUILTING STUDIO	2423 W. VALLEY BLVD.	ALHAMBRA
ASTMAN KODAK CO.		WHITTIER
RANK SOUTHARD	2131 So. PALM AVE.	ALHAMBRA,
RANSCON LINES		L.A. ANGELES
LARENCE E. BARTON	632 So. ARDEN AVE.	L.A. 5
SC ENAMELING CO.	6938 FARMDALE	No. Hollywood
.E. WAGNER CO.	2118 CHESTNUT ST.	ALHAMBRA
THOLIC WELFARE BUREAU	855 So. FIGUEROA	L.A. 17
T SISK + CO.	TERMINAL ANNEX P.O. Box 2220	L.A. 54
ARL MAUTZ	2124 WESTMINSTER	ALHAMBRA

4867 209

DATE 12-9-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 60

2722

NAME (PRINT)	ADDRESS (PRINT)	CITY
K. AMELANG	9603 Dicky St 54	Pico Rivera
Arzetta B Wiee	9069 Carron Dr. 54	" "
George Boehm	6529 Ballenbacher	Pico Rivera
A. Ingalls	9559 Rex Rd 54	" "
Margaret Bradley	9502 Schooling Rd 54	" "
Charlotte Schneider	7045 Bonnie Dale 54	" "
Marty McWhinney	9639 Schooling Rd 54	" "
GE Starkweather	9635 Rushmore St 54	" "
Balt Yanez	9619 Sunglow St 60	" "
Warren Farrell	6537 Ballenbacher	" "
Jack McNay	7505 Citronell 54	" "
J.V. Serna	9643 Nyrin St 54	60 "
Robert E. Fields	9656 Goodbee 54	" "
Loretta McLaughlin	9612 Homebrook 54	" "
Herbert Wiedeman	6537 So. Cross Way 54	" "
C Cavender	9432 Haney 54	" "
ML Rhoades	8224 Chaney 60	" "
Donald W. Green	7238 Bennington 54	" "
Bertha C Parra	6630 Passons 54	" "
Robert I. Bell	6526 Phaeton 54	" "
Howard M. Hopkins	7270 Passons 54	" "
C.D Williams	6323 Bonnie Vale 54	" "
Rush F. Holbrook	9538 Balfour 54	" "
Wini Feed K Weidner	7017 Loch Alene 54	" "
Leland L. Powers	3722 E. 27th St	Anaheim
Fredrick W. Hartman	9553 Rex Rd 54	Pico Riv
Clyde H. Ross		
JA. Mansir	6215 Millux 54	" "
Doris Moore	9057 Carron Dr 54	" "
Marie M. Scianni	9602 Nan St 54	" "
Robert L. Davis	932 S 5th St 54	Montebello
Patricia F. Hall	7441 Citronell 54	Pico Rivera
Ray Henkel	9509 Schooling Rd 54	" "
James E. Valdez	6209 Leona Joan 54	" "

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DATE 12-9-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 60

NAME (PRINT)	ADDRESS (PRINT)	CITY
Ruby Simpson	9330 Cos Grove 54F6	Pico Rivera
ED Sanders		
Margaret Bradley	7841 Norrill Ave 55C4	Whittier
Bonnie Shoemaker	8734 Coolhurst 54F4	Pico Rivera
June Eldridge	9725 Myrew 54E6	— —
Mary I. Mukrah	9521 Abbots Ford Rd 54F6	
Jean C Sais	9526 Abbots Ford Rd 54F6	
J.A. Valenzuela	7213 Farmland 54F6	— —
Forrest H. Nevith		
Lee Boswell	12327 Molin Dr 54A6	Whittier
Tristina Gabrielson	9845 E Maxine Ct 54C6	Pico Rivera
Grace L. Pettus	6403 Bonnievale 54F4	— —
Rachel Solarez	7124 Farmland 54E6	— —
A Kreutzer	9557 Abbots Ford Rd 54E6	
Steven W. Heald	8455 E Slauson Ave 54D6	—
V.V. Astle	6409 S. Cord Ave 55A3	—
Shirley M. Graff	9203 Dunlap Crossing Rd 54F3	
Richard Jaime	9723 E Maxine 54C6	— —
P.S. Boyd	8817 Trojan St 54D5	— —
Marjorie M. Sawby	7641 Manzanar 54F3	—
J.W. Morris	7607 Birchlea Dr 54C5	— —
Susan Villanueva	9028 Rivera Rd 54E6	—
Mrs Henry Baker	9233 Myrew St 54E6	— —
Marsolette Gregor	8033 Claeinda Ave 60E2	—
Ruby McKeever	6502 Manzanar Ave 54F3	
Gilbert M. Asenio	13129 Helmer Dr 61E	Whittier
Margaret M Banks	8436 Shadyside Ave 54E6	Whittier
Lois Francis	6636 Loch Alone 54E5	Pico Rivera
E. Dison	9513 Dicky St 54F4	— —
Athalie E Sada	9091 Nan 54E6	— —
E Shipman		
John H. Palmer	9606 Nan St 54E5	— —
Dorothy E. Reed	6404 So Silverette Dr 54E4	
E. Lovell	6003 Sheila St 30	LA-xx

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1887

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DATE 12-9-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 60

NAME (PRINT)	ADDRESS (PRINT)	CITY
Esther Simai	1821 Russell St	Pico Rivera
Marjorie C Stearns	9213 E Carron 54E4	Pico Rivera
Joyce Martin	9312 Reichling Lane 53A4	
Goldie C. Chadley	9308 Cankton St 54EF5	
Rose D Gray	8621 Trojan St 54D5	
Daniel T. Creedon	7652 Crossway Dr. 54E5	
Alden Garrett	9660 Marjorie St 55A5	
Maud L. Grissom	6328 Redbird Dr. 54E4	
Ruth I Dodd	6412 Winodee Dr. 54E4	
John W. Cody	5319 Lindsey Ave Apt 3 54F3	
M. Carron	9528 Carron Dr. 54E4	
D D Turner		
Margaret E. Wade	7356 Lindsey 54F3	
Ben. Rolsen	P.O. Box 164	
Betty Beeler	7145 E 6th Lisen 53A3	
Ernest K Belote	6747 Citronell 54F5	
W.C. Patton	9415 Bert St 54F5	
Jessie Lance	7703 Kelton View Dr 54D6	
John F. Walsh	8308 Hasty 54F6	
M.T. Nardizzi	9639 Jerradell St 60E4	
Mildred J Graff	9638 Jerradell St 60E4	
Eugene E Lee	9645 Homebrook 54F5	
Ann Uvcetich	9502 Wampler 54D4F5	
Elizabeth Belcher	9503 W. Blvd 54F5	
D. Norris	9662 Homebrook 54F5	
Viola Dragotto	9717 E Burke St 54D6	
Bessie B Sanders	9558 Bert St 54F5	
Alma Stewart		
R.K McClure	6322 Winodee Dr 54E4	
A.L. Carroll	5957 Gallant 54F4	Bell Gardens
Mrs. Juanita Fox	6706 Candace 54E4	Pico Rivera
Raymond Montiel	9555 Myrin St 54E6	
M. Bachik	6117 Pico Vista Rd 55A5	
F Zaby	7403 Cecil Ave 54F4	

DATE 12-9-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 61 2725

NAME (PRINT)	ADDRESS (PRINT)	CITY
C. Berard	5x39 Rosemead 5-4	Pico Rivera
Judy I Cabrales	7415 Serapis 54E6	P — —
J. Stepnicka	6626 Bequette 54F4	— —
Clause E. Ehrehart	9752 Ora-Day Rd 60F1	— —
Betty A. Hickman	7809 S Danby 55B4	Whittier
Duane G. Mallett	7217 S. Eglise 55A3	Pico Rivera
Basilio Martinez	7x20 Lindell. 54F4	— —
Mary Reagan	94x9 Goodbee 54E4	— —
R. Perez	6139 Eglise 55A3	— —
Irene McCormick	6139 Millux 55A3	— —
G.S. Manola	9632 Rex Rd 54E4	— —
M. Carrera	7309 Citronell 54F5	— —
Poly Garcia	6310 Passons Blvd 54E6	— —
R B. Rivera	9618 Carron Dr 54E4	— —
R W. Cross	7507 Passons 54E6	— —
Gene Collins	7406 Lindsey 54F3	— —
Arthur Barba	7253 Eglise 55A3	— —
Owen Regan	94x9 Goodbee 54E4	— —
Russell H. McClure	4157 Deland 55A2	— —
Lucille M. Warner	5441 Zola Ave 54F3	— —
Jim Caldwell	6608 S. Lindell 54F4	— —
Betty Burgess	8841 Aldrich 54E5	— —
R. Stumon	7231 Bequette 54F4	— —
Herbert C. Libbe	9415 Myrin 54E6	— —
Alfred Richards	9221 Abbotsford Rd 54F6	— —
P.S. Arvizu	5504 S. Passons 54E6	— —
Clarence Martin	924x Washington 54	— —
H. Williamson	943x Carron Dr 54E4	— —
Ralph Sanford	7371 Lindsey 54F3	— —
Al Huffman	9533 Schooling Rd 54F6	— —
Albert W. Ray	890x Warvale 54E5	— —
J.R. Betancourt	9633 Planter 60M1	— —
Boss McDowell		
Harold A. Dix Jr.	6416 Eglise 55A3	— —

490 243

2726 DATE 12-9-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 60

NAME (PRINT)	ADDRESS (PRINT)	CITY
S.M. Vaught	7333 Loch Alene 54C56	Pico Riv
Albert Kimball	6416 Eglise 55A3	"
E Bachik	9207 Danbridge 54E5	"
John W. Blank	9337 Cosgrove 54F4	"
Fred W. Worthington	9749 Nan 54E5	"
EO Heatley	8351 Cooper grove 60 FT	"
AH. Goodness	6318 Pico Vista 55F5	"
K.R. Darrow	9635 Carrell Dr 54E4	"
John D Brown	6132 Millux 55A3	"
Angeaki	7040 S. Pico Vista Rd 55A	
FM. Folks		
Joe LeSage	7565 Citronell 54[illegible]	
DJ Hammer	430½ N. Newlin 55	Wh. Hu
Rosemary F. Sais	9506 Wheelock St 54FF	Pico R
Dayle Trent	9520 Abbotsford 54F6	"
Eileen B. Schramm	9037 E Canford 54EF5	"
Marie Friend	9602 Bascom 54E6	"
Lottie M. Freed	9533 Lunbahl Dr 54F6	"
Lucy I. Kaltenbach	9333 E Dunlap Crescent 54K	"
R.E. Hogan	6104 S. Passons Blvd 54L	"
E.W. Curtis	7355 Lindsey Ave 54E3	"
Nick Urazoff	9212 Canford 54EF5	"
M.B. Geasland	9403 Balfour 54E4	"
Marjiene Marshall	6312 Winedee Dr 54E4	"
John E Beebin	10507 Oberon 55F6	Wh. Hu
Gary Steen	6614 Citronell 54F5	Pico R
Mrs Sherrill G. Swenson	9629 Dunlap Co. Rd. 6 54F	"
Jay Adams	9203 Canford St 54EF	"
Richard Pembeeton	6641½ E. Olympic 56 L.A.	
Leslie R. Beard	5734 Rimbank 55F6	Pico R
David Rodriguez	7417 Pico Vista 5517	"
L Strickland	9654 Poinciana 54EF6	"
Ernest Hernandez	8852 Carrell Dr 54E4	"
Aaron Davis	7327 Eglise 55F3	"

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: #6

Inter-Office Correspondence

TO

DATE: #60

FROM:

SUBJECT:

12-9-60

NAME	ADDRESS	CITY
Wm J. Leecy	7542 S. Lemoran	Pico Rivera
CN Richards	9221 Abbots Ford	
Kenneth G. DAHL	8834 COFFMAN Pico Rd	
Jesse ANGULO	9445 Myron	
Mabel E. Hill	4555 Produce Plaza	L.A. 58
John R. ELLis	6401 S. Eglise	Pico Rivera
F Kent	9618 Rex Rd	
G.S Johnson	15307 CARNELL ST	Whittier
Nicholas Goclon	9745 E Lockwood	Pico Rivera
DANIEL DALEY	9218 CALL	
Kelley	6731 C. Heone LL	
hn. Imbuegia	8518 S CARSON DR	
n. Porter Jr.	9533 Bert St.	
WILSHIRE	6417 Pico Vista Rd	
Priscilla L. Bjorklund	13556 Mulberry	Whittier
harles E Roach	6306 Pico Vista Rd	Pico Rivera
Harold Messick	6203 S. Cord	
E Frost	9208 CANFORD	
ertrude N. Nagel	9612 Gridley	
Verne L. Morris	9851 LA DOLENA	
nes W. Henry	9249 CANFORD	
xine O. Rombal	9118 CANFORD	

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#1

Inter-Office Correspondence

TO 12-9-60

DATE: #60

FROM:

SUBJECT:

Names	Addresses	City
R. J. Fredrickson	10439 Rose Hedge Dr	Wh. Hse
Albert Lucci	9563 Rex Rd	Mc. River
DR. Shutt	9202 E Bradhurst	
Glen H. Adkins	8627 Vicki Dr	Wh. Hse
Walter A Powell J.R.	6402 Bonnievale	Mc. River
Bonnie L. Palmer	7017 Bonnievale	
Nancy E Pettus	9046 Camdale Terr	
Aurelio R. Vertido	9623 Carrin Dr	
K. A. Weiser	333 E 70th St	
Joe Ann Brown	9613 Burma Rd	Mc. River
Albert A. Ong	8834 Cool Hurst	
W. A. Mitchell	7422 Bequette	
Lewis V Clark	9606 Rioschel	
Loa M. Griffey	9612 Nan	

11-25-60 NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER 61 Pink

NAME (PRINT)	ADDRESS (PRINT)	CITY
E Reinhardt	13806 E Lanning Dr 61E2	Whittier
Wood	14442 E Amelia 61D3	"
B Hess	12501 Pennant Pl 61D1	"
Thomas L Peters	8451 Nigel Ave 61D1	"
J Stacy	13903 Hawes 61E2	"
Stern	6814 S Broadway 55B5	"
A Hackney	906 Sunrise 55E6	"
Alvarado	9241 Coachman 61E3	"
Rutter	9809 Lanning 61D2	"
Kempkes	12722 E Lambert Rd 61E1	"
Mc Luire	424 N Milton 55D6	"
Sullivan	9374 S Bartlett 61E3	"
Rist	13221 Strumbell Ave 61D3	"
Benskin	8334 S Friend 55E4	"
Medley	12637 Flomer Dr 61B2	"
Williams	9331 S Merryknoll 61F2	"
R Pollins	629 E Russell St 61F1	"
M Schlarb	10535 S Val St 54C5	"
B Scandlen	10122 Regatta St 61F4	"
R Smith	702½ E Penn 55D5	"
L Owens	13411 Anola St 61D3	"
L Dufour	1025 Summit Dr 55F5	"
Verlinich	202 Cullen 61E1	"
R Clark	12913 E Mc Lee St 61D1	"
R Bresnahan	13703 Lanning Dr 61E2	"
E Fowler	8523 Calmada 61F1	"
E Greene Jr	9211 S Merryknoll Ave 61E3	"
A Daniels	1424 La Verga 61F2	"
D Lee	9526 S. Bright 55E6	"
E Raught	334 S Milton Ave 55D6	"
N Fleischman	1220 Beaconte Ave 55F6	"
E Hintz	707 Sunrise Dr 55E6	"
L Jaroski	9520 Rutland 61D2	"
Lange	605 S Caldwell 55E6	"

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DATE 11-25-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 61

NAME (PRINT)	ADDRESS (PRINT)	CITY
K.L. ANDERSON	9345 So FIREBIRD 61D2	WHITTIER
C.P. HANSEN	817 SUNRISE DR. 55E6	"
D C WILLIS	9004 GUILFORD 61D2	"
W J HAWKINS	2212 VIRAZON DR. 84E1	LA HABRA
L. DOMARACKI	10021 RIDEAU 55C1	WHITTIER
C.M. REAMES	707 EUCLID AVE 55F6	"
F.D McNALL	8430 DAVISTA AVE 84A2	"
D PETERS	1502 LA FORGE 61F2	"
J.J KINNEY	12732 DUNTON DR 61D1	"
B.S MORELOCK	1469 - 3rd ST 55F6	"
A.L. GAULEY	605 CARNELL 61E2	"
E M WOLF	9515 GUILFORD 55E5	"
N C NELSON	517 So NEWLIN 55D6	"
J M ROSS	13144 RACIMO DR 61D2	"
G. VIVIANO	13228 OVAL DR. 61D1	"
S J BURNS	817 MICHIGAN 61F1	"
R L McCASLIN	635 LA FORGE ST 61F2	"
R POMEROY	1226 So LAUREL St 61E2	"
L E HOLIDAY	8531 CALIFORNIA ST 61F2	"
C R. HICKS	1148 E 3rd St 55F6	"
J C. PECKHAM	1340 TARRYTON AVE 61E2	"
C A McCARTHY	608 So PAINTER AVE 55E6	"
M J Stock	14146 Light ST 61E3	"
OK Lanazola	8619 Binford 61D2	"
E Manning	344 Vale 55F6	"
M L SanBern	1469 Emily Dr 55F6	"
H R Aldine	1160 West Rd 84C2	"
M. J Graves	642 E Ramona 61E1	"
M Roth	10412 S Lwitwheler 84F6	"
I E Petry	9326 Valley View Ave 55E6	"
J F O. Malley	1234 Whittier Blvd 61F1	"
R W. Askew	12932 E Fatley Ave 61D1	"
M Wetsel	8525 De Vista 84A2	"
E Johnson	9640 Tarry Tn 61E2	"

DATE 11-25-60 NAMES AND ADDRESSES OF CUSTOMERS 2731
CASHING CHECKS AT STORE NUMBER 61

NAME (PRINT)	ADDRESS (PRINT)	CITY
T H John	9536 S Coachman 61E3	Whittier
J.C. Lazier	905 4th St 55F6	"
M F. Probstfield	13821 Mulberry Dr 61D2	"
E L Lonnis	15921 Lora Dr 83F4	La Mirada
W. E Howell	14313 Lanning Dr 61E2	Whittier
H Smallwood	636 Floman Dr 61F2	"
D E Michaels	9452 Lanning Dr 61D2	"
J M Shoemaker III	2333 Sherway 48F1	W Covina
K L Coates	12637 Shreve Rd 61B1	Whittier
D.W. Allen	9231 Tenny Tom 61E1	"
E H Duxbury	13781 E Meyer Rd 61D5	"
H L. Rojas	513 E Walnut St 55E5	"
T W. Klahr	8652 DaVista Dr 84F2	"
D W Wipson	9514 Bluford Ave 61D2	"
B. T Brill	1325 Joe Mar 61E2	"
J C. Ball	9911 S Calmada Ave 61F1	"
D. H Lee	8532 DeVista Dr 64A2	"
E L Andrews	10347 Westwood Ave 54B3	"
J. Davis	14205 Christine Dr 61E1	"
P Holderness	1113 E Mar Vista 55DF6	"
T B. Newport	9538 Firebird Ave 61D2	"
V. Tracy	9134 Armley 61F3	"
D F. Katarka	1319 Laurel Ave 61E2	"
M N Perrone	1219 Calmada 61F1	"
J L. Mackey	13935 Telegraph Rd 61D4	"
H M Kasser	14425 La Forge ST 61F2	"
L Lawson	8603 Calif Ave 61F2	"
J Schreiber	330 Rigsby ST ?	La Habra ?
R L Lyon Jr	13628 Danbrook 61B1	Whittier
L King	1202 Floman Dr 61F2	"
J Mesa	1417 Eastridge Dr 55F6	"
B J. Valentine	800 S Dunham ?	La Habra ?
L F Allen	809 Romona Dr Apt C 61E1	Whittier
J Luchsenhop	8627 S Guilford 61D2	"

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DATE 11-25-60 NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER 64

NAME (PRINT)	ADDRESS (PRINT)	CITY
H W BOOTH	941 COLLEGE AVE 55F6	WHITTIER
C L BARTON	13210 E. LAMBERT AVE 61E1	"
L WAGNER	13041 RACIMO DR. 6102	"
R BROWN	13653 FOXLEY ST. 6101	"
R B. PICKERING	701 CALLES.	"
D BINKLEY	9022 LAUREL ST. 61E2	"
O M BERG	1315 LA FORGE AVE 61E1	"
T J LINSKEY	13017 E CLOSE ST 6103	"
G MEISSNER.	12554 E. M°GEE DR 55F6	"
M A COWDREY	13322 MYSTIC AVE 61E3	"
F J MURRAY	13632 DANABROOK DR. 6101	"
J R. MARSHALL	13421 ANOLA 6103	"
D. I CHRISTY	1544 OAK ST. 61E1	"
S M. HAMILTON	12632 E. DANBROOK DR. 6101	"
L. GIRARD	8721 SANTA FE SPRINGS RD 61E2	"
J L. SERSHEN	9428 AMSDELL 6102	"
J. E. SLACK	9503 GREENING AVE 6102	"
R. BUTALA	12912 DUNTON. DR. 6101	"
J G HAGGART	9227 MARYKNOLL 61E2	"
HOOD ELECTRIC Co	3820½ FRUITLAND AVE 53C3	MAYWOOD
L. H PAUL	712 EDMARU AVE 61E1	WHITTIER
C RHOADES	8412 So FRIENDS 61E1	"
J E. MENDON	10433. KIMBARK AVE 5501	"
M.L. MOORE	830 OAK ST 61E1	"
H T MORRIS	823 SUNSHINE ST	"
A C. REED	12612 HOME PARK DR 6101	"
R.M. ROBBINS	10208 So ELMORE ST 61P4	"
G.S. WATTS	14200 EASTRIDGE DR 5551-5	"
J J HIGBEE	9515 AMSDELL 6102	"
G STAFFORD	405 NO. NEWLIN 5506	"
H. MARMOR	9458 GUILFORD 5551-5	"
N. HODGES.	12512 PENNANT PLACE 6101	"
GEMES. T V	200 S. COMSTOCK 61E1	"
P. BOLLINS	533 W. LAMBERT ST 61E1	"

ATE 11-25-60 NAMES AND ADDRESSES OF CUSTOMERS 2733 Sample
CASHING CHECKS AT STORE NUMBER 61

NAME (PRINT)	ADDRESS (PRINT)	CITY
E. RALEIGH	13478 ACAPULCO DR 61B3	WHITTIER
G.Y. CLAY	1230 PUTNAM ST 61E1	"
K. LEE	1350 PUTNAM ST 61E1	"
O. SAMMONS	8236 SANTA FE SPRINGS RD 61A	"
L. BROWN	930 JACKSON ST. 61E1	"
J.H VAN AMRINGE	817 E FOURTH ST. 55F6	"
S L MORLEY	10962 SALIDA AVE	"
E.E. BILDERBACK	10246 CARMENITA AVE 61B	So "
J D WORLEY	12630 DUNTON DR 61B1	"
S. SHIPKA	8922 SANTA FE SPRINGS RD 61A2	"
P.E. JACOBS	9612 BASCOM ST 55E6	PICO RIVERA
T CRUM	523 N PAINTER AVE 55E6 61B	WHITTIER
L.A. BROWN	9527 BURKE ST 61B1	PICO RIVERA
R. LANDA	708 EDMARU ST 61F1	WHITTIER
P. CARRIN	10908 BONAVISTA LANE 61F4	"
E. OLSON	14543 REIS ST 61E2	"
L H PAUL	712 EDMARU ST. 61F1	"
QUATROCHI	9550 GREENING AVE 61B2	"
R L. REID	805 CALIFORNIA AVE 61F1	"
B. GEIGER	514 VIA DEL PALMA AVE 55E6	"
E.B NEWMAN	1312 E. WHITTIER BLVD 55B5	"
G. ERICSON	1315 PUTNAM ST 61E1	"
D E. MAIHENY	13462 ACAPULCO DR 61B3	"
R. HUGHES	8609 So PAINTER 61B2	"
R L. LOEFFELBEIN	545 E. WHITTIER BLVD 55B5	"
P.V. COLE	1435 E BRONTE ST 55F6	"
L.A. ROBINSON	838 STRUB AVE 61F1	"
H.K. HILTON	230 PUTNAM DR 61E1	"
M.R WESTLING	13271 HELMER AVE 61E1	"
L M GABRIEL	14528 E CULLEN ST 61E1	"
G FARIAS	9335 RUTLAND AVE 61B2	"
V. JAEGER	14303 ALLEGAN ST 61E4	"
J MITRE	7828 BLACKFORD AVE 55C6	"
A.D. DAVIS	14205 CHRISTINE DR 61F7	"

DATE 11-25-60 2734 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 61

NAME (PRINT)	ADDRESS (PRINT)	CITY
Randall A. Montgomery	1009 S Stark 61F1	Whittier
Fred B. Schmeidt	13415 Amila ST 61D2	"
A. E. Lemke	719 E Penn St 55D5	"
Chas Mayhall	721 E Cullen ST 61E1	"
James F. Twitchell	8502 Ocean View Ave 61F2	"
Ted Lai	1339 S Hydro 61D1	"
Chas C Hunt	1214 Jeanan Ave 61E2	"
Evelyn Starbuck	9527 S Tarrytown 61E2	"
Paul J. Demorovich	811 Edmarn Ave 61F1	"
W. L. Sunstell	8621 Guilford Ave 55E3	"
L R Brooks	815 Cullen ST 61E1	"
M. De La Mare -	906 Emery Dr 55E4	"
L. J. Regehr	14322 Allegan ST 61E4	"
FREEMAN E PAGE	1266 CEDARGROVE St 61F2	"
ELSIE A NASH	2414 WEST CLEVELAND AVE 54C1	MONTEREY PK
RUTH E. BALL	8845 NAGAL AVE ?	WHITTIER
R.N. WILLIAMS	9302 COACHMAN AVE 61E3	"
B.N. WALLEN	2436 SHERRILL 55B2	"
R J McLEAN	819 ROMONA DR 61E1	"
P. CLARK	P.O. Box 142	"
R.B. HEIDRICH	9526 RUTHLAND 61B2	"
D.C. MYERS	815 E. CARNELL ST 61F2	"
J BLALOCK	1312 CEDARGROVE 61F2	"
H L LOWRY	1137 CALMOSA 61F2	"
J.B. KONRAD	508 MICHIGAN AVE 61F1	"
H. ANDREWS.	889 RIDGESIDE AVE 29B1	MONROVIA
E.J DAVIDSON	1020 EASTRIDGE DR 55F4	WHITTIER
J T NEFF	10603 GROVE LAND AVE 54C4	"
S. SCIACCA	9351 So WHEATLAND AVE 61E1	"
W.B. JEWETT	9213 MARYKNOLL AVE 61E2	"
D.E. TAYLOR	13317 OVAL DR 61B1	"
H J MILLER	9219 So MARYKNOLL AVE 61E2	"
R.J PAIVA BORN	1236 So MICHIGAN AVE 61F1	"
VICTORS BEAUTY HAIR STYLISTS	444 So GREENLEAF AVE 61D1	"

Blue 2735

DATE 12-3-60

NAMES AND ADDRESSES OF CUSTOMERS 2735

CASHING CHECKS AT STORE NUMBER

STORE GROCERY DEPT. 67-1

Routed on large Register Tape

NAME (PRINT)	ADDRESS (PRINT)	CITY
Eleanor L. Rash	116 B Florence 46B1	Monterey Pk
Carol Hubbell	911 E. Newmark 46C2	"
Jos. G. Pedal	201 D No. Lincoln 46C2	"
Nellie Miller	306 Ramona Ave 46C2	"
Virginia A. Rutledge	1161 Fulton 46B3 4-5	"
Jan. Hackett	7633 Norwood Pl. 37E6	So. San Gabriel
Katherine E Ford	1517 E. So. Atlantic Blvd. 37 BB	Alhambra
Elsie S. Mulheern	2300 Hitchcock Dr. 46A1	"
Miss Ray P. Gaffney	1751 Verde Vista ?	Monterey Pk.
J.S. Appleby	479 No. Gladys Ave 46B1	"
Mary E. Wilson	773 No. Lincoln 46C2	"
Susan Sanders	679 Villa Montes 46B3 3	"
Eugene B. Green	124 E Coral View 46	"
Sandra McSeveney	603 F No. Lincoln Ave 46C2	"
Coral Jane E Stevenson	156 E. Graves 46B2	"
Beverly J. Connors	212 No. Ynez - Apt A 46B3	"
A. Lombardo Jr.	524 N. Gladys Ave 46B1	"
Jon Hennessey	721 So. Garfield - Apt C	46
Rosemary B Christensen	134 No. Nicholson 46C1	"
Walter C Helton	1614 B So. Chapel 46C1	Alhambra
M. Essex Jr.	717 Fotini Pl. 46B3	"
Peter J. Stewart	520 So. Huntington Ave 46C2	Monterey Pk
Dorothy E. Cole	130 W. Emerson 46B1	"
Carolynn Jacobs	1867 Sierra Alta Way 35C4	" ?
Wm. H. Mackay	515 W. Newmark 46C2	"
Dorothy C. Sherman	600 E. El Mercado Ave 46B3	"
Eric L. Stattin, Jr.	215 S. Ramona 46C2	"
Carolyn Pahus	217 W. Emerson 46B1	"
Virginia R. Pettys	817 So. Garfield 46	Alhambra
Lee K. McDaniel	479 No. Ynez Ave 46B3	Monterey Pk
Mrs. Lionel Irvine	304 A. No Rural Dr 46A1	"
William C. Leeper	2615 So. Midwick Hill Dr 46A	Alhambra
Roberta Feldkamp	1333 S. Isabella 46B3	Monterey Pk
Margaret Sweeney	616 So. Orange 46B1	"

DATE 12-3-60 2736 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER

STORE 67-1 RECEIVED BY

NAME (PRINT)	ADDRESS (PRINT)	CITY
Gretta F. Sheridan	619 W. Graves Ave 46B0	Monterey
Louise Guess	727 So. Bradshawe 46A5	"
Howard G. Hawthorne	316 No. Baltimore 46C1	"
Virginia L. Bradbury	300 Mockingbird Lane 27 Apt. C	So. Pasadena
Arlene Yaussi	1677 Longhill Dr	Monterey
Margaret T. Chapman	215 So. Lincoln Ave 46C2	"
Dale E. Banta	2018 Carlos St. 46A1	Alhambra
Hannah A. Gonzales	637 So. Garfield 46	Monterey
Diane Zinn	1606 So. 4th St 37B4	Alhambra
Hilda A. Richardson	403 E. Hellman 46B1	"
Libbie O. Powers	600 S. Ynes 46B3	Monterey
Helen T. Setlak	1201 S. Lincoln 46C2	"
Mary Duchesne	1807 No. Del Mar Ave 46	San Gabriel
Bill Hegan	616 S. Lincoln 46C2	Monterey
F. Edwards	716 S. Ynes 46B3	"
Robt. J. Raffetto	1305 Milan Pl. 46C3	"
Ralph Warne	1443 E. Garvey 46B2	So. San Gabriel
Melvin A. Thornton	2677 No. New Ave 46A2	"
Leola A. Garbe	705 S. Nicholson 46C1	Monterey
Mary Jo Allen	717 A. W. Emerson 46B1	"
D.H. Bainbridge	200 No. Lincoln 46C2	"
Mrs. Dale E. Files	808 So. 1st St. 37B3/4	Alhambra
Oren V. Owen	714 Fotini Pl. 46B3	Monterey
A.M. Arant	317 Harding 46B2	"
Mildred M. Killian	514 So. Ynes 46B3	"
Fernando R. Barba	629 No. Sierra Vista 46A1	Alhambra
Madeline Haggerty	2778 Carlos Ave 46A1	Alhambra
M.T. Anderson	604 De La Fuente 46A3	Monterey
Herbert LeRoy	778 E. Mooney Dr 46C2	"
M.B. Mead	116 No. Garfield 46	"
Thos. Patten	431 So. Orange 46D1	"
Lois L. Austin	670 Kempton 46C3	"
A.A. Olson	338 Bluffdale 46C2	"
Mary E. Hammond	132 E. Emerson 46B1	"

DATE 12-3-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER

STORE 67-1 DEPT. 2737 RECEIVED BY

NAME (PRINT)	ADDRESS (PRINT)	CITY
Anna M. Thrapp	504 W. Hellman 46B1	Monterey Park
M.O. Day	714 Cipriano Pl. 46B2	"
Anita Stoike	1554 Prospect 37E5	San Gabriel
Lelen F Bach	768 Divina Vista 46B3	Monterey Park
Elizabeth Francis	1840 Graylock 46B4	"
Gene Cushman	540 W. Garvey 46	"
Erna Leibovitz	875 Kempton 46B3	"
Jos. LeDoux	1161/2 W. Emerson 46B1	"
Margaret E. Bursill	572 S. Huntington 46	"
F. Stermetz	320 S. Chandler 46B2	"
Alexander Hahn	1132 So. Isabella 46B5	"
Ralph Hakala	14871 E. Los Robles	La Puente
Virginia Pickenhahn	940 S. Lincoln 46C2	Monterey Park
Margaret A. Hilton	612 No. Chandler 46B2	"
Gallagher	322B No. Huntington 46	"
Gene J. May	120B No. McPherrin 46B2	"
Marilyn Morris	215 S. Ramona Apt 4 46B2	"
Olaf Bergman	521 No. Huntington 46	"
Zola Roussell	422A No. Garfield 46	"
Esther White	362 No. Ynez 46B3	"
Jess Hood Jr.	511 No. Sierra Vista 46D1	"
H. Brown	1212 W Ramona Rd 46C3	Alhambra
Erika Stern	822 S. San Julian 44D4	L.A.
Irby Arnoff	173 Webber St 46E3	Monterey Park
Richard A. Novak Sr	319 S. McPherrin 46B2	"
Wilberte Eyre	321 No. Garfield 46	"
Alexander Layton	321B So. Orange 46D1	"
Bobbie E. Gomez	7323 E. Toll Dr. 46B2	San Gabriel
Rodalyn Alsky	322 No. Ynez 46B3	Monterey Pk
Webb C. Allman	405 So. Moore 46B2	"
Mrs. Forest Smith	305 No. Gladys 46D1	"
Rose Hamilton	100 Maronde Way 46B3	"
Virginia Hoffman	704 Divina Way 46A4	"
Marne Stone	1641 S. Stoneman 37B2	Alhambra

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DATE _____ NAMES AND ADDRESSES OF CUSTOMERS

_____ CASHING CHECKS AT STORE NUMBER _____

STORE 67-1 DEPT.

RECEIVED BY

NAME (PRINT)	ADDRESS (PRINT)	CITY
Leila Koerper	2709 W. Hellman 46B1	Alhambra
Gerald W. Beason	433 Brightwood 46AB4	Monterey Park
Falford Reddick	814 No. Garfield 46	"
Betty Jane Coffey	2500 S. Baltusrol Dr 46A6	Alhambra
Mrs. Gladys Bobbitt	2450 No. Stevens 37B5	So. San Gabriel
D. Nadine Micropoulis	412½ So. Ramona 46C2	Monterey Park
Norma A. Heitman	501 So. Ramona 46C2	"
Geo. Wilde	417 So. Sefton 46D2	"
R.A. Chingwald	218 W. Hampton 46C1	"
Paul E. Lowry	116 E. Ramona [illegible]	Alhambra
Edw. Horst	276 No. Huntington 46	Monterey Park
Aaron Rosenzweig	637 So. Bradshawe 46B3	"
Frank H. Greinke	919 W. Mabel 46D2	"
Denise M. Liptak	614 Villa Montes 46B3/6	"
A. Schmid	410D So. Sefton 46D2	"
Robt. Jeffredo	504 No. Chandler 46B2	"
Evelyn Rigney	210 No. Garfield 46	"
Cecil C. Platt	818 So. Ynez 46B3	"
M.E. Dickstader	440 W. Graves 46B2	"
Susan Sanders	679 Villa Montes 46B3/6	"
Marie Shingleton	724 So. Ramona 46C2	"
Dick Pasack	316 Baltimore 46C1	"
Mrs. Anna Galland	329 W. Emerson 46B1	"
Arthur Ferreira	115 No. Huntington 46	"
W.A. Batchelder	1035 McComb Way	" 46C1
Nancy W. Williams	601 No. Chandler 46B2	"
M.E. Hopkins	531 No. Gladys 46D1	"
Emily Madeira	840 So. 7th Ct. 37B4	Alhambra
Ethel C. Richey	391 Isabella Terr 46B5	Monterey Park
Violet H. Cooper	113 Garcelon 46B1	"
Margaret Dean	308 No. New 46D2	"
Ann Santilli	170 No Ynez 46B3	"
Chas. Sowell	2804 W. Ramona Rd 46C2	Alhambra
L. Olof Bergman	521 No. Huntington 46	Monterey Park

DATE _____

NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER 07-12739

RECEIVED BY

NAME (PRINT)	ADDRESS (PRINT)	CITY
os. J. Yaeger	2740 No. Evelyn 46B1	~~So. San Gabriel~~ Monterey Pk
hester V. Sarnowski	204 E. Ramona Rd 46C2	Alhambra
rank A. Buell, M.D.	1212 E. Main 37B4	Alhambra
.O. Nichols	2216 S. Electric 37B4	"
aymond J. Shamberger	1697 Verde Vista Dr	Monterey Pk
S. Cook	825 E. Mable 46D2	"
yrac Webster	620 E. Emerson 46B1	"
everly Bird	1892 Vercoe Pl. 46C3	"
A. Millard	215 S. McPherrin 46B2	"
is Horton	2312 Carville Dr 46A1	Alhambra
arry L. McCallister	181 E. Graves 46BD2	Monterey Pk
rs. Lois M. Wood	207 C. E. Bdwy 37E3	San Gabriel
aymond Johnson	119 Garfield 46B1	Monterey Pk
argaret L. Kihorany	707 W. Harding 46B2	"
m. H. Hielen	221 No. Nicholson 46 C1	"
argaret M. Muldoon	1575 Fulton 46C3-4-5	"
ane Gilhausen	506 No. Lincoln 46C2	"
H. Van Horn	7417 E. Graves 46BD2	S. San Gabriel
rs H. DeBahr	211 Sefton 46D2	Monterey Pk
a M. Des Autels	1824½ So. 2nd 37B4	Alhambra
rs. R. Erickson	1868 Whitehurst 46C4	Monterey Pk
.A. I. Gummere	1800 Whitehurst 46C2	"
eginia Campbell	684 Ackley 46D4	"
ily Madeira	840 So. 7th St 37B4	Alhambra
iriam Lamb	322 So. Ynez 46B3	Monterey Pk
ethy Thornhill	7422 E. Emerson 46B1	So. San Gabriel
ehe H. Rode	227 So. Chandler 46B2	Monterey Pk
va B. Brodek	411 So. Sefton 46D2	"
. Huber	410 No. Baltimore 46C1	"
thur L. Kreckeler	3257 No. Jackson 46E1	So. San Gabriel
rbara Roggeri	212A No. Huntington 46	Monterey Pk
eanor S. Fedak	201 D No. Lincoln 46C2	"
azel Wiley	1400 Kempton 46C3	"
dred Goodman	327A So. Lincoln 46C2	"

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DATE _____ NAMES AND ADDRESSES OF CUSTOMERS

_____ CASHING CHECKS AT STORE NUMBER _____

67-1

RECEIVED BY

NAME (PRINT)	ADDRESS (PRINT)	CITY
Marie C Hong	1906 Magnolia Dr. 37D2	Monterey Pk
Robt. L Watts	1119 Knoll Dr. 46A2	"
Eva C. Gribble	438 S. Ramona 46C2	"
Mrs. Marx E Hammond	132 E. Emerson 46B1	"
Diega Ferreira	115 No. Huntington 46	"
Mary G. Savage	1609 S. 5th 37B4	Alhambra
Patricia R. Doggan	1968 Mancha Way 46C4	Monterey Pk
Margaret Caplan	257 Coral View 46	"
Joyce Brand	1690 Starbird Dr 46C3	"
Marlene Buchbinder	215 Ramona 46C2	"
Edith M. Howell	1071 Fulton 46C345	"
Mrs Paul Verburg	1609 So. Stoneman 37B2	Alhambra
Faith A. O'Connor	303 So. Moore 46B2	Monterey Pk
V.E. Block	113 Avondale 46B1	"
C.E. Dockstader	440 W. Graves 46BD2	"
Henry N. Kirkman	514 So. Ynez 46B3	"
Ronald Slaughter	132 E. Emerson 46B1	"
Mrs D. Robertson	3213 No. Isabel 46B5	So. San Gab
Donald DeWitt Smith	1121 Brenham 46A2	Monterey Pk
Ed A. Burger	123 Roselyn Pl 46C2	"
John E. Rode	333 W. Garvey 46	"
Lucille Beek	510 Kingsford 46B2	"
Amelia Orozco	707 Cipriano Pl. 46B2	"
Mrs. Eugene Dahl	651 Villa Monte 46B2/6	"
Mrs. J. Cormier	235 No. Florence 46B1	"
Lengardt Norton	605 C. No. Nicholson 46C1	"
Gladys W. Williams	741 So. Garfield Apt 14	"
B. A. Williams	208 B. No Chandler 46B2	"
Helen Cole Reid	629 So. Lincoln 46C2	"
Mrs G. James Clarke	260 E. Starbird Dr 46C3	"
Barbara C. Raffetto	1305 Milan Pl 46C3	"
Nancy Garvin	332 W. Garvey 46	"
Alfred H. Krueger	209 No. Baltimore 46C1	"
Helen B. McCauley	1395 Fulton 46C3/4	"

DATE 11-25-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 68 Routedyer Linke 2741

NAME (PRINT)	ADDRESS (PRINT)	CITY
[illegible] a Barton	16139 Cadwell 92a4	La Quinta
Mrs Warren E Schad	17625 Locono 92AC4	La Quinta
Dempsey L Addison	15944 Cadwell 92a4	La Quinta
[illegible] L Gaman	1056 Molina 92a4/5	La Quinta
Norma R Hughes	16515 Loubelton 92a5	La Quinta
[illegible] L Wood Jr	16619 Samgarry Drive 92a5	La Quinta
Howard Burleson	931 Vanderwell Ave. 92B4	La Quinta
Margaret J Walrymple	16737 Mulvane 92a5	La Quinta
Jack A Benner	16509 Locono 92aC4	La Quinta
Mrs. W. L. Crawford	15697 Loubelton 92aB5	La Quinta
Dorothy E Lowthers	808 Ocala 92A5	La Quinta
Lawrence A St Clair	844 Arrington 48EF4	La Quinta
[illegible] Taylor	643 Rutherest 92B5	La Quinta
Orville A Pierce	681 Ocala 92A5	La Quinta
Waydean Way	1060 Stimson 92A3	La Quinta
Jim Virgil Hammons	933 Ballister 92a5	La Quinta
[illegible] Walters	15831 Francisquito 92B3	La Quinta
Willie Leoni	900 Hendora 48I=6	La Quinta
Raymond L Boyle	913 Rutherest 92B5	La Quinta
Robert W Fenimore	16127 Blackwood 92a4	La Quinta
Hyne Gerhardt	14933 Jamtdale 48B2E3	La Quinta
Lybil M Hansen	630 Brandale	La Quinta
Velma Hagen	1325 Ailsron 92a4-5	La Quinta
[illegible] Philip Huntling	840 Radway Ave 48EB4	La Quinta
Irma V Herringer	16210 Cadwell 92a4	La Quinta
Angela Tuma	14977 Sanders 48B2F4	La Quinta
Lyman W Organes	1185 Greycliff 92A5	La Quinta
Irving A Alexander	15762 Cadwell 92a4	La Quinta
Richard E Warner	1131 Greycliff 92A5	La Quinta
Chester Campbell	16543 Mulvane 92A5	La Quinta
Chester L Martin	620 Lrior Ave. 92B5	La Quinta
[illegible] Hinckley	926 Prior Ave. 92B5	La Quinta
Mrs Wilson Nichols	702 Ocala 92A5	La Quinta
Vera J Hardwick	1043 Hendora 48I=6	La Quinta

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DATE 11-25-60

NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 68

NAME (PRINT)	ADDRESS (PRINT)	CITY
C. H. Purcell Jr	758 Lanny Ave 92a5	La Puente
H. A. Horton Realtor	16778 Langerry Drive 92BC5	La Puente
W. R. Evans	16154 E. Hayland 92174	La Puente
R. N. Brown	16754 Langerry Drive 92B5	La Puente
E. B. West	690 Hamilton outside	Costa Mesa
Lois Haynes	15565 Blackwood 92a4	La Puente
Mrs. W. T. Barnes	1157 Sandybrook Ave 48E5	La Puente
R. M. Finnerty	16632 Mulvane Ave 92175	La Puente
W. W. Bernhard	16735 Lawnwood 92AB5	La Puente
Helen McCarty	16758 Lawnwood 92AB5	La Puente
George S. Kafafi	15530 Loukelton 92AB5	La Puente
Marian Uetmers	819 Hartview Ave. 92B45	La Puente
Robert E. Schmitz	16631 Secono Ave 92AC4	La Puente
Mrs. Alice L. Nelson	851 N. Eldon Ave 48E4	La Puente
David Basco	15715 Loukelton 92AB5	La Puente
H. L. Jamerson	740 Nilerson 92C4-6	La Puente
Moby Jr Schmidt	13165 Emery 39C 6	Baldwin Pk
Verda Beck	809 Greycliff Ave 92175	La Puente
Lucille Edgley	1049 Lilwood 92B45	La Puente
Robert N. Bailey	943 Glendora Ave 48F6	La Puente
C. E. Henderson, Jr.	17109 Langerry Drive 92BC5	La Puente
Warren Evans	15775 Loukelton 92AB5	La Puente
H. D. Woodin	17040 Lawnwood St 92AB5	La Puente
A Ruiz	921 Luckwirch 48F5	La Puente
Leon S. Cook	943 Grandview Lane 92C5	La Puente
Eubalio Bacalso	1059 Molinar Ave 92A4-5	La Puente
Joan L Vanbeuzaga	903 Hartview Ave 92B4	La Puente
Mary E Stone	924 Ruthcrest 92B5	La Puente
Fred Munn	15831 Amar Road 92A5	La Puente
J. M. Emmons	15714 Cadwell St. 9264	La Puente
Norbert F. May	822 Sandalwood 92C6	La Puente
Alice L Holden	15506 Mulvane 92175	La Puente
Mrs. D. O. Davis	714 Greycliff Ave 92175	La Puente
Keith Wyman	672 Nilerson 92a45	La Puente

DATE 11-25-60 NAMES AND ADDRESSES OF CUSTOMERS 2743

CASHING CHECKS AT STORE NUMBER 68

NAME (PRINT)	ADDRESS (PRINT)	CITY
Gustave Krueger	15552 Blackwood 92A4	La Puente
Mary Ruth Root	16917 Lawnwood 92AB5	La Puente
Mrs. Vern Anderson	15261 Elliott 48B3	La Puente
Barbara J. Hettinga	14374 Elliot Apt. F 48B3	La Puente
Doris L. Stordahl	777 Larimore 92A45	La Puente
Blanche L. Hartig	16014 E. Rose St. 92A6	La Puente
Norma J. Fulmer	833 Acala 92A5	La Puente
Anna Rae Moore	15914 Meadowside 92A4	La Puente
Mrs. Jean C. Morgan	602 Gifford 48B2	La Puente
Busch Jewelers Doris Fierich	110½ No. First St. 48E-6	La Puente
J. K. McMahon	15527 Mulvane 92A5	La Puente
James C. DiPeso	803 Lacon Ave. 92B5	La Puente
Lyle L. Martin	15643 Leadelton 92A65	La Puente
Edward F. Summers	15924 Cadwal 92e4	La Puente
Charlotte K. Schmed	16231 Madrigrove 92AC4	La Puente
Elizabeth Williams	15757 Leadelton 92A6-5	La Puente
Darice Moore	15205 Giordano 48C3F5	La Puente
Betty Wafford	829 Orrington Ave 48EF4	La Puente
John C. Ramirez	1023 Hillwood Ave. 92A40	La Puente
Stanley Goldbloom	16994 Turk Drive 98A1	La Puente
William Tremble	16612 Kelwood 92B5	La Puente
Elvie Grant	650 Greycliff 92A5	La Puente
Lewis R. Caballero	1331 Del Valle 48E3	La Puente
Juanita Currier	17205 Glenhope Drive 92C	La Puente
Mrs. Wayne Staats	17018 Mulvane Ave 92A5	La Puente
Mrs. D. E. Cokeley	16149 Harvest Moon 92AC	La Puente
Robert E. Ewing	1024 Echelon 92B4	La Puente
Ellen H. Leather	15961 E. Fairgrove 92A4	La Puente
Connie Lee Thiessen	639 Aileron 92e-4-5	La Puente
B. L. Dyben	16929 Lawnwood 92AB5	La Puente
J. J. Barkley	809 Orrington 48EF4	La Puente
Lou Marchesano	166 Fetherth 48E-51-3	La Puente
Inglita Zavala	1407 California 48B5	La Puente
Albert R. Robles	16541 Bristol St. ?	La Puente

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DATE 11-26-60 NAMES AND ADDRESSES OF CUSTOMERS

CASHING CHECKS AT STORE NUMBER 68

2744

NAME (PRINT)	ADDRESS (PRINT)	CITY
Betty J. Todd	602 Linecliff 92805	La Puente
Rob Nebeker	660 No. Fairmont 48E5	La Puente
Richard A. Sweet	1009 Melinda 92804-5	La Puente
J. L. Schnabel	15718 Bayland 92784	La Puente
George J. Rohde	15515 Bedwell 92804	La Puente
Mabine B. Fisher	653 Acala 92805	La Puente
Phyllis Jean Jones	709 Linecliff 92785	La Puente
David H. Hershey	16340 Lawnwood 92805	La Puente
Ray A. Henderson	17003 Lawnwood 92805	La Puente
R. G. Vick	918 Birchcrest 92805	La Puente
Judith L. Lewis	638 Ashcomb Drive 92C5	La Puente
Thomas L. Cross	16034 Meadowside 92784	La Puente
Mrs. Donald Fox	18227 Desilva 95C4	La Puente
Frank J. Belsic	16382 Monticook St. 92805	La Puente
Manuel H. Mirna	16120 Cambay St. 92805	La Puente
Thomas H. Allen	16136 Cocoba 92AC4	La Puente
Thomas Doty	16239 Pecos 92AC4	La Puente
Francis H. Kerna	756 Sandy Hook 48E5F4	La Puente
Anita Burrows	647 Ashcomb 92C5	La Puente
Penny Caggiano	527 Sandyhook 48E5F-4	La Puente
Carl Maddux	758 Mulham 48E5F4	La Puente
Kathleen Fisher	16426 Glenhope 92C6	La Puente
Anne W. Ederzani	15805 Montana 48F5	La Puente
Robert Penny	16924 Longerry Drive 92BC5	La Puente
S. Jeard	16321 Amar Road 92805	La Puente
Mrs. J. P. De Brizio	629 Peggy Avenue 92805	La Puente
Grace E. Blowney	819 Lacon Ave. 92805	La Puente
Sidney E. Wasson	924 Irandale Ave. 92B5	La Puente
Donald A. Bilz	743 Birchcrest 92805	La Puente
Pat Fernandez	16614 Mulvane 92785	La Puente
Eva O Mc Gwan	1026 Del Valle Ave 48E-3	La Puente
Jarvis Vargas	16738 Lookout 92805	La Puente
Richard Strange	16134 Montcrest 92B5	La Puente
Fred Johnson	509 Fairmont 41E5	La Puente

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DATE 11-26-69 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 68

2745

NAME (PRINT)	ADDRESS (PRINT)	CITY
Willa M. Bethel	1398 Centenera Ave 85E2	La Puente
Jack A. Hilliard	1108 Meltram St. 48E5F	La Puente
[illegible] Savage	1321 Del Valle 48E3	La Puente
[illegible] Beck	15747 Amar Rd 92A5	La Puente
Lucille M. Snyder	15646 Hudson Ave 48F6	La Puente
Robert D. Eichel	16359 Hacienda 92C6	La Puente
[illegible] Royston	16121 Beckwood 92A4	La Puente
[illegible] Sidek	15691 Lyndelton 92AB5	La Puente
Dr. Robert L. Scott	16321 Lawnwood 92AB5	La Puente
Fred E. Stewart Jr.	16514 Elwood 92B5	La Puente
[illegible] Smith	1341 Glenberry Drive 48E3	La Puente
[illegible] Ray	16626 Mulberry 92AB5	La Puente
[illegible] Ochoa	874 Cardamb Drive 92C6	La Puente
[illegible] Rios	16544 Lawnwood 92AB6	La Puente
[illegible] Ferguson	18113 Temparario ?	La Puente
[illegible] Gray	15209 Barcelona 48C3	La Puente
[illegible] Barnes	939 Oleron 92A4-5	La Puente
[illegible] Spaid	15739 Amar Rd. 92A5	La Puente
[illegible] Harding	16138 Longden Ave 92B5	La Puente
[illegible] Hart	16960 Fork Drive 98B1	La Puente
[illegible] Sinnott	15516 Mulberry 92AB5	La Puente
[illegible] Arriaga	822 Hudson Drive 48F5	La Puente
[illegible] Enriquez	1060 Sandy Rock 48B5F	La Puente
[illegible] Chavarria	15816 Lyndelton 92AB5	La Puente
[illegible] Smith	1059 California Ave 48E5	La Puente
[illegible] Osborn	17030 Mulberry 92B5	La Puente
[illegible] Doherty	15811 Lodewell 92A4	La Puente
[illegible] Hall	843 Sandy Rock 48B5F4	La Puente
[illegible]	507 Pass & Covina Road	La Puente
[illegible]	15565 Beckwood 92A4	La Puente
[illegible] Burton	16713 Mulberry St. 92B5	La Puente
[illegible] Hanson	15020 Hancock St. 48B5F4	La Puente
[illegible] Robert L. Hayes	13920 New Julian Rd. 48C6	La Puente
[illegible] Fellows	857 Evenwood 48E4B5	La Puente

510 V 63

2746 DATE 11-26-60 NAMES AND ADDRESSES OF CUSTOMERS CASHING CHECKS AT STORE NUMBER 68

NAME (PRINT)	ADDRESS (PRINT)	CITY
W. M. Brennan	639 Lisford Ave 48B2	La Puente
Jane Lenora Woodbury	461 Tamar Dr. 48E2	La Puente
Cecil J. Hammett Jr.	16624 Lenketton 92705	La Puente
Lorine M. Elfstrom	15468 Beckner 92C3E5	La Puente
Peter M. Escandon	950 Ashcomb 92C5	La Puente
Ralph D. Allen	708 Ocala 92705	La Puente
Paul M. Bitterbruce	865 Crescent 92C5	La Puente
C. S. Ennis	14944 Elliot 48B3	La Puente
Barbara V. Irvin	16391 Valark St. 92704	La Puente
Ed Edgar	1047 Hillwood 92704-5	La Puente
Mikiko Minarik	5820 Traffic Way Outside	Arcadia
Buzz Rose	663 Ranlett 92705	La Puente
Josephine Alberson	919 Ranlett 92705	La Puente
W. P. Calvert	16604 Witman Drive 92C5	La Puente
Ralph E. Crawford	615 N. Sandyhook 48E5	La Puente
Lewis Terrazas	15739 Lenketton St. 92705	La Puente
Paul Zehr	15426 Temple Ave 92705	La Puente
Emma J. Arold	16631 Inyo 85F1	La Puente
M. Hirsenard	15702 Lawnwood 92705	La Puente
William L. Williams	16539 Lenketton 92705	La Puente
Thomas M. Pieben	908 Lisford 48B2	La Puente
Maurine W. Miller	7152 Eckelon 92704	La Puente
Henley Ortiales	1016 Hillwood 92704-5	La Puente
W. D. Nelson	16157 Temple Ave 92705	La Puente
Paul A. Bartsch	1259 Contenera 85E2-3	La Puente
Jean M. Flanagan	909 Lacon Ave 92705	La Puente
Carl A. Hertzig	17002 Lacno 92704	La Puente
Wilbur Smith	1310 Nogales 92704	La Puente
Lee Nella Rutherbuch	757 N. Bluff Ave 41E51-4	La Puente
Peter A. Bulla	16348 Montwood 92705	La Puente
Le Roy Hansen	630 Leandale ?	La Puente
Clifford A. Alberson	16759 Lawnwood 92705	La Puente
Jacqueline J. Seybel	16105 Blackwood 9204	La Puente
Edward R. Miller	102 N. Hembledon 9206	La Puente

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1965

No. 303

UNITED STATES, APPELLANT,

VS.

VON'S GROCERY COMPANY, ET AL.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CALIFORNIA

Volume VI

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DEFENDANT'S EXHIBIT AF

A GROUP OF SUPERMARKET CHAINS IN THE LOS ANGELES, CALIFORNIA AREA

A Report Prepared by a Representative of the Kroger Company in Aug., 1957, Analyzing the Von's and Shoping Bag Stores and the Competition Each Faces in Its Particular Locality.

AN OBSERVATIONAL STUDY OF A GROUP SUPERMARKET CHAINS IN THE LOS ANGELES, CALIFORNIA AREA

AUGUST, 28, 1957

Howard Kruger

Summary

Observations were made of the stores operated by Von, by Shopping Bag and by Alexander in the Los Angeles area. The following report gives details of the study which was undertaken to define the desirability of these groups as a basis for entry into this market.

As a result of the information obtained the following recommendations are made:

Von's is generally desirable from a merchandising viewpoint (in spite of a number of stores which need remodel or relocation) because of its stature in the area, actual coverage of the market, and current money-making strength.

Shopping Bag is likewise desirable because, in the area where it is found, it has generally excellent physical facilities and they offer a potential for growth.

Alexander's, although several stores are first-rate, is less desirable because of overlaps with Shopping Bag, so the contribution of Alexander's would be small.

The following pages carry details of the study showing:

1. The market in general and ratings of the chains.
2. A comparison of retail prices.
3. The stores, their layout, their competition, a description and summary for each.
4. Photos of some personality traits of the chains.

The Market in General

The grocery chains of the Los Angeles area topped one billion dollars in sales for the first time in the calendar year 1956. $1,017,256,400 or 55.83% of total grocery sales, according to the Los Angeles Examiner. Attached is their breakdown of the figure into "share of market" for the 34 leading chains and the percent to total of each chain. Von's appears as third with 4.5%, Shopping Bag fifth with 3.7%, and Alexander thirteenth with 1%.

Likewise attached is the continuing home audit of the Los Angeles Times, showing where the customer "bought the majority" of her purchases separately for groceries, for meats, and for produce. This covers 18 leading chains and is not share of market, but gives a comparison of individual chain strength. Von's is most frequently third, Shopping Bag fifth or sixth and Alexander ninth.

The Market as Seen by Informed Individuals

A limited number of informed personalities in the food industry were questioned about the relative rank of leading food chains in the market. Following are some of their comments:

Mr. Tom Virgil of Star Kist, tuna packers, rates the leaders as follows: Safeway, Ralph's, Von's, Market Basket, Shopping Bag and Alpha Beta. He indicates that Safeway's strength is in the rural areas. Up until the last eighteen months Safeway had been described

as a sleeping giant but today is considered the most aggressive on national brands.

Ralph's he describes as the price leader. This was established about three years ago when Ralph's held all volume items to 6 percent markup for about three months.

Von's, in third position, reportedly follows Ralph's closely on price; is described as outstanding on produce.

Shopping Bag is best known for excellent meat and produce as well as friendliness of employees. A new central bakery has just been completed which will eliminate on-premise bakeries.

Mr. Bill Massey of Brown-Massey Associates, food brokers, describes the market as follows: Safeway is No. 1, followed by Ralph's, Von's, Market Basket, Shopping Bag and Thriftimart in that order. He believes that Safeway's current reorganization will help but that the time has gone past when it could have owned the market. Mr. Massey discussed the California Milk Marketing Act of 1935 which has resulted in enormously profitable dairy operations. Safeway, Ralph's, Von's and others are enjoying profits from dairies.

Mr. Meyer Lewis of Flotill Products, food canners, puts Ralph's in #1 spot, followed by Von's Safeway, Market Basket, Shopping Bag and Alexander in that order. He likewise emphasizes the importance of dairies and dairy profits in grocery operations here.

Mr. Lewis commented on some small chain mergers, stating that Roth Markets ($10,000,000 sales) has recently purchased Fox Markets ($18,000,000 sales). Likewise Food Giant ($22,000,000 sales) is reportedly purchasing Hiram's ($12,000,000 sales).

Charles Rose of the Los Angeles Times rates the chains in the following Order: Safeway, Ralph's, Von's, Market Basket, Shopping Bag, Thriftmart. Safeway is reportedly on an aggressive program of store location

which involves razing old buildings in well settled neighborhoods to get a modern store, rather than going into new growth areas where there is new competition. An example is their new market at Sunset and LaBrea. A & P is said to have been run "at the end of a teletype", accounting for its absence in the above ratings.

GROCERY PURCHASES

(B-1)

CONTINUING HOME AUDIT
Covering the Los Angeles County Market

THE LOS ANGELES TIMES DOES NOT AUTHORIZE PUBLICATION OR REPRODUCTION OF ANY PART OF THIS REPORT WITHOUT WRITTEN PERMISSION AND SPECIFICALLY PROHIBITS THE USE OF THIS MATERIAL IN THE PROMOTION OF ANY PRODUCT OR COMPANY.

WHERE DID YOU BUY THE MAJORITY OF YOUR GROCERIES LAST WEEK?

MARKET POSITION	1954 FINDINGS	1955 FINDINGS	1956 FINDINGS	JAN--FEB 1957 COMBINED	MAR--APR 1957 COMBINED	MAY--JUNE 1957 COMBINED
1	SAFEWAY 14.2	SAFEWAY 13.7	SAFEWAY 14.2	SAFEWAY 13.0	SAFEWAY 15.1	SAFEWAY 14.6
2	RALPHS 12.4	RALPHS 11.5	RALPHS 10.8	RALPHS 10.8	RALPHS 11.2	RALPHS 10.2
3	VONS 5.9	VONS 7.4	VONS 7.4	VONS 6.0	VONS 6.3	VONS 7.1
4	MKT BASKET 4.5	MKT BASKET 4.2	MKT BASKET 4.2	MKT BASKET 4.3	MKT BASKET 5.6	MKT BASKET 4.1
5	THI-FIT-ROB 3.6	SHOP BAG 3.6	SHOP BAG 3.3	SHOP BAG 3.7	THRIFTIMART** 4.2	SHOP BAG 4.1
6	SHOP BAG 3.2	THI-FIT-ROB 3.5	THRIFTIMART** 3.1	THRIFTIMART** 2.5	SHOP BAG 2.9	THRIFTIMART** 3.3
7	ALEXANDER 1.6	ALEXANDER 1.6	BOYS MARKET 1.6	McCOYS 2.0	McCOYS 2.1	McCOYS 2.6
8	BOYS MARKET 1.6	BOYS MARKET 1.6	CLARKS 1.6	SHOP MKT 1.6	ALPHA BETA 1.8	ALPHA BETA 1.7
9	ALPHA BETA 1.4	ALPHA BETA 1.5	ALEXANDER 1.6	ALPHA BETA 1.4	ALEXANDER 1.8	BOYS MARKET 1.7
10	CRAWFORDS 1.4	CRAWFORDS 1.5	ALPHA BETA 1.4	CRAWFORDS 1.4	McDANIELS 1.6	HIRAMS 1.6
11	MAYFAIR 1.3	CLARKS 1.5	IOWA PORK S 1.3	JIM DANDY 1.2	JIM DANDY 1.5	SHOP MKT 1.4
12	CLARKS 1.2	JIM DANDY 1.2	CRAWFORDS 1.3	BOYS MARKET 1.1	BOYS MARKET 1.5	CRAWFORDS 1.4
13	JIM DANDY 1.1	MAYFAIR 1.1	McCOYS 1.3	FOX* 1.1	CLARKS 1.4	JIM DANDY 1.3
14	BETTER FDS 1.1	HIRAMS 1.0	SHOP MKT 1.2	IOWA PORK S 1.0	SHOP MKT 1.3	IOWA PORK S 1.3
15	A & P .8	McCOYS .9	JIM DANDY 1.1	MAYFAIR 1.0	IOWA PARK S 1.1	FOX 1.3
16	McDANIELS .5	A & P .7	McDANIELS 1.1	CLARKS .9	CRAWFORDS 1.0	ALEXANDER 1.0
17	CARTY BROS .4	KING COLE .7	MAYFAIR 1.0	GATEWAY FD .8	FOX 1.0	McDANIELS 1.0
18	KING COLE .4	BETTER FDS .6	HIRAMS 1.0	CARTY BROS .8	ROTH 1.0	CLARKS 1.0
ALL OTHERS	43.4	42.2	41.5	45.4	37.6	39.3
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

** Previously listed as "THI-FIT-ROB"

*Previously included in "ALL OTHERS"

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MEAT PURCHASES

(B-2)

CONTINUING HOME AUDIT
Covering the Los Angeles County Market

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WHERE DID YOU BUY THE MAJORITY OF YOUR FRESH MEATS LAST WEEK?

MARKET POSITION	1954 FINDINGS	1955 FINDINGS	1956 FINDINGS	JAN--FEB 1957 COMBINED	MAR--APR 1957 COMBINED	MAY--JUNE 1957 COMBINED
1	SAFEWAY 14.0	SAFEWAY 13.3	SAFEWAY 13.8	SAFEWAY 12.8	SAFEWAY 12.6	SAFEWAY 12.5
2	RALPHS 8.9	RALPHS 8.1	RALPHS 8.2	RALPHS 9.5	RALPHS 8.8	RALPHS 9.0
3	VONS 4.6	VONS 5.8	VONS 6.5	VONS 5.2	VONS 5.9	VONS 6.2 **
4	THI-FIT-ROB 3.5	THI-FIT-ROB 3.4	MKT BASKET 3.4	MKT BASKET 3.7	MKT BASKET 4.1	THRIFTIMART 3.7
5	MKT BASKET 3.3	MKT BASKET 3.2	THRIFTIMART ** 3.0	SHOP BAG 3.3	THRIFTIMART ** 4.0	SHOP BAG 3.6
6	SHOP BAG 2.7	SHOP BAG 3.0	SHOP BAG 2.8	THRIFTIMART ** 2.3	SHOP BAG 2.4	MKT BASKET 3.5
7	ALPHA BETA 1.3	IOWA PORK S 1.5	IOWA PORK S 2.2	McCOYS 2.0	IOWA PORK S 2.0	IOWA PORK S 2.0
8	MAYFAIR 1.2	ALPHA BETA 1.3	BOYS MARKET 1.4	IOWA PORK S 1.4	ALPHA BETA 1.7	McGOYS 2.0
9	ALEXANDER 1.2	ALEXANDER 1.3	ALEXANDER 1.3	SHOP MKT 1.4	ALEXANDER 1.7	BOYS MARKET 1.6
10	CRAWFORDS 1.1	CRAWFORDS 1.3	ALPHA BETA 1.3	ALPHA BETA 1.3	McCOYS 1.6	ALPHA BETA 1.2
11	McCOYS 1.1	BOYS MARKET 1.2	CLARKS 1.3	CRAWFORDS 1.3	SHOP MKT 1.1	SHOP MKT 1.2
12	BOYS MARKET 1.0	CLARKS 1.2	McCOYS 1.2	JIM DANDY 1.1	CRAWFORDS 1.1	CRAWFORDS 1.2
13	A & P .8	A & P 1.1	SHOP MKT 1.1	ALEXANDER 1.0	CLARKS 1.1	HIRAMS 1.1
14	JIM DANDY .8	JIM DANDY 1.0	CRAWFORDS 1.1	CARTY BROS .9	BOYS MARKET 1.0	FOX 1.0
15	BETTER FDS .8	MAYFAIR .9	McDANIELS .8	RAISIN * .8	JIM DANDY .9	BETTER FDS 1.0
16	CLARKS .8	McCOYS .9	HIRAMS .8	A & P .7	FOX* .9	ALEXANDER .9
17	McDANIELS .5	HIRAMS .8	JIM DANDY .8	BOYS MARKET .7	KING COLE .9	CLARKS .8
18	CARTY BROS .3	BETTER FDS .5	MAYFAIR .7	GATEWAY FD* .7	McDANIELS .9	McDANIELS .8
ALL OTHERS	52.1	50.2	48.3	49.9	47.3	46.7
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Previously listed as "THI-FIT-ROB". *Previously included in "ALL OTHERS".

FIELD WORK and IBM TABULATIONS by FACTS CONSOLIDATED

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VEGETABLE PURCHASES

(B-3)

CONTINUING HOME AUDIT
Covering the Los Angeles County Market

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WHERE DID YOU BUY THE MAJORITY OF YOUR FRESH FRUITS AND VEGETABLES LAST WEEK?

MARKET POSITION	1954 FINDINGS	1955 FINDINGS	1956 FINDINGS	JAN--FEB 1957 COMBINED	MAR--APR 1957 COMBINED	MAY--JUNE 1957 COMBINED			
1	SAFEWAY 12.2	SAFEWAY 12.4	SAFEWAY 13.0	SAFEWAY 12.4	SAFEWAY 14.1	SAFEWAY 13.8			
2	RALPHS 10.8	RALPHS 9.8	RALPHS 9.6	RALPHS 10.2	RALPHS 9.8	RALPHS 8.4			
3	VONS 5.8	VONS 7.2	VONS 7.4	VONS 6.1	VONS 6.1	VONS 7.3			
4	MKT BASKET 3.9	MKT BASKET 3.8	MKT BASKET 3.9	MKT BASKET 4.0	MKT BASKET 5.3	SHOP BAG 4.1			
5	THI-FIT-ROB 3.6	SHOP BAG 3.6	SHOP BAG 3.0	SHOP BAG 3.4	THRIFTIMART* 3.8	MKT BASKET 3.7			
6	SHOP BAG 3.1	THI-FIT-ROB 3.3	THRIFTIMART* 2.9	THRIFTIMART 2.4	SHOP BAG 2.6	THRIFTIMART* 3.0			
7	BOYS MARKET 1.6	BOYS MARKET 1.6	BOYS MARKET 1.6	McCOYS 1.8	McCOYS 2.4	McCOYS 2.4			
8	ALEXANDER 1.5	ALEXANDER 1.6	McCOYS 1.5	SHOP MKT 1.6	ALPHA BETA 1.8	BOYS MARKET 1.8			
9	ALPHA BETA 1.4	ALPHA BETA 1.5	ALEXANDER 1.5	CRAWFORDS 1.5	ALEXANDER 1.8	ALPHA BETA 1.6			
10	MAYFAIR 1.2	CRAWFORDS 1.5	CLARKS 1.3	ALPHA BETA 1.4	JIM DANDY 1.5	HIRAMS 1.5			
11	CRAWFORDS 1.2	CLARKS 1.3	CRAWFORDS 1.3	JIM DANDY 1.1	BOYS MARKET 1.4	IOWA PORK S 1.4			
12	CLARKS 1.1	MAYFAIR 1.1	ALPHA BETA 1.2	FOX 1.0	McDANIELS 1.4	CRAWFORDS 1.4			
13	BETTER FDS 1.0	JIM DANDY 1.1	IOWA PORK SH 1.2	BOYS MARKET .9	SHOP MKT 1.3	JIM DANDY 1.3			
14	JIM DANDY .9	McCOYS 1.1	SHOP MKT 1.1	IOWA PORK SH .9	CLARKS 1.3	FOX 1.3			
15	A & P .8	HIRAMS .8	McDANIELS 1.0	ALEXANDER .8	IOWA PORK SH 1.2	SHOP MKT 1.2			
16	McDANIELS .5	A & P .7	MAYFAIR 1.0	CLARKS .8	CRAWFORDS 1.0	ALEXANDER 1.1			
17	CARTY BROS .4	KING COLE .7	JIM DANDY .9	GATEWAY** .8	KING COLE 1.0	McDANIELS 1.0			
HSE TO HSE	1.5	1.1	.7	.1	.6	.9			
ALL OTHERS	47.5	45.8	45.9	48.8	41.6	42.8			
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%			

*Previously listed as "Thi-Fit-Rob".

**Previously included in "ALL OTHERS".

market research division

FIELD WORK and ISM TABULATIONS by [illegible]

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Estimated Sales of Leading Chain and Multiple GROCERY Stores in the Los Angeles PRIMARY Area

Year 1956

Grocery Chain	(For Total Sales, see Footnote)	Stores in Southern Calif. Area	Stores in Los Angeles Primary Area	Average Sales Per Store in Primary Area	PRIMARY Area Sales -- Calendar Year 1956	% of GROCERY Store Sales in Primary Area
Atlantic & Pacific	(A)	29	19	$ 870,000	$ 16,530,000	0.907 %
Alexander & Son			7	$ 2,794,500	$ 19,561,500	1.074 %
Alpha Beta	(B)	29	27	$ 1,851,850	$ 50,000,000	2.744 %
Better Foods			5	$ 1,386,400	$ 6,932,000	0.380 %
Boys (The Boys Market, Inc.)			6	$ 3,885,000	$ 23,310,000	1.279 %
Carl's Markets			6	$ 988,450	$ 5,930,700	0.326 %
Clark's			7	$ 3,571,429	$ 25,000,000	1.372 %
Cole's Markets (O. E. Cole)			5	$ 1,277,600	$ 6,388,000	0.351 %
Crawford's Stores			5	$ 1,455,500	$ 7,277,500	0.399 %
Food Giant			6	$ 3,747,900	$ 22,487,400	1.234 %
Fox Markets, Inc.	(C)	13	10	$ 1,870,000	$ 18,700,000	1.026 %
Gateway Food Stores			6	$ 1,325,000	$ 7,950,000	0.436 %
Greater All-American			6	$ 1,466,933	$ 8,801,600	0.483 %
Hiram's, Inc.			4	$ 3,125,000	$ 12,500,000	0.686 %
Iowa Pork Shops, Inc.			8	$ 1,687,500	$ 13,500,000	0.741 %
Jim Dandy (XX)			9	$ 1,902,780	$ 17,125,020	0.940 %
King Cole Markets, Inc.			5	$ 1,363,800	$ 6,819,000	0.374 %
Kory's			12	$ 882,500	$ 10,590,000	0.581 %
Market Basket, Inc.			41	$ 1,973,832	$ 80,927,100	4.442 %
Mayfair Markets, Inc.	(D)	37	15	$ 2,193,250	$ 32,898,750	1.806 %
McCoy's Markets, Inc.			11	$ 808,870	$ 8,897,570	0.488 %
McDaniel's (Shop 'N Save)	(E)	8	7	$ 893,880	$ 6,257,160	0.343 %
Panorama Markets			3	$ 4,493,000	$ 13,479,000	0.740 %
Raisin Markets, Inc.			8	$ 2,516,000	$ 20,128,000	1.105 %
Ralph's			34	$ 3,405,000	$ 115,770,000	6.354 %
Roth's	(F)	7	6	$ 1,630,000	$ 9,780,000	0.537 %
Safeway	(G)	275	172	$ 1,173,000	$ 201,754,600	11.073 %
Shoppers Markets, Inc.			5	$ 2,550,000	$ 12,750,000	0.700 %
Shopping Bag Food Stores	(H)	32	29	$ 2,325,862	$ 67,450,000	3.702 %
C. S. Smith Market Co.			7	$ 850,000	$ 5,950,000	0.327 %
Thriftimart (X)			50	$ 1,163,000	$ 58,150,000	3.191 %
U-Tell-'Em Markets, Inc.			11	$ 942,500	$ 10,367,500	0.569 %
Von's			25	$ 3,330,000	$ 83,250,000	4.569 %
Yor-Way Markets, Inc.			8	$ 1,255,500	$ 10,044,000	0.551 %
34 LEADING GROCERY CHAINS, combined Sales			580	$ 1,783,621	$ 1,017,256,400	55.830 %
Total Grocery Store Sales					$ 1,822,060,000	100.0 %

(Total Sales of these Chains in the Southern California Market; Calendar Year, 1956)

(A)	$ 25,230,000	(E)	$ 7,500,000
(B)	$ 53,786,500	(F)	$ 11,410,000
(C)	$ 30,000,000	(G)	$317,443,500
(D)	$ 81,150,000	(H)	$ 72,100,000

X Thriftimart and Roberts: 39, plus 11 Co-ops. = 50

XX Now a division of Lucky Stores, Inc.

(R) 7-3-57 Business Research Department, Los Angeles Examiner.

A Comparison of Retail Prices

Von's retail prices, as reported by Grocers' Weekly Guide, were studied for the week of August 14, 1957.

2435 retail prices were selected for comparison with like items as priced by Ralph's.

1550 items were priced the same. Of this list, 1520 were grocery items and 30 were meat items.

600 items were higher at Von's. Of this list 565 were grocery items and 35 were meat items.

285 items were lower at Von's. Of this list 256 were grocery items and 29 were meat items.

The above comparisons were made with Ralph's, because it is generally considered to be the price leader in the market. Differences between Ralph's and Von's usually were not large, being pennies to fractional parts of a penny.

Similar data is not gathered for Shopping Bag or Alexander. However, general observations indicate that their retails are slightly higher than either Ralph's or Von's.

Ratings of Stores

Each individual store described in this report has been rated in the following manner:

First-Rate:	A growing store with a future—desirable.
Second-Rate:	A store with a qualified or limited outlook as described.
Third-Rate:	A poor store without a future—undesirable.

On this basis, Von's rates as follows:

First-Rate:	12 stores
Second-Rate:	13 stores
Third-Rate:	1 store
	26 stores studied

The ratings for Shopping Bag are:

First-Rate:	17 stores
Second-Rate:	8 stores
Third-Rate:	1 store
	26 stores studied

Alexander's rating are:

First-Rate:	4 stores
Second-Rate:	3 stores
	7 stores studied

Von's #1—11471 Long Beach Blvd., Lynwood, Calif.

Summary: This is an old store with a face-lift. It continues to have a good hold on the trade but rates as second grade because of physical limitations.

Average Wkly. Sales	$44,000	Age: 1952 Remodel
Average Net	3.22%	Lease Expires 1961
Ground Floor	*17,000*	
Sales Floor	10,800 sq. ft.	Groc. Housekeeping—Good
Total Space	*20,218*	
Checklanes	8	Perishable Freshness—Good
Parking	*105*	

Competition: Market Basket, approximately one mile away at Long Beach Blvd. and Golden, is larger (selling floor 17,500 sq. ft., 10 checklanes) newer, and a better plant physically, but as yet appears to be obtaining only about $40,000 per week. Uses 2 grades of beef, has liquor and complete non-foods including housewares, stationery, soft goods.

Extra Features

Van DeKamp Sales
Liquor
Housewares
Stationery
Pet Supplies
Fresh Juice

Von's #2—1305 Wilshire Blvd., Santa Monica, Calif.

Summary: This Big, Old Store is a Money-Maker and Appears to Own the Trading Area but Rates as Second Grade because a Major Remodel is much Needed.

Average Wkly. Sales	$81,000	Age: 1949
Average Net	4.67	Lease Expires 1973
Ground Floor	*17,435*	
Sales Floor	12,000 sq. ft.	Groc. Housekeeping—Good
Total Space	*20,585*	
Checklanes	10	Perishable Freshness—Excellent
Parking	*245*	

Competition: Safeway at 7th and Montana, about one mile away, is small, four checkouts, and old. Two Lillywhites at 14th and 17th on Montana are small and appear to be concessionaire operations. There is also a Baer's on 17th. None of these constitute a threat. Hope is that Von's #2 is overhauled before a sharp new operation drops in on the area.

Extra Features

Van DeKamp Sales
Liquor
Snack Bar
Fish Case
Housewares
Stationery
Film
Magazines
Phonograph Records

Von's #3—3667 West 3rd St., Los Angeles, Calif.

Summary: This is a fine looking small remodel but is outclassed by large Ralph's (Est. $100,000 sales) and Safeway (Est. $60,000) both within ¼ mile. Rated second grade.

Average Wkly. Sales	$27,000	Age: 1956
	$54,000	
Average Net	.79	Lease Expires 1966
Ground Floor	*7,200*	
Sales Floor	6,000 sq. ft.	Groc. Housekeeping—Excellent
Total Space	*9,108*	
Checklanes	4	Perishable Freshness—Excellent

Competition: Ralph's at 3rd and Vermont has about 13,500 sq. ft. of selling floor, 8 checklanes, excellent customer appeal and probably does $100,000 per week. Safeway at 3rd and Vermont has about 14,000 sq. ft. seven checklanes and does an estimated $60,000.

Extra Features

Van DeKamp Sales
Small Fish Case
Housewares
Stationery

Von's #4—2280 Atlantic Blvd., Monterey Park, Calif.

Summary: This is a first-rate successful store in a growing neighborhood and appears to be out in front versus three competitors.

Average Wkly. Sales	$105,000	Age: 1954
Average Net	4.34	Lease Expires 1974
Ground Floor	*26,000*	
Sales Floor	19,500 sq. ft.	Groc. Housekeeping—Good
Total Space	*32,463*	
Checklanes	12	Perishable Freshness—Excellent
Parking	*410*	

Competition: McDaniel at Pomona and Beverly is an outstanding store only ⅛ mile from VON'S with similar facilities and probably gets $80,000. Two Market Baskets, one a mile away doing an estimated $30,000, and one ⅛ mile doing possibly $20,000 aren't strong. The former is at Garfield and Pomona, a well equipped store, too large for this volume and the smaller one is at Atlantic and Pomona.

Extra Features

Van DeKamp Sales
Liquor
Snack Bar
Plant Bar
Toys
Housewares
Stationery
Magazines
Phonograph Records
Pet Supplies
Hosiery

Von's #5—10001 Paramount Blvd., Downey, Calif.

Summary: This is a first-rater. A shopping center might develop around it; meanwhile it outreaches the one competitor.

Average Wkly. Sales	$66,000	Age: 1955
	$75,000	
Average Net	3.84	Lease Expires 1980
Ground Floor	*24,000*	
Sales Floor	13,000 sq. ft.	Groc. Housekeeping—Excellent
Total Space	*30,843*	
Checklanes	10	Perishable Freshness—Excellent
Parking	*408*	

Competition: Raimin's Market at Lakewood and Florence, ¾ mile away, approximates $50,000. It is a larger store than VON'S with similar facilities plus large soft goods offerings, some women's wear and a plant bar.

Extra Features

Van DeKamp Sales
Liquor
Fresh Juice
Fish Case
Housewares
Stationery
Film
Toys
Magazines
Pet Supplies
Hosiery

Von's #6—1027 West Manchester, Los Angeles, Calif.

Summary: This is definitely third rate. An old open-front store with service meat, completely out of date and outclassed by a Ralph's.

Average Wkly. Sales	$21,000	Age: 1936
Average Net	2.30	No lease
Ground Floor	*9,000*	
Sales Floor	5,600 sq. ft.	Groc. Housekeeping—Fair
Total Space	*9,600*	
Checklanes	4	Perishable Freshness—Fair
Parking	*112*	

Competition: Ralph's at Vermont and 78th Place is about ½ mile away. While old it is bigger and better merchandised than VON'S #6. There are likewise two small independents in the neighborhood.

Extra Features

Van DeKamp Sales
Stationery
Phonograph Records

Von's #7—1020 South Fairfax, Los Angeles, Calif.

Summary: This is a small old-type store with service meat and again is outclassed by Ralph's. It possibly could be remodeled but meanwhile must be called second rate.

Average Wkly. Sales	$28,000	Age: 1950
Average Net	1.72	Lease Expires 1959
Ground Floor	*9,600*	
Sales Floor	5,600 sq. ft.	Groc. Housekeeping—Good
Total Space	*11,510*	
Checklanes	5	Parishable Freshness—Good
Parking	*40*	

Competition: Ralph's within a mile on Wilshire at Hauser is larger (10,000 sq. ft. of selling space) and has better customer appeal. A 10,000 sq. ft. Big Town at Pico and La Cienega also takes a share. On the other hand Fox Market at Pico and Alfred, and a small independent, Carthay Center, are not factors.

Extra Features

Van DeKamp Float only
Fish Case
Housewares Rack

Von's #8—3334 W. 8th St., Los Angeles, Calif.

Summary: This is Exemplary of What Can Be Done With Old Stores By Remodel and Should Expect Continued Moderate Earnings. Second-rate Because of Physical Limitations.

Average Wkly. Sales	$36,000 [*$48,000*]	Age: 1956
Average Net	1.81	Lease Expires 1966
Ground Floor	*9090*	
Sales Floor	6,800 sq. ft.	Groc. Housekeeping—Excellent
Total Space	*11,664*	
Checklanes	5	Perishable Freshness—Excellent
Parking	*41*	

Competition: Safeway at Hobart and Eighth is ¼ mile away, but is an old pre-war type about 3,500 sq. ft. of selling floor and 3 checklanes. Peter Pan at Pico and Normandie is a small neighborhood store without a future. Carl's Palace at Serrano and 8th is ¼ mile away but is a poor sort of Palace, dirty and unattractive.

Extra Features

Van DeKamp Sales
Small Liquor Dept.
Housewares
Magazines
Phonograph Records

Von's #9—840 So. Alvarado, Los Angeles, Calif.

Summary: This is Doubtless One of the Stores Which Built the New Supers but it Continues to Pay Off. Second Rate Because of Limited Future.

Average Wkly. Sales	$42,000	Age: 1954
Average Net	3.97	Lease Expires 1960
Ground Floor	*10,101*	
Sales Floor	4,000 sq. ft.	Groc. Housekeeping—Good
Total Space	*13,046*	
Checklanes	6	Perishable Freshness—Good
Parking	*21*	

Competition: This is not close to other food stores, being in an area of old homes, third rate apartments and light industry. Residents include some orientals and other foreign extraction. Probably competition has not been attracted.

Extra Features

Housewares Rack
Magazines
Stationery

Von's #10—1020 So. Crenshaw Blvd., Los Angeles, Calif.

Summary: Old but has a Steady Draw and Pays Off. Marked Second-rate Because it is Vulnerable to Any Good New Competitor.

Average Wkly. Sales	$52,000	Age: 1950
Average Net.	4.60	Lease expires 1960
Ground Floor	*11,520*	
Sales Floor	6,000 sq. ft.	Groc. Housekeeping—Good
Total Space	*12,160*	
Checklanes	6	Perishable Freshness—Good
Parking	*47*	

Competition: Club Market, 1118 South Crenshaw, one block away, and Serber's Forum within a mile (Pico near Crenshaw) both are in the $20,000 range but the former is a poor place with no features and the latter is a concession type only fair in appearance. It does have a pharmacy and some non-food lines.

Extra Features

Van DeKamp Float only
Housewares
Stationery
Magazines

Von's #11—1500 W. Pico Blvd., Los Angeles, Calif.

Summary: This is no Showplace but Pays a Return and Fits the Neighborhood, Classed as Second-rate.

Average Wkly. Sales	$31,000	Age: 1954
Average Net	2.64	Lease Expires 1964
Ground Floor	*9,856*	
Sales Floor	6,750 sq. ft.	Groc. Housekeeping—Good
Total Space	*9,856*	
Checklanes	5	Perishable Freshness—Fair
Parking	*42*	

Competition: This is not competitive with food stores of any consequence. In an area of lower class whites and foreign extraction. There is also some light industry, warehousing. Little to attract another market.

Extra Features

Housewares
Stationery
Magazines
Fish Case
Van DeKamp shelves only

Von's #12—5029 So. Vermont, Los Angeles, Calif.

Summary: This is Definitely Second-rate and Appears Inferior to Competition. Both the Equipment and Operation Should be Reviewed.

Average Wkly. Sales	$30,000 [*$55,000*]	Age: 1942
Average Net	—.13	Lease Expires 1961
Ground Floor	*14,040*	
Sales Floor	9,500 sq. ft.	Groc. Housekeeping—Fair
Total Space	*19,968*	
Checklanes	6	Perishable Freshness—Good
Parking	*62*	

Competition: Ralph's at Vernon and Figueroa (1 mile away) with 10,000 sq. ft. of selling floor and apparently obtaining $40,000. Here Ralph's offers two grades of beef. Kory's at 58th and Vermont is 6/10 mile away and probably obtains $35,000 offering liquor, magazines, housewares, hosiery, film and phonograph records.

Extra Features

Van DeKamp Sales
Housewares
Magazines
Toys

Von's #13—6607 Atlantic Blvd., Bell, Calif.

Summary: This is a Second-rate Store. Fixtures are Old Fashioned the Service Meat Department Smells and the Only Virtue is the Way it Pays.

Average Wkly. Sales	$53,000	Age: 1947
Average Net	4.23	Lease Expires 1969
Ground Floor	*15,600*	
Sales Floor	10,000 sq. ft.	Groc. Housekeeping—Fair to poor
Total Space	*19,960*	
Checklanes	8	Perishable Freshness—Good
Parking	*184*	

Competition: Jim Dandy within reach at Brompton and Atlantic is large (18,000 sq. ft. selling floor) and has snack bar, larger liquor store and other features, but probably does not exceed Von's in sales. McDaniel within a mile at 6135 So. Atlantic is an old, old store and makes Von's look better.

Extra Features

Van DeKamp Sales
Liquor
Fish Case
Housewares
Stationery
Film
Magazines
Pet Supplies

Von's #14—1260 W. Rodondo Beach Blvd., Gardena, Calif.

Summary: A First-rate Store, Outshines Three Competitors in This Well-Developed Suburb.

Average Wkly. Sales	$96,000	Age: 1952
Average Net	5.23	Lease Expires 1967
Ground Floor	*25,900*	
Sales Floor	14,000 sq. ft.	Groc. Housekeeping—Excellent
Total Space	*36,958*	
Checklanes	11	Perishable Freshness—Excellent
Parking	*450*	

Competition: Safeway, Vermont and 159th St. is ½ mile away, estimated at $35,000 with 8 checklanes on 9,000 sq. ft. selling floor. Meiji is ½ mile away, estimated at $25,000 with 3 checklanes on 6,000 sq. ft. selling floor. Spot Market at 153rd and Western is estimated at $40,000.

Extra Features:

Van DeKamp Sales
Snack Bar
Liquor
Plant Bar
Housewares
Magazines
Stationery
Film
Toys
Phonograph Records
Hosiery

Von's #15—3644 W. Santa Barbara, Los Angeles, Calif.

Summary: This First-Rate Store is in the Crenshaw Shopping Center and has Wide Drawing Power. Competition can't seem to Touch This Type of Von's.

Average Wkly. Sales	$100,000	Age: 1948
Average Net	2.39	Lease Expires 1966
Ground Floor	*27,787*	
Sales Floor	17,500 sq. ft.	Groc. Housekeeping—Excellent
Total Space	*58,135*	
Checklanes	14	Perishable Freshness—Excellent
Parking	*3,000*	

Competition: Within one mile includes Alpha Beta at La Brea and Santa Barbara equally large, estimated at $40,000; Boy's Market at Crenshaw and Rodeo, large, well equipped, estimated at $50,000, has some oriental and negro trade; Ralph's at Crenshaw and Rodeo, not so large, estimated at $35,000; Safeway at Crenshaw and 39th, not so large nor so effective.

Extra Features

Van DeKamp Sales
Lunch Counter
Soda Fountain
Liquor
Rotisserie
Fresh Juices
Housewares
Stationery
Photo Supplies
Magazines
Phonograph Records
Hosiery
Toys

Von's #16—10780 W. Pico Blvd., Los Angeles, Calif.

Summary: This First-Rate Store is a Big, Bright, Sharp Operation in a Center well Supported by Surrounding Business District. It has Strong Customer Appeal.

Average Wkly. Sales	$118,000	Age: 1950
Average Net	4.75	Lease Expires 1975
Ground Floor	*20,885*	
Sales Floor	12,000 sq. ft.	Groc. Housekeeping—Excellent
Total Space	*28,183*	
Checklanes	12	Perishable Freshness—Excellent
Parking	*240*	

Competition: Two Safeways of modest proportions are the competition. One at Westwood and Mississippi (⅛ mile away) is small, 3,000 sq. ft. selling space and has service meat department. The other, at Pico and Prossor (¼ mile away) is a little larger, not much better.

Extra Features

Van DeKamp Sales
Liquor
Fish Case
Fresh Juices
Housewares
Stationery
Toys
Film
Magazines
Pet Supplies
Hosiery

Von's #17—6625 Van Nuys Blvd., Van Nuys, Calif.

Summary: This Strong Store is First-Rate, a Real Money-Maker, and Appears to have a Tight Grip on the Territory.

Average Wkly. Sales	$107,000	Age: 1949
Average Net	4.29	Lease Expires 1964
Ground Floor	*22,158*	
Sales Floor	19,000 sq. ft.	Groc. Housekeeping—Excellent
Total Space	*28,454*	
Checklanes	12	Perishable Freshness—Excellent
Parking	*389*	

Competition: A Serber's which is an old-fashioned concessionaire type is ¾ mile away and an S & K Market about ½ mile away. Neither are in the same league and free land appears to be scarce hereabouts.

Extra Features

Van DeKamp (Small)
Snack Bar
Liquor
Housewares
Magazines
Phonograph Records
Pet Supplies
Hosiery
Film
Toys

Von's #18—8857 So. Western Ave., Los Angeles, Calif.

Summary: This is a Middle-Aged Store, Still Well Run and Going Strong, but has Service Meat Equipment and Should Look Forward to a Remodel. Second-Rate Compared to Von's Best.

Average Wkly. Sales	$71,000 [*$75,000*]	Age: 19[illegible]
Average Net	3.59	Lease Expires 1974
Ground Floor	*13,600*	
Sales Floor	13,500 sq. ft.	Groc. Housekeeping—Good
Total Space	*40,150*	
Checklanes	12	Perishable Freshness—Good
Parking	*108*	

Competition: Ralph's, Crenshaw and Manchester, approximately one mile away has about 13,000 sq. ft. of selling floor and Bettendorf type shelving—probably as good volume as Von's. Lynn's at 85th and Crenshaw, near Ralph's, is smaller and poorly operated, probably not a factor here. Toy's Market, 92nd and Western, is 3/10 mile away, has about 7,500 sq. ft. selling floor and is apparently Japanese operated.

Extra Features

Van DeKamp Sales
Liquor
Snack Bar
Housewares
Stationery
Film
Toys
Magazines
Phonograph Records
Hosiery

Von's #19—4480 Atlantic Ave., Long Beach, Calif.

Summary: This First-Rate Store is in a Well Developed Shopping Strip and Apparently Outdoes all Competition. It Illustrates the Strength of Von's.

Average Wkly. Sales	$83,0000	Age: 1951
Average Net	4.19	Lease Expires 1984
Ground Floor	*23,500*	
Sales Floor	15,600 sq. ft.	Groc. Housekeeping—Excellent
Total Space	*31,058*	
Checklanes	10	Perishable Freshness—Excellent
Parking	*640*	

Competition: Safeway at Atlantic and 45th Place, two blocks away is a 7-lane store but appears to be hurting considerably. Volume may be ridiculously low. Only other area food store is a Ray and Eddies at Roosevelt and Atlantic, ¾ mile away and apparently not a factor.

Extra Features

Van DeKamp Sales
Liquor
Snack Bar
Housewares
Stationery
Film
Magazines
Phonograph Records
Pet Supplies
Hosiery

Von's #20—6921 La Tijera, Los Angeles, Calif.

Summary: This is a First-Rate Store. Literally Another Good Von Throughout.

Average Wkly. Sales	$80,000	Age: 1954
Average Net	5.17	Lease Expires 1976
Ground Floor	*24,900*	
Sales Floor	14,400 sq. ft.	Groc. Housekeeping—Excellent
Total Space	*31,626*	
Checklanes	12	Perishable Freshness—Excellent
Parking	*500*	

Competition: A Thriftimart across the street is about 12,000 sq. ft. and may be getting $40,000 but is not hurting Von's. About one mile away is a Fox Market at Angeles Vista and Slauson. This has 14,000 sq. ft. of selling floor and may get $60,000 but is not comparable to the Von.

Extra Features

Van DeKamp Sales
Liquor
Snack Bar
Plant Bar
Housewares
Stationery
Film
Toys
Magazines
Phonograph Records
Pet Supplies
Hosiery

Von's #21—6571 West 80th St., Los Angeles, Calif.

Summary: Second-Rate. Although This Store has a Strong Hold by Virtue of Location, the Competition is Formidable, Including a Ralph's at Twice the Volume.

Average Wkly. Sales	$44,000	Age: 1952
Average Net	4.34	Lease Expires 1975
Ground Floor	*18,800*	
Sales Floor	10,800 sq. ft.	Groc. Housekeeping—Fair
Total Space	*18,800*	
Checklanes	6	Perishable Freshness—Good
Parking	*101*	

Competition: Within a mile; Ralph's, 88th and Sepulveda, with 16,000 sq. ft. selling floor, 9 checklanes and a probably $90,000. One of the best Ralph's seen. Jim Dandy, 88th and Sepulveda, with 7,500 sq. ft. floor, 4 lanes and possible $25,000; Thriftimart, 85th and Lincoln, with 6,000 sq ft. floor, 7 lanes and estimated $30,000; and Mayfair, 88th and Sepulveda, with 10,000 sq. ft. floor, 7 lanes and possible $45,000.

Extra Features

Van DeKamp Sales
Housewares
Hardware
Notions
Garden Supplies
Film
Toys
Magazines
Phonograph records
Hosiery

Von's #22—18247 Sherman Way, Roseda, Calif.

Summary: Second-Rate. This Otherwise Good Store is Held Down by Excessive Competition in an Area Described as Overbuilt with Supermarkets.

Average Wkly. Sales	$56,000	Age: 1953
Average Net	2.08	Lease Expires 1976
Ground Floor	*22,400*	
Sales Floor	14,000 sq. ft.	Groc. Housekeeping—Excellent
Total Space	*29,105*	
Checklanes	12	Perishable Freshness—Good
Parking	*123*	

Competition: Panorama at 18000 Sherman Way, within one block of Von's is larger (20,000 sq. ft. selling floor) and gets an estimated $75,000. Three blocks away off Sherman is a Safeway of about 10,000 sq. ft. with 7 checklanes; 6/10 mile away at VanOwen and Roseda is a Fox (8 lanes) with 10,000 sq. ft. in grocery floor and 10,000 more in non-foods; one mile away is Thriftimart at 17625 Sherman with 15,000 sq. ft. All these are sharing a pie which is not large enough.

Extra Features

Van DeKamp Sales
Liquor
Snack Bar
Fresh Juices
Housewares
Stationery
Film
Toys
Magazines
Phonograph Records
Pet Supplies
Hosiery

Von's #23—9011 Woodman Ave., Pocoima, Calif.

Summary: A First-Rate and Successful Store. Area is Growing and Competition is not Now Too Close.

Average Wkly. Sales	$113,000 [*$121,000*]	Age: 1954
Average Net	4.64	Lease Expires 1976
Ground Floor	*26,000*	
Sales Floor	14,000 sq. ft.	Groc. Housekeeping—Excellent
Total Space	*33,244*	
Checklanes	13	Perishable Freshness—Good
Parking	*630*	

Competition: Ralph's at Woodman and Van Nuys is one mile away, 20,000 sq. ft. floor, 6 checklanes, probably $55,000, and may be hurting a little. Panorama at Roscoe and Van Nuys, 25,000 sq. ft. floor, 17 checklanes, estimated volume at least $75,000. Both of these can handle more if Von relaxes.

Extra Features

Van DeKamp Sales
Liquor
Snack Bar
Housewares
Stationery
Film
Toys
Magazines
Phonograph Records
Hosiery

Von's #24—13333 Riverside Drive, Sherman Oaks, Calif.

Summary: Again a First-Rate Von Store in a Growing Area With Competition Negligible at Present.

Average Wkly. Sales	$106,000	Age: 1955
Average Net	4.38	Lease Expires 1975
Ground Floor	*21,450*	
Sales Floor	14,000 sq. ft.	Groc. Housekeeping—Good
Total Space	*27,360*	
Checklanes	12	Perishable Freshness—Excellent
Parking	*220*	

Competition: Monterey Market at Riverside and Coldwater has only about 3000 sq. ft. of selling floor and is apparently concessionaire type with separate grocery, meat, liquor and produce. It is ¾ mile to Von's #24 and is probably not taking a thing from it.

Extra Features

Van DeKamp Sales
Snack Bar
Plant Bar
Housewares
Stationery
Film
Toys
Magazines
Phonograph Records
Pet Supplies

Von's #25—4200 No. Woodruff, Lakewood, Calif.

Summary: This is an Excellent Store With a Good Future and is First-Rate in Every Way. Ice Cream Island at Entrance is Attractive Note.

Average Wkly. Sales	$90,000	Age: 1956
Average Net	3.65	Lease Expires 1976
Ground Floor	*41,800*	
Sales Floor	24,000 sq. ft.	Groc. Housekeeping—Excellent
Total Space	*45,472*	
Checklanes	15	Perishable Freshness—Excellent
Parking	*670*	

Competition: Hiram's within a mile is 24,000 sq. ft. selling floor plus nearly as much more for non-foods. Has all features of Von's #25 plus some men's wear, women's wear, yard goods and a camera department. Market Basket at Belleflower and Spring is 17,000 sq. ft. with 8 checklanes and gets an estimated $40,000. Alpha Beta at Whittier and Colima is 14,000 sq. ft. with 6 lanes and gets about $35,000. Thriftimart also within range but is a poor excuse for a modern supermarket.

Extra Features

Van DeKamp Sales
Snack Bar
Ice Cream Island
Liquor
Plant Bar
Housewares
Film
Toys
Magazines
Phonograph Records
Pet Supplies
Hosiery

Von's #27—15740 Whittwood Lane, Whittier, Calif.

Summary: A First-Rate Store With Some Growing Pains on Sales and Mark-Up to Overcome. Residential Construction is Heavy Hereabouts and This One Should Grow to Budget.

Average Wkly. Sales	$62,000	Age: 1956
	[*$90,000*]	
Average Net	1.30	Lease Expires 1976
Ground Floor	*30,000*	
Sales Floor	17,000 sq. ft.	Groc. Housekeeping—Excellent
Total Space	*39,150*	
Checklanes	15	Perishable Freshness—Excellent
Parking	*1,000*	

Competition: Within ¾ mile there is an Alpha Beta at Whittier and Colima which is not too great a factor out the Shopping Bag at Whittier and Laurel is large (20,000 sq. ft. selling floor) and appears to do $85,000, including a large non-food or variety store.

Extra Features

Van DeKamp Sales
Snack Bar
Liquor
Plant Bar
Housewares
Stationery
Film
Toys
Magazines
Phonograph Records
Pet Supplies
Hosiery

#23 Shopping Bag—Glen Oaks & Irving, Burbank, Calif.

Summary: This is a Desirable First-Rate Store With Traffic Getting Features and Possibilities of Growth.

Estimated Weekly Sales	$50,000
Sales Floor	16,500 sq. ft.
Checklanes	7
Grocery Housekeeping—	Excellent
Perishable Freshness—	Excellent

No immediate competition is apparent. This is a neighborhood shopping district which includes a junior department store, a drug store and a dry cleaner.

The store is laid out similarly to most Von's stores plus about 1500 sq. ft. toward the front set aside for a wide assortment of variety goods. All of the following are carried:

Housewares
Hardware
Glassware
Stationery
Soft Goods
Beauty & Health Aids
Photo Supplies
Toys
Magazines
Phonograph Records
Pet Supplies
Hosiery & Socks
Women's Wear
Men's Sportswear
Costume Jewelry

Also Liquor Department and Plant Bar

Von's Sites

#26—Garden Grove is described as under construction and an excellent location, although there are five markets within 1½ miles. The area has a growth potential and the site will feed on a small community shopping center. Will doubtless be a Class One store.

#28—Granada Hills is a fast growing new middle class area. Several housing developments are underway. No competition is evident nearby.

#29—Alhambra. Not visited.

#30—Torrance. This is called Torrance Triangle Shopping Center. It is near an airport and a new residential development is about ½ mile away. A Clark Market about one mile north is a strong looking competitor.

#31—Buena Park. This is described as a lower middle class growth area but was not visited.

#32—San Fernando. This is a well developed upper middle class neighborhood site. It looks like a good choice. The competition is in San Fernando business district.

#33—Canoga Park. This is on Canoga Canyon Boulevard apparently and isolated highway location. The area appears to be growing with new residential development underway.

#1 Shopping Bag—Foothill Blvd., and Scoville, Sunland, Calif.

Summary: Here is Another First-rate Store. This is Centrally Located in a Small Town Business District and Local Competition has Nothing to Touch it.

Estimated Weekly Sales	$60,000
Sales Floor	14,500 sq. ft.
Checklanes	7
Grocery Housekeeping—	Excellent
Perishable Freshness—	Excellent

The store is laid out in general much like Von's stores, with 1500-2000 sq. ft. set aside for variety goods or junior department store. All of the following are carried:

Housewares
Hardware
Glassware
Stationery
Soft Goods
Beauty & Health Aids
Film
Toys
Magazines
Phonograph Records
Pet Supplies
Hosiery & Socks
Women's Wear
Men's Sportswear
Costume Jewelry

Also Liquor Department and Plant Bar

#5 Shopping Bag—Foothill Blvd., Tujunga, Calif.

Summary: This Store is Between Two Much Larger Shopping Bags. Although Satisfactory in All Other Respects, it is Therefore Classed as Second-rate.

Estimated Weekly Sales	$25,000
Sales Floor	5,000 sq. ft.
Checklanes	4
Grocery Housekeeping—	Good
Perishable Freshness—	Good

The store is located in the town of Tujunga, midway between Sunland and La Crescenta and is 2.2 miles from Shopping Bags at both locations.

There are no nearby competitors noted. This store may own the local neighborhood area. It carries the following extra features:

Liquor
Housewares
Stationery
Film
Hosiery & Socks
Tube Tester

#2 Shopping Bag—Foothill Blvd. and Cloud, La Crescenta, Calif.

Summary: Here is a Desirable First-rate Store With Impressive Extra Departments. It Appears to Be Obtaining Good Results.

Estimated Weekly Sales	$65,000
Sales Floor	13,500 sq. ft.
Checklanes	8
Grocery Housekeeping—	Good
Perishable Freshness—	Excellent

There is a Safeway Store within range but the Shopping Bag is larger and more effective. In fact this store is one of the best Shopping Bags seen and the personnel appeared better than average.

The food departments are laid out similarly to the newer Von's stores but a junior department store is operated in the basement and a large garden store (3,000 sq. ft.) off of the parking lot in the rear. All of the following are carried:

Housewares
Hardware
Glassware
Stationery
Soft Goods
Beauty & Health Aids
Film
Toys
Magazines
Phonograph Records
Pet Supplies
Hosiery & Socks
Women's Wear
Men's Wear
Sporting Goods

Also Liquor Department, Snack Bar, Bakery sales and Rotisserie.

#4 Shopping Bag—Honolulu and Market, Montrose, Calif.

Summary: This Desirable Store is Located in the Central Business District of a Small Town and is First-rate.

Estimated Weekly Sales	$60,000
Sales Floor	8,000
Checklanes	7
Grocery Housekeeping—	Excellent
Perishable Freshness—	Excellent

Outside competition does not appear to be a problem but here again this Shopping Bag is only 1.7 miles from a similar store at La Canada. In the other direction (2.3 miles) is La Crescenta with a Shopping Bag.

Layout is not unlike Von's although in this instance the rear floats are at right angles to the other, perhaps because of space limitations here. By the same token the usual extensive variety goods is eliminated. The following extra features are found, however:

Liquor Department
Van DeKamp Sales
Fish Case
Housewares
Stationery
Beauty and Health Aids
Film
Magazines
Pet Supplies

Shopping Bag—Foothill Blvd., and Beulah, La Canada, Calif.

Summary: This Desirable Store is First-rate. It Carries Out the Shopping Bag Pattern, However, Dropping the Variety Store Section Because of its Business District Location.

Estimated Weekly Sales	$50,000
Sales Floor	11,000 sq.ft.
Checklanes	7
Grocery Housekeeping—	Excellent
Perishable Freshness—	Excellent

The location here is only 1.7 miles from Shopping Bag at Montrose. Closer competition is an Alexander of similar size, ½ mile away, which does not appear to be causing any problem.

The store follows the Shopping Bag and Von general layout. Here the following extra features are found.

Liquor Store
Large Snack Bar
Shopping Bag Bakery Sales
Housewares
Glassware
Stationery
Film
Magazines
Pet Supplies
Hosiery & Socks

Shopping Bag—Colorado and Dahlia, Glendale, Calif.

Summary: Although Well Repaired this Store is Too Small, Too Old and Too Close to Another Shopping Bag. Classed as Third-rate.

Estimated Weekly Sales	$15,000
Sales Floor	5,000 sq. ft.
Checklanes	4
Grocery Housekeeping—	Good
Perishable Freshness—	Good

This store is located in a highway business district. The greatest competition would be from the Shopping Bag at Eagle Rock, ¾ mile away.

A typical smaller store, this has service meat and is generally on a restricted basis. The usual bakery concession is not available and only a float is used for baked goods. The following extras are carried, however:

Housewares
Magazines
Hosiery

Shopping Bag—Colorado & Eagle Rock, Eagle Rock, Calif.

Summary: Although this Store Apparently Obtains Desirable Volume, it Has Service Meat and Should be Remodeled. Classed as Second-rate.

Estimated Weekly Sales	$40,000
Sales Floor	9,000 sq. ft.
Checklanes	6
Grocery Housekeeping—	Good
Perishable Freshness—	Good

The only competition within range appears to be the small Shopping Bag at Glendale, ¾ mile away. A study might indicate that the customers of both could be served from one location.

The grocery floats are laid out in the same direction as the check lanes as is typical of local stores. All of the following extra features are carried:

Shopping Bag Bakery Sales
Liquor
Housewares
Magazines
Phonograph Records
Pet Supplies
Hosiery

Shopping Bag—Lincoln & West Figueroa, Pasadena, Calif.

Summary: This is a First-rate, Big Operation at a Busy Intersection and has Good Extra Features.

Estimated Weekly Sales	$70,000
Sales Floor	14,500 sq. ft.
Checklanes	8
Grocery Housekeeping—	Excellent
Perishable Freshness—	Good

There is local competition within range but this store shows evidence of good acceptance and a firm hold on the trade.

The layout of the food departments is much like the Von Markets, plus a junior department store in a corner of the selling floor. Likewise there is a large garden store in back of the building, opening onto the parking lot. This includes a toy department and gift glassware.

The junior department store carries the following:

Housewares
Hardware
Glassware
Stationery
Soft Goods
Beauty & Health Aids
Film
Magazines
Phonograph Records
Pet Supplies
Hosiery & socks
Men's Wear
Women's Wear

Also liquor store and bakery sales.

Shopping Bag—Michilinda & Sierra Madre, Pasadena, Calif.

Summary: This is a Desirable First-rate Store in a Neighborhood Shopping Center Near the Foothills.

Estimated Weekly Sales	$70,000
Sales Floor	17,500
Checklanes	8
Grocery Housekeeping—	Excellent
Perishable Freshness—	Excellent

There is no competition nearby and the Shopping Bag apparently owns this neighborhood area which may very well have additional growth.

Food departments of this store are laid out much like those of Von's plus the usual junior department store in one corner. All of the following are carried:

Housewares
Hardware
Glassware
Stationery
Soft Goods
Beauty & Health Aids
Film
Toys
Magazines
Phonograph Records
Pet Supplies
Hosiery
Women's Wear
Men's Wear

In addition there is a large liquor store and a Shopping Bag bakery department.

Shopping Bag—Huntington & San Moreno, San Moreno, Calif.

Summary: This is a Desirable Small Operation But Would be Vulnerable to a Big Competitor. Classed as Second-rate.

Estimated Weekly Sales	$30,000
Sales Floor	9,500
Checklanes	5
Grocery Housekeeping—	Good
Perishable Freshness—	Good

This small store has service meat and probably owes its present degree of success to the fact that no big competition has come in near by.

Layout includes a Shopping Bag bakery department and a large liquor store, plus the following extra features:

Housewares
Film
Magazines
Phonograph Records
Hosiery

Shopping Bag—Huntington & Bellehaven, San Moreno, Calif.

Summary: Although this Store Serves a Good Locale, it has Service Meat and is Not Too Sharp in Appearance. Rated Second-class.

Estimated Weekly Sales	$20,000
Sales Floor	7,600 sq. ft.
Checklanes	5
Grocery Housekeeping—	Good
Perishable Freshness—	Fair

This store has a bakery with a separate entrance in a corner of the building. It is without important nearby competition and located in a neighborhood which appears to have growth possibilities.

The following extra features are carried:

Large Liquor Store
Housewares
Magazines
Stationery
Phonograph Records
Film

Shopping Bag—Baldwin & Naomi, West Arcadia, Calif.

Summary: A Desirable First-rate Store Even With or Better than Anything Nearby.

Estimated Weekly Sales	$65,000
Sales Floor	12,500
Checklanes	8
Grocery Housekeeping—	Excellent
Perishable Freshness—	Excellent

This layout of this large store is identical to the newer type Von's. It is next to a major shopping strip development and does not appear vulnerable to anything in the area.

Here again Shopping Bag has one of its few Van DeKamp sales concessions. The following additional extras are carried:

Large lunch counter with booths
Large liquor department
Housewares
Magazines
Phonograph Records
Pet Supplies
Hosiery
Film
Tube Tester

Shopping Bag—Santa Anita & Huntington Drive, Arcadia, Calif.

Summary: While this Store Would be Desirable as Part of a Package, it is Not Up to the Usual Standards and Possibly Not Equal to the Market Basket Up the Street. Classified as Second-rate.

Estimated Weekly Sales	$25,000
Sales Floor	6,800 sq. ft.
Checklanes	5
Grocery Housekeeping—	Good
Perishable Freshness—	Good

This is an older type store with service meat and could be improved. The Market Basket outshines it as does the West Arcadia Shopping Bag only 2 miles away.

The following features are offered:

Liquor Department
Shopping Bag Bakery
Small Fish Case
Housewares
Film
Magazines
Pet Supplies
Hosiery

Shopping Bag—Foothill & Primrose, Monrovia, Calif.

Summary: This Store is Desirable as Far as it Goes But Appears Too Small for the Job and Must be Classed as Second-rate.

Estimated Weekly Sales	$30,000
Sales Floor	6,000 sq. ft.
Checklanes	6
Grocery Housekeeping—	Good
Perishable Freshness—	Good

This is located in a small town business section and a larger store might pay if a better site can be found. No immediate competition is evident.

The store is laid out pretty much like the older Von's and offers modest extra facilities as follows:

Liquor Store
Shopping Bag Bakery
Small Fish Case
Housewares
Film
Pet Supplies
Tube Tester

Shopping Bag—Washington & Passons, Rivera, Calif.

Summary: This is a Desirable First-rate Store and Appears to be Doing Well in Spite of the Short Distance to the Pico Store.

Estimated Weekly Sales	$75,000
Sales Floor	17,000 sq. ft.
Checklanes	9
Grocery Housekeeping—	Good
Perishable Freshness—	Good

Here again Shopping Bag has two strong markets practically shoulder to shoulder since there is only 1.6 mile to a similar operation at Whittier & Lindsey in Pico.

This store has a large liquor department, Shopping Bag bakery sales and an outdoor garden store.

In addition, about 1000 sq. ft. are set aside on the main selling floor for a junior department store handling the following:

Housewares
Hardware
Glassware
Stationery
Soft Goods
Beauty & Health Aids
Film
Toys
Magazines
Phonograph Records
Pet Supplies
Hosiery
Women's Wear
Men's Wear
Sporting Goods

Shopping Bag—Whittier & Lindsey, Pico, Calif.

Summary: First Rate and Desirable in Spite of the Closeness to the Rivera Store.

Estimated Weekly Sales	$75,000
Sales Floor	15,500 sq. ft.
Checklanes	9
Grocery Housekeeping—	Good
Perishable Freshness—	Excellent

This is the other half of the closely located pair, being 1.6 miles north of the store at Washington and Passons in Rivera. Even more than the other store, this one appears to be doing what it was intended for and is desirable in most every way.

The layout is much like Von's only larger and includes a considerable junior department store utilizing about 2,700 sq. ft. out of the total. Items carried include:

Housewares
Hardware
Glassware
Stationery
Soft Goods
Beauty & Health Aids
Film
Key Making
Toys
Magazines
Phonograph Records
Pet Supplies
Hosiery
Women's Wear
Men's Wear
Sporting Goods

Also liquor store and bakery sales.

Shopping Bag—Valley & Edgewood, Alhambra, Calif.

Summary: Although Some of the Equipment is Old, this Store is Generally Desirable and Appears to Have a Good Hold on the Territory. Classed as Second-rate.

Estimated Weekly Sales	$40,000
Sales Floor	7,500 sq. ft.
Checklanes	6
Grocery Housekeeping—	Good
Perishable Freshness—	Good

Located in a neighborhood shopping district, there is no special competition in sight but the store is not entirely up to date since old style dry racks are found in the produce department.

The following features are seen:

Liquor Store
Shopping Bag Bakery sales
Housewares
Magazines
Pet Supplies
Hosiery

Shopping Bag—Garfield & Garvey, Monterey Park, Calif.

Summary: This Large Market is First-rate and Desirable.

Estimated Weekly Sales	$60,000
Sales Floor	15,000 sq. ft.
Checklanes	7
Grocery Housekeeping—	Excellent
Perishable Freshness—	Excellent

There is local competition within range but nothing seems to be causing this Shopping Bag any particular trouble.

A junior department store is included and utilizes approximately 1,500 sq. ft. of the selling floor, offering the following features:

Housewares
Hardware
Glassware
Stationery
Soft Goods
Beauty & Health Aids
Film
Key Making
Toys
Magazines
Phonograph Records
Pet Supplies
Hosiery
Women's Wear
Men's Wear
Sporting Goods

Also liquor store and bakery sales.

Shopping Bag—137 East Valley, El Monte, Calif.

Summary: A Desirable First-rate Store Which Appears to be Well Run and Successful.

Estimated Weekly Sales	$60,000
Sales Floor	10,000 sq. ft.
Checklanes	7
Grocery Housekeeping—	Good
Perishable Freshness—	Good

This location is in the shopping area of El Monte and once again not too far from the other El Monte Shopping Bag at Peck Road and Lower Azusa.

While the general layout is comparable to the newer Von's stores, this one has no large variety store as is common with Shopping Bag. The following are the extra features offered:

Liquor Department
Shopping Bag Bakery Sales
Lunch Counter
Housewares
Film
Magazines
Pet Supplies
Hosiery
Tube Tester
Greeting Cards

Shopping Bag—Peck Road & Lower Azusa, El Monte, Calif.

Summary: While this Store Enjoys Local Acceptance, it Has Some Older Equipment and is Limited in its Potential. Classed as Second-rate.

Weekly Sales Estimate	$30,000
Sales Floor	9,500 sq. ft.
Checklanes	6
Grocery Housekeeping—	Fair
Perishable Freshness—	Good

As pointed out in description of the valley store, this is almost an overlap but seems to hold its own. There is a substation postoffice in the store and it has no competition in the immediate community.

Layout is somewhat different than most Shopping Bags with a portion of the floats at right angles to the main grocery floats. Meat is sold at a service counter.

Extra features available include:

Liquor Department
Shopping Bag Bakery Sales
Housewares
Glassware
Beauty & Health Aids
Film
Magazines
Phonograph Records
Pet Supplies
Hosiery
Greeting Cards

Shopping Bag—Arrow & Azusa, Covina, Calif.

Summary: This is a First-rate Store and is Desirable Although Volume Appears a Little Low for its Size.

Estimated Weekly Sales	$40,000
Sales Floor	18,000 sq. ft.
Checklanes	8
Grocery Housekeeping—	Excellent
Perishable Freshness—	Good

This is a large shiny, new market and growth in the area will probably bring the volume up. A number of features are offered including a liquor store, Shopping Bag bakery sales and a junior department store offering the following:

Housewares
Hardware
Glassware
Stationery
Soft Goods
Beauty & Health Aids
Film
Key Making
Toys
Magazines
Phonograph Records
Pet Supplies
Hosiery
Women's Wear
Men's Wear
Sporting Goods

Shopping Bag—California Ave. & San Bernardino Freeway, West Covina, Calif.

Summary: A Desirable First-rate Store in An Area Which Could Grow.

Estimated Weekly Sales	$70,000
Sales Floor	20,000 sq. ft.
Checklanes	10
Grocery Housekeeping—	Excellent
Perishable Freshness—	Good

This is a really big store and brand new. Located in a West Covina shopping center which is close to another shopping center occupied by a McDaniel store and an independent market.

The new big Shopping Bags are laid out much like Von's stores with the addition of the junior department store in one corner. This offers the following:

Housewares
Hardware
Glassware
Stationery
Soft Goods
Beauty & Health Aids
Film
Key Making
Toys
Magazines
Phonograph Records
Pet Supplies
Hosiery
Women's Wear
Men's Wear
Sporting Goods

Also liquor store, bakery float and plant bar.

Shopping Bag—Glendora and Amar, Puente, Calif.

Summary: The Store is Desirable and First-rate in a Highway Location Where There is Room For Growth.

Estimated Weekly Sales	$60,000
Sales Floor	18,000 sq. ft.
Checklanes	7
Grocery Housekeeping—	Excellent
Perishable Freshness—	Good

There is a Market Basket nearby with equal facilities but doubtless there will be room for both stores.

Included in the facilities available are:

Large Liquor Department
Shopping Bag bakery float
Magazines
Tube Tester
Phonograph Records
Film

A junior department store occupies about 3000 sq. ft. of the selling floor and carries:

Housewares
Stationery
Soft Goods
Toys
Hosiery
Women's Wear
Men's Wear
Sporting Goods

Shopping Bag—Orangethorpe & Brookhurst, Fullerton, Calif.

Summary: This is a Desirable, Large Store Apparently Obtaining Good Results. Classed as First-rate.

Estimated Weekly Sales	$60,000
Sales Floor	21,000 sq. ft.
Checklanes	8
Grocery Housekeeping—	Good
Perishable Freshness—	Excellent

Located in a large neighborhood shopping district, the store is laid out similarly to the newer type Von's. It appears to have a satisfactory hold on the local trade and to be making a success.

Included in the operation are approximately 3,000 sq. ft. for a junior department store and all of the following are carried:

Housewares
Hardware
Glassware
Stationery
Soft Goods
Beauty & Health Aids
Film
Key Making
Toys
Magazines
Phonograph Records
Pet Supplies
Hosiery
Women's Wear
Men's Wear
Sporting Goods

Also liquor store and bakery sales.

Shopping Bag—Whittier Blvd. & Laurel, Whittier, Calif.

Summary: Another Desirable First Rate Store With Impressive Extra Departments.

Estimated Weekly Sales	$85,000
Sales Floor	20,000 sq. ft.
Checklanes	10
Grocery Housekeeping—	Good
Perishable Freshness—	Excellent

This location puts the store within competitive distance of a Market Basket, an Alpha Beta and a Von's. There seems to be no question that Shopping Bag is holding its own or better.

The layout here is like most of the new Shopping Bag and Von stores, again with the use of about 3,500 sq. ft. for junior department store goods. The following merchandise is offered:

Housewares
Hardware
Glassware
Stationery
Soft Goods
Beauty & Health Aids
Film
Key Making
Toys
Magazines
Phonograph Records
Pet Supplies
Hosiery
Women's Wear
Men's Wear
Sporting Goods
Shoes
Garden Tools
Plumbing Supplies

Also large liquor store, Shopping Bag bakery sales and plant bar.

Alexander—Orange and Wilson, Glendale, Calif.

Summary: A Second Rate Store Because it is Getting Old and Would be Vulnerable to Any Additional Competition.

Estimated Weekly Sales	$40,000
Sales Floor	10,500 sq. ft.
Checklanes	6
Grocery Housekeeping—	Fair
Perishable Freshness—	Good

There is a Ralph's adjoining on the other side of the parking lot which greatly outreaches this store. It is feared that anything more might give this store definite trouble.

One unusual arrangement here and of questionable desirability is the meat which is carried in floor cases in the center of the store rather than along the wall. Stocking would seem difficult.

Other extra features are:

Van DeKamp Float
Snack Bar
Housewares
Stationery
Magazines

Alexander—Foothill & Georgian, La Canada, Calif.

Summary: This is a Bright New Store, First Rate In Every Way, Although it Does Overlap the Shopping Bag ½ Mile Away.

Estimated Weekly Sales	$40,000
Sales Floor	14,500 sq. ft.
Checklanes	8
Grocery Housekeeping—	Excellent
Perishable Freshness—	Excellent

This store, laid out much like the Von's, is physically the best Alexander seen but unfortunately the La Canada Shopping Bag is quite close by and is taking out about $50,000 from this area.

Extra features of this store are as follows:

Van DeKamp Bakery Sales
Plant Bar
Soda Fountain
Housewares
Plastics
Stationery
Film
Glassware
Magazines
Phonograph Records
Hosiery

Alexander—Magnolia and First, Burbank, Calif.

Summary: This is a First Rate Successful Looking Store in the Central Business District.

Estimated Weekly Sales	$75,000
Sales Floor	12,000 sq. ft.
Checklanes	10
Grocery Housekeeping—	Good
Perishable Freshness—	Good

Competition is several blocks away consisting of a Ralph's.

Once again the layout resembles that of a modern Von's Market. In this instance a soda fountain constitutes an added feature but there is no liquor store. Other features include:

Van DeKamp Sales Float
Small Fish Case
Housewares
Stationery
Magazines
Pet Supplies
Hosiery

Alexander—Victory Blvd. & Laurel Canyon, Van Nuys, Calif.

Summary: This is Classed as a First Rate Store on the Grounds of an Apparent Successful Operation in Spite of a Relatively Unimpressive Appearance.

Estimated Weekly Sales	$65,000
Sales Floor	16,000 sq. ft.
Checklanes	12
Grocery Housekeeping—	Fair
Perishable Freshness—	Good

The location is next to a shopping center in which both McDaniel and Thriftimart are present. However, neither seem to be causing Alexander any particular trouble. As stated above, the store is not impressive; at least needs paint and new lighting.

The layout here is practically identical with Von's larger stores although some meat is carried across the aisle from the regular self service meat department. Extra features include:

Van DeKamp Bakery Sales
Small Fish Case
Housewares
Stationery
Toys
Magazines
Phonograph Records

Alexander—Vermont & 30th Place, Los Angeles, Calif.

Summary: This is Definitely a Second-rate Store. It has an Odd Layout and Some of the Fixtures Are Not Matched.

Estimated Weekly Sales	$40,000
Sales Floor	9,500 sq. ft.
Checklanes	6
Grocery Housekeeping—	Good
Perishable Freshness—	Excellent

The peculiar arrangement here finds frozen food in the floats on the sales floor and at a dislocated point in the wall fixturing. On the other hand the fresh meat is found in cases on the sales floor rather than on the wall. Trade appears to be heavily Negro and Oriental. Perhaps this is where the old fixtures go.

Extra features include only the following:

Van DeKamp Bakery Shelving
Housewares
Stationery
Toys
Magazines

Alexander—West Washington & Westview, Los Angeles, Calif.

Summary: This Store Would be Desirable Only as Part of a Package Since it is Rather Cluttered and Needs Re-working. Classed as Second Rate.

Estimated Weekly Sales	$35,000
Sales Floor	9,500 sq. ft.
Checklanes	5
Grocery Housekeeping—	Fair
Perishable Freshness—	Good

There is nothing especially outstanding about the store. The arrangement is definitely rather odd since part of the grocery floats are on a line with the check outs and the balance are at right angles.

Among the extra features offered are:

Van DeKamp Bakery Sales
Lunch Counter & Soda Fountain
Housewares
Toys
Hosiery

Alexander—Azusa and Gladstone, Azusa, Calif.

Summary: This is a First-rate Desirable Store in Spite of the Volume Which is Not Quite Up to the Size of the Store.

Estimated Weekly Sales	$40,000
Sales Floor	20,000 sq. ft.
Checklanes	8
Grocery Housekeeping—	Excellent
Perishable Freshness—	Good

The Covina Shopping Bag is quite close and one or the other may suffer in the long run.

This store is laid out in a plan similar to the newer Von's and in addition has the low back frozen food cases which are definitely attractive.

Other extra features include:

Van DeKamp Bakery Sales
Small Fish Case
Ice Cream Counter
Housewares
Glassware
Stationery
Film
Toys
Magazines
Phonograph Records
Pet Supplies
Greeting Cards

DEFENDANT'S EXHIBIT AM

COMPARISON OF SALES FROM 1948 TO 1960 OF THE 20 LARGEST GROCERY CHAINS IN THE LOS ANGELES METROPOLITAN AREA USING JUNE 30, 1960 RANKING (A)

	1948				1954				1958				1960 (First 5 Months)			
	Sales in Thousands of Dollars	% Total Grocery Sales	% Total Food Store Sales	Number of Stores	Sales in Thousands of Dollars	% Total Grocery Sales	% Total Food Store Sales	Number of Stores	Sales in Thousands of Dollars	% Total Grocery Sales	% Total Food Store Sales	Number of Stores	Sales in Thousands of Dollars	% Total Grocery Sales	% Total Food Store Sales	Number of Stores
eway Stores Inc.	$130 430(B)	14.2	11.9	(H)	$145 312	9.8	8.4	185	$161 233	8.0	7.3	154	$89 336(C)	7.7	7.1	140
's	21 794	2.4	2.0	14	63 730	4.3	3.7	19	93 703	4.7	4.2	27	85 329(C)	7.4	6.8	64
pping Bag	11 396	1.2	1.0	15	52 444	3.5	3.0	23	84 379	4.2	3.8	34	- (J)	-	-	-
phs Grocery Company	63 179	6.9	5.8	32	105 889	7.1	6.1	32	126 749	6.3	5.7	38	73 568	6.4	5.9	40
d Giant Markets, Inc.	- (H)	-	-	-	11 905(F)	.8	.7	2	72 727(F)	3.6	3.3	18	52 612(F)	4.6	4.2	29
ket Basket	20 602	2.2	1.9	26	58 114	3.9	3.4	30	88 807	4.4	4.0	39	48 307(C)	4.2	3.9	39
iftimart	19 931	2.2	1.8	(H)	51 716(C)	3.5	3.0	37	88 583(C)	4.4	4.0	43	45 276(C)	3.9	3.6	47
Markets	- (I)	-	-	-	1 019	.1	.1	3	54 895	2.7	2.5	34	41 430	3.6	3.3	39
a Beta Food Markets	13 483(C)	1.5	1.2	18	37 954(C)	2.6	2.2	25	68 296(C)	3.4	3.1	48	41 000(C)	3.5	3.3	46
Fair	21 963(D)	2.4	2.0	22	27 121(F)	1.8	1.6	14	39 360(F)	2.0	1.8	28	20 326(F)	1.8	1.6	25
y Stores Inc.	- (I)	-	-	-	- (I)	-	-	-	21 121	1.1	1.0	10	15 237	1.3	1.2	18
Boy's Markets Inc.	8 177	.9	.7	4	16 950	1.1	1.0	5	25 178	1.3	1.1	7	14 671	1.3	1.2	8
es Markets	- (I)	-	-	-	2 494	.2	.1	2	21 695	1.1	1.0	7	14 432	1.2	1.2	8
pers Markets	- (H)	-	-	-	11 446(C)	.8	.7	4	16 716(C)	.8	.8	8	13 150(C)	1.1	1.1	9
ter All American Markets	1 025	.1	.1	2	11 211	.8	.7	7	22 517	1.1	1.0	10	12 527	1.1	1.0	12
niel's Markets	5 557	.6	.5	10	9 429	.6	.5	7	33 869	1.7	1.5	16	12 357(C)	1.1	1.0	17
nder's Markets	4 926	.5	.4	3	15 812	1.1	.9	6	22 723	1.1	1.0	9	10 248	.9	.8	9
Atlantic & Pacific a Co.	13 240(E)	1.4	1.2	21	10 298(C)	.7	.6	16	13 220(C)	.7	.6	14	9 894(C)	.9	.8	18
y's Markets	- (H)	-	-	-	7 261(G)	.5	.4	10	14 007	.7	.6	12	8 043	.7	.6	13
-Way Markets	- (I)	-	-	-	4 120	.3	.2	5	10 904	.5	.5	15	7 562	.7	.6	19
	-	-	-	-	-	-	-	-	-	-	-	-	7 442	.6	.6	20

Source: Company records obtained under court order unless otherwise specified.

(A) Los Angeles and Orange Counties.

(B) 1948 census sales figures for top 4 chains less sales of Ralph's, Mayfair and Von's.

(C) Adjusted to calendar year from fiscal year or four-week periods.

(D) Adjusted from total 1948 sales in ratio of Los Angeles and Orange County 1949 sales to total 1949 sales.

(E) Fiscal year 2-29-48 to 2-26-49.

(F) Sales tax expressly included.

(G) Los Angeles Examiner "Estimated Sales (Calendar Year) Chain Grocery Stores in the Los Angeles Primary Area, 1954".

(H) Unknown.

(I) Opened subsequent to 1948 or 1954.

(J) Combined with Von's.

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DEFENDANT'S EXHIBIT AN

PERCENTAGE OF THE TOTAL GROCERY STORES SALES
BY VARIOUS GROUPS OF CHAINS IN THE
LOS ANGELES METROPOLITAN AREA
1950-1960

NUMBER OF CHAINS IN EACH GROUP	YEAR										
	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960 (A)
20	40.0	43.3	47.0	48.1	47.8	47.3	48.3	53.1	54.3	51.8	53.9
15	37.7	40.9	44.3	44.4	44.1	43.9	44.2	47.9	50.0	47.5	50.2
9	33.6	36.1	39.0	38.5	37.8	38.0	37.3	39.4	41.7	39.1	43.1
8	32.6	35.1	37.8	37.4	36.5	36.5	35.9	37.6	39.0	35.8	41.3
5	26.7	28.5	30.5	29.6	28.6	28.5	28.1	28.6	27.8	24.6	30.3
4	24.2	25.6	27.3	26.2	25.1	24.8	24.3	24.4	23.4	20.7	26.1
3	21.4	22.6	24.0	22.5	21.2	20.7	19.9	20.1	19.0	16.7	21.5

(A) First six months of the year 1960

Source: (1) Records of companies obtained under court order.

(2) Los Angeles Examiner "Estimated Sales (Calendar Year) Chain Grocery Stores in the Los Angeles Primary Area" 1950-1960.

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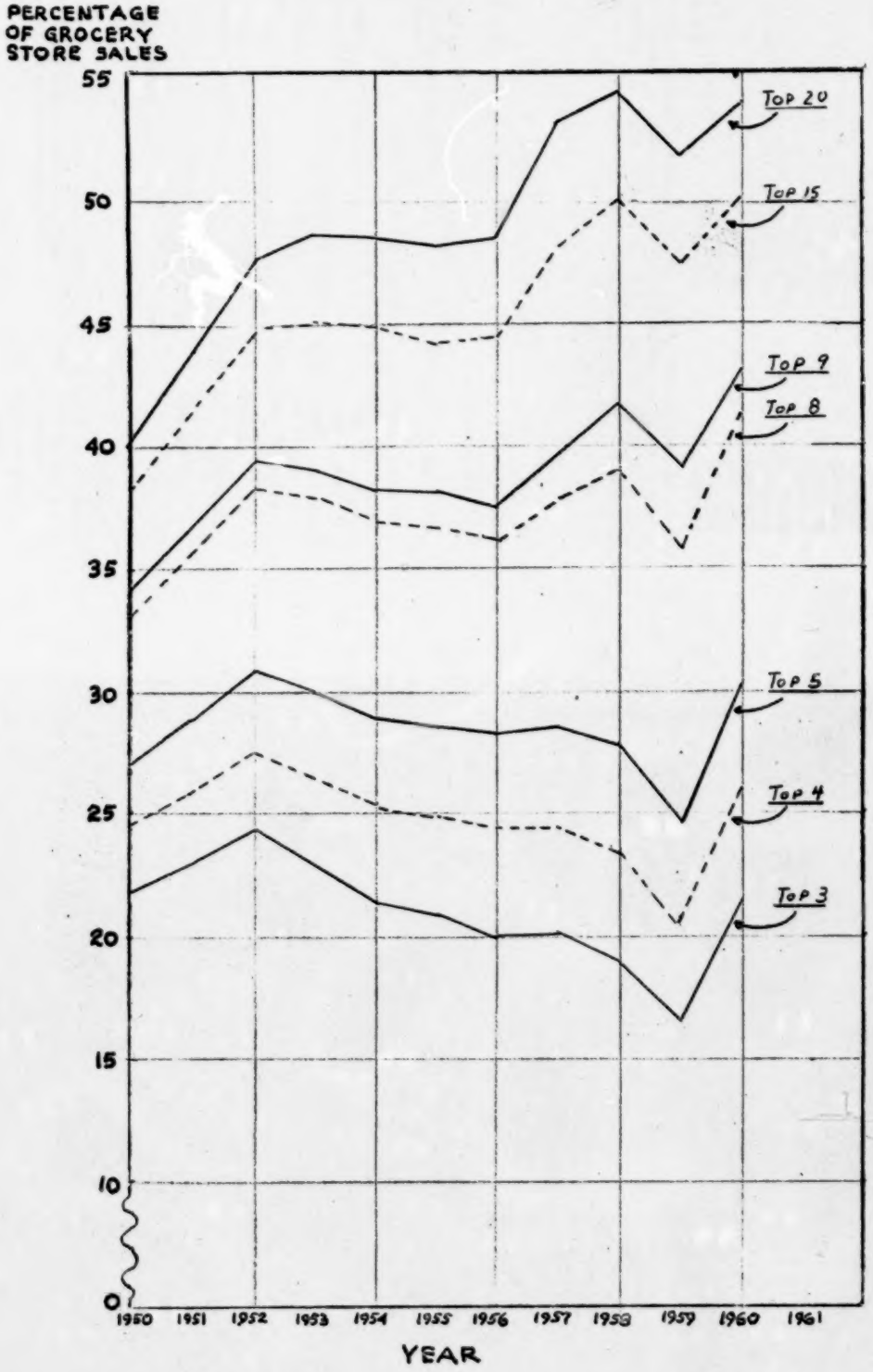
PERCENTAGES OF TOTAL GROCERY STORE SALES
BY VARIOUS GROUPS OF CHAINS IN THE
LOS ANGELES METROPOLITAN AREA
1950 - 1960*



* PROJECTION

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DEFENDANT'S EXHIBIT AO

Total Grocery Store Sales and Food Store Sales for Each of the Years 1950 Through 1960 in the Los Angeles Metropolitan Area*

Year	Total Grocery Store Sales $000	Total Food Store Sales $000
1950	1,109,262	1,303,984
1951	1,203,725	1,408,623
1952	1,298,189	1,513,262
1953	1,392,652	1,617,901
1954	1,487,116	1,722,540
1955	1,617,416	1,846,023
1956	1,747,716	1,969,506
1957	1,878,016	2,092,989
1958	2,008,313	2,216,472
1959	2,157,786	2,358,236
1960 (1st 6 mos.)	1,155,000	1,250,000

* This table is intended to replace the table appearing on page 24 of the Statement in Support of Defendant's Proposed Exhibits in United States of America, Plaintiff, vs. Von's Grocery Company and Shopping Bag Food Stores, Defendants. Amounts have been computed in the manner described in the statement.

DEFENDANT'S EXHIBIT AR

Discount Houses

6-6-63

			District #1
Gemco Dept. Stores (owned by Lucky Stores, Inc.) 1801 N. Glendora La Puente	Member Complete Food Center	#31	973 S. Glendora Ave. West Covina
Scoa (Shoe Corporation of America) Orange & Service Road West Covina	Open Complete Food Center	#32	1170 W. Garvey Blvd. West Covina
A.B.C. Union Store 848 S. Baranca Covina	Member Complete Food Center	#68	15427 Amar Road La Puente
White Front Stores (F & G Discount Foods) 1151 N. Azusa Covina	Open Complete Food Center	#70	960 W. Arrow Highway Covina
M.O.R.E. Inc. (owned by Thriftimart Inc.) 601 N. Azusa Covina	Open	#36	517 S. Glendora Ave. Glendora
Golden Rule Discount Dept. Stores (Food Fair Stores of California) 9521 E. Valley Blvd. Rosemead	Open Complete Food Center	#55	1407 Baldwin Ave. Arcadia
M.O.R.E. Inc. (owned by Thriftimart, Inc.) 8682 Garvey Blvd. South San Gabriel	Open Groceries but no meat or produce	#57	4806 N. Peck Road El Monte
		#29	1000 E. Valley Blvd. Alhambra

Discount Houses 6-6-63

Unimart, Inc. (owned by Food Giant Markets)	Member		
2301 W. Valley Pomona, California	Complete Food Center	#71	2470 N. San Antonio Ave. Pomona
			District #2
		#40	1201 W. Whittier Blvd. Whittier
Serv-Mart Inc.	Member	#60	9406 E. Washington Blvd. Pico-Rivera
8909 E. Washington Pico-Rivera	Complete Food Center Frozen Meats	#62	9130 E. Whittier Blvd. Pico-Rivera
		#61	546 E. Cullen St. Whittier
		#56	2200 W. Valley Blvd. Alhambra
Unimart, Inc. (owned by Food Giant Markets)	Member	#67	127 N. Garfield Monterey Park
Main St. & Palm Alhambra	Complete Food Center	#77	300 W. Main Alhambra
			District #3
A.B.C. Union Store	Member		
3828 W. Bolsa Santa Ana	Groceries, produce, dairy, etc. but no meat		
C.M.A. (Consumers Mart of America)	Open		
1440 S. Los Angeles St. Anaheim	Complete Food Center		
Fed-Mart Corp.	Open		
500 N. Muller Anaheim	Complete Food Center but Limited Produce and Limited Variety Frozen Meats	#26	12151 Brookhurst Ave. Garden Grove
		#33	9922 Katella Anaheim
Gemco Dept. Stores (owned by Lucky Stores, Inc.)	Member	#63	1845 W. Orangethorpe Fullerton
9700 Lincoln Anaheim	Complete Food Center		
Leonard's (Low Cost Markets—division of Mayfair Markets)	Open		
12891 Harbor Blvd. Garden Grove	Groceries but no meat or produce		
U-Disco (Foods Co.)	Member		
12500 Bellflower Blvd. Downey	Complete Food Center	#5	1001 Paramount Blvd. Downey
Big "A" (Food Fair Stores of California)	Open	#35	9058 E. Firestone Downey
5500 Cherry Avenue Long Beach	Complete Food Center		

Discount Houses

6-6-63

Cal Stores — Member
(Low Cost Markets, div. of Mayfair Markets)
2500 Carson
Lakewood — Complete Food Center

Fed-Mart Corp. — Open
3705 South Street
Long Beach — Groceries and Limited Produce, Frozen Meats

Unimart, Inc. — Member
(owned by Food Giant Markets)
2270 Bellflower Blvd.
Long Beach — Complete Food Center

Unimart, Inc. — Member
11000 E. Alondra
Norwalk — Complete Food Center

C.M.A. — Open
(Consumers Mart of America)
20225 S. Western
Torrance — Complete Food Center

Big Bear — Open
(owned by Lucky Markets, Inc.)
Sepulveda & Hawthorne
Torrance — Complete Food Center

Leonard's Discount Market — Open
(S & A Foods Inc.—Robert Sherry who operates Vernon & Vermont Mkt.)
25405 Crenshaw Blvd.
Torrance — Complete Food Center

White Front Stores — Open
(F & G Discount Foods, Inc.)
21250 Hawthorne Blvd.
Torrance — Complete Food Center

Low Cost Markets — Open
(division of Mayfair Markets)
5071 Rodeo Road
Los Angeles — Complete Food Center

Fedco — Member
3535 S. La Cienega
Los Angeles — Large variety Meat, Deli, Frozen Food and Bakery Products only

M.O.R.E. — Open
(owned by Thriftimart, Inc.)
3443 Sepulveda
Los Angeles — Groceries but no meat or produce

Unimart, Inc. — Member
(owned by Food Giant Markets)
10820 Jefferson
Culver City — Complete Food Center

District #4

#6 5036 Pacific Coast Hwy.
Torrance

#14 1260 W. Redondo Beach Blvd.
Gardena

#15 3644 W. Santa Barbara
Los Angeles

#16 10780 W. Pico Blvd.
Los Angeles

#19 4480 Atlantic Blvd.
Long Beach

#20 6921 La Tijera Blvd.
Los Angeles

#25 4200 N. Woodruff Ave.
Lakewood

#35 9058 E. Firestone
Downey

Discount Houses

6-6-63

Big "A" (Foods, Inc.) 8341 Canoga Park Canoga Park	Open Complete Food Store	District #5 #17 6655 Van Nuys Blvd. Van Nuys
Cal Stores (Low Cost Markets, div. of Mayfair Markets) 14166 Van Nuys Blvd. Pacoima	Member Complete Food Center	#22 18247 Sherman Way Reseda #[illegible]3 9011 Woodman Ave. Pacoima
M.O.R.E. (owned by Thriftimart, Inc.) 18300 Vanowen Blvd. Reseda	Open Groceries but no meat or produce	#28 20151 Roscoe Blvd. Canoga Park
Fedco 14920 Raymer Van Nuys	Member Large variety Meat, Deli, Frozen Food and Bakery Products only	#39 19333 Victory Blvd. Reseda #74 16130 Nordhoff St. Sepulveda
White Front Stores (F & G Discount Foods, Inc.—Nathan Gilbert and W. Fredrick) 21300 Roscoe Blvd. Canoga Park	Open Complete Food Center	#78 9119 Reseda Blvd. Northridge
		District #6
Fantastic Fair City (Mednick Bros.) 12701 Van Nuys Blvd.) Pacoima	Open Complete Food Center	
Unimart, Inc. (owned by Food Giant Markets) 2311 Hollywood Way Burbank	Member Complete Food Center	#64 2150 N. Glenoaks Burbank #83 301 N. Pass Ave. Burbank
Save-Co (Food Fair Stores of California) 11055 Victory Blvd. North Hollywood	Open Complete Food Center	

DEFENDANT'S EXHIBIT AS

IN THE UNITED STATES DISTRICT COURT

Civil Action No. 336–60–WM

UNITED STATES OF AMERICA, Plaintiff,

v.

VON'S GROCERY COMPANY AND SHOPPING BAG FOOD STORES, Defendants.

PLAINTIFF'S ANSWERS TO SUPPLEMENTAL INTERROGATORIES 6A THROUGH 6D OF DEFENDANT VON'S GROCERY COMPANY

The following are answers to Supplemental Interrogatories 6A through 6D, served by defendant Von's Grocery Company herein. The Government asserts that such answers are served in advance of pre-trial discovery and prior to the formulation of issues in a pre-trial order. It is, therefore, clear that such answers cannot be considered final and may be modified as a result of further discovery and investigation.

Supplemental Interrogatory No. 6A:

> "Is plaintiff able to identify by name and business address *any* of the 'smaller sellers' referred to in paragraph 13(d) of the complaint?"

Answer to Supplemental Interrogatory No. 6A:

Yes.

Supplemental Interrogatory No. 6B:

> "If the answer to subdivision A is in the affirmative, state the name and business address of each such 'smaller seller' that plaintiff can identify."

Answer to Supplemental Interrogatory No. 6B:

All names and addresses listed in the appendix attached hereto, with the exception of stores operated by defendant herein.

Supplemental Interrogatory No. 6C:

> "Is plaintiff able to identify by name and business address *any* of the 'independent retailers' referred to in paragraph 13(e) of the complaint?"

Answer to Supplemental Interrogatory No. 6C:

Yes.

Supplemental Interrogatory No. 6D:

> "If the answer to subdivision C is in the affirmative, state the name and business address of each such "independent retailer' that plaintiff can identify."

Answer to Supplemental Interrogatory No. 6D:

All names and addresses listed in answer to Interrogatory No. 6B, except stores operated by chains. To the best of plaintiff's knowledge, such chains include, but are not necessarily limited to, the following:

Alexander's Markets
Alpha Beta Markets
Better Food Markets
Boys Markets
Cole's Markets, Inc.
Crawford Stores, Inc.
Daylight Super
Food Giant Markets
Fox Markets, Inc.
Glickman Bros.
Jurgensen's Grocery Co.
Kory's Markets, Inc.
Lucky Stores, Inc.
Mayfair
All American Markets, Inc.
The Food Company
Gateway Food Stores, Inc.
Hughes Markets
King Cole Markets, Inc.
Land's Markets
Market Basket
McCoy's Markets
McDaniels Markets
Pantry Food Markets, Inc.
Piggly Wiggly
Rankins Markets
Shoppers' Markets
Sunfair Markets, Inc.
Yor-Way and Metropolitan Markets

Beach Markets
Lee R. Bishop Co.
Carl's Markets
Community Markets
Dales Food Marts, Inc.
El Rancho
Mednik Brothers
Patton's Markets
Ralphs Grocery Co.
Serbers
Stater Bros. Markets
Thriftimart, Inc.

Dated: August 1, 1960

/s/ James J. Coyle, /s/ Theodore F. Craver, Attorneys, Department of Justice

Served on us by mail August 2, 1960.

Appendix to Plaintiff's Answers to Supplemental Interrogatories Nos. 6A Through 6D

Note: Please disregard various symbols such as the letters "S", "OEM" etc.

MINIT MARKETS #7
486 E. 17th
Costa Mesa, California

BARGAIN BASKET
817 W. 19th
Costa Mesa, California

COSTA MESA FOOD MARKET
2120 Harbor Blvd.
Costa Mesa, California

SPEEDEE MART #201
1310 Nicholas
Fullerton, California

SHOPPING BAG #23
1845 W. Orangethorpe
Fullerton, California

THE FOOD BIN
2230 W. Valencia
Fullerton, California

PEAK'S VILLAGE MKT.
4009 W. Valencia
Fullerton, California

VILLAGE MARKET
101 N. Basque
Fullerton, California

MARKET BASKET #34
920 W. Commonwealth
Fullerton, California

WILSHIRE MARKET
301 N. Richman
Fullerton, California

COX MARKET
1741 Newport Bl.
Costa Mesa, California

ALL AMERICAN #6
535 W. 19th
Costa Mesa, California

FOOD GIANT #19
2300 Harbor
Costa Mesa, California

ALPHA BETA #51
1701 W. Orangethorpe
Fullerton, California

MINIT MARKET #3
1814 W. Valencia
Fullerton, California

TOM'S MARKET
3710 W. Valencia
Fullerton, California

AXEL'S AIRWAY MARKET
8502 Commonwealth
Fullerton, California

PARKE HILLTOP GROCERY
813 Carhart
Fullerton, California

LOVEJOY MARKET
120 N. Richman
Fullerton, California

PATTON'S MARKETS
134 W. Commonwealth
Fullerton, California

WHITTEMORE GROCERY
138 W. Wilshire
Fullerton, California

MODEL'S SUNNY HILLS MARKET
201 Valencia Mesa
Fullerton, California

MAC'S MEATS
822 E. Chapman
Fullerton, California

LAKEMAN'S MARKET
821 E. Commonwealth
Fullerton, California

SMITH'S MEAT MARKET
104 E. Commonwealth
Fullerton, California

FOOD CENTER
316 S. Harvard
Fullerton, California

MC GAUGHY MARKET
502 S. Spadra
Fullerton, California

SPEEDEE MART #203
Garden Grove Blvd. & Blackbird
Garden Grove, California

EMPIRE MARKET
11562 Garden Grove Blvd.
Garden Grove, California

ZLAKETS FOOD MARKET
12921 S. Euclid
Garden Grove, California

PENNY MARKET
520 N. Spadra
Fullerton, California

BI-LOW MARKET
346 E. Wilshire
Fullerton, California

ALPHA BETA
1250 E. Chapman
Fullerton, California

TELEKI MARKET
341 E. Commonwealth
Fullerton, California

LA PALOMA GROCERY
124 E. Truslow
Fullerton, California

NEGRETES MARKET
415 S. Harvard
Fullerton, California

MAYFAIR MARKET #35
1400 S. Spadra
Fullerton, California

ALPHA BETA #7
13031 Harbor
Garden Grove, California

WHEELER'S MARKET
12791 S. Euclid
Garden Grove, California

MAYFAIR MARKET
10700 Garden Grove Blvd.
Garden Grove, California

COLES MARKET #8
10581 Garden Grove Blvd.
Garden Grove, California

ALL AMERICAN #8
9858 Garden Grove Blvd.
Garden Grove, California

BILL'S RANCH MARKET
8001 Garden Grove Blvd.
Garden Grove, California

ALPHA BETA #54
11382 Stanton
Stanton, California

BAUMAN'S MARKET
10692 Stanton
Stanton, California

Appendix to Plaintiff's Answers to Supplemental Interrogatories Nos. 6A Through 6D—Continued

ABC MARKET
9391 Katella
Garden Grove, California

SHOPPING BAG #33
9922 Katella
Garden Grove, California

VONS SUPER MARKET
12151 Brookhurst
Garden Grove, California

THRIFTIMART #9
Harbor & Orangewood
Garden Grove, California

VAN'S MARKET
Harbor & Chapman
Garden Grove, California

JIM'S LIQUOR
10273 Garden Grove Blvd.
Garden Grove, California

PAUL'S MARKET
8681 Garden Grove Blvd.
Garden Grove, California

CARTER'S FARM CENTER
12031 Stanton
Stanton, California

GUEBARA'S MARKET
10921 Stanton
Stanton, California

WONG'S MARKET
10631 Stanton
Stanton, California

U-TOTE'M OF CALIF. #1
9344 Katella
Garden Grove, California

THRIFTIMART #19
11881 Brookhurst
Garden Grove, California

FOOD GIANT
Euclid & Katella
Garden Grove, California

ALPHA BETA
12091 Harbor
Garden Grove, California

EMERALD FINE FOODS
1231 N. Coast Highway
Laguna, California

FARMERS MARKET
427 N. Coast Highway
Laguna, California

ACORD'S MARKET
238 Broadway
Laguna, California

TEN TO TEN FOOD MARKET
907 S. Coast Highway
Laguna, California

JENSEN'S SUPER MARKET
1294 S. Coast Highway
Laguna, California

ALPHA BETA #14
30822 S. Coast Highway
Laguna, California

DELICATESSEN MARKET
32203 S. Coast Highway
Laguna, California

MINUTE MARKET #11
26881 Camino De Estr.
Capistrano Beach, California

CHADES MARKET
34281 Highway 101
Capistrano Beach, California

ALL AMERICAN #9
602 El Camino Real
San Clemente, California

ADAIR'S MARKET
115 El Camino Real
San Clemente, California

JURGENSEN'S GROCERY
250 Broadway
Laguna, California

FOREST MARKET
230 Forest
Laguna, California

GENE'S MARKET
1080 S. Coast Highway
Laguna, California

CARPENTER'S MART
1550 S. Coast Highway
Laguna, California

VILLAGE MARKET
31742 Coast Highway
Laguna, California

VIC'S MARKET
34111 S. LaPlaza
Dana Point, California

CAPISTRANO BEACH MARKET
34225 State Highway
Capistrano Beach, California

EL CAMINO MARKET
2733 El Camino Real
San Clemente, California

DEL MAR MARKET
154 Del Mar
San Clemente, California

HUBBARD'S KUBERD
618 Victoria
San Clemente, California

MISSION MARKET
31801 Highway 101
San Juan Capistrano, California

IRVINE MARKET
14951 S. W. Central
Irvine, California

EL TORO COMMISSARY
U. S. Marine Station
El Toro, California

SHOPPING BAG
1611 W. Whittier Bl.
La Habra, California

McGRAW MARKET
425 N. Walnut
La Habra, California

PARKWAY MART
248 W. Central
La Habra, California

MICKEY'S MARKET
539 S. Hiatt
La Habra, California

ALLEN'S MARKET
409 E. Central
La Habra, California

MAYFAIR #26
1100 E. Central
La Habra, California

ALPHA BETA WAREHOUSE
1111 Fullerton Road
La Habra, California

CAPISTRANO MARKET
31781 S. State Highway
San Juan Capistrano, California

EL TORO MARKET
25521 E. Front
El Toro, California

GATEWAY MARKET #14
2050 W. Central
La Habra, California

GOMEZ BROS. MARKET
739 W. 5th
La Habra, California

ALPHA BETA
580 W. Central
La Habra, California

AGUILAR'S MARKET
212 W. Central
La Habra, California

Appendix to Plaintiff's Answers to Supplemental Interrogatories Nos. 6A Through 6D—Continued

FOODLAND MARKET
204 E. Central
La Habra, California
PARKS GROCERY
111 N. Valencia
La Habra, California
PRONTO MARKET #4
440 N. Fullerton Road
La Habra, California
W. IMPERIAL MARKET
221 W. Imperial
Brea, California
POMONA DRIVE-IN MARKET
341 S. Pomona
Brea, California
WHITE'S CHOICE MEATS
145 S. Pomona
Brea, California
EASTSIDE MARKET
400 E. Birch
Brea, California
CARBON CANYON MARKET
16881 E. Carbon Canyon
Olinda, California
FAY & WILDA MARKET
4825 S. Main
Yorba Linda, California
WILSON'S MARKET
17311 Plac-Yorba
Atwood, California
VERNON'S GROCERIES
109 N. Bradford
Placentia, California
NORA'S GROCERY
326 W. Santa Fe
Placentia, California
ROBLES MARKET
14841 E. La Jolla
Placentia, California
ALL AMERICAN MARKET #4
3049 E. Coast Highway
Corona Del Mar, California
MAYFAIR MARKETS
606 S. Pomona
Brea, California
S & G MARKET
200 E. Birch
Brea, California
PRONTO MARKET #5
321 E. Arovista
Brea, California

YORBA LINDA FOOD CENTER
4881 S. Main
Yorba Linda, California
GATEWOOD MARKET
17301 Plac-Yorba
Atwood, California
VICTORY MARKET
116 W. Santa Fe
Placentia, California
SAV-U-MART
128 W. Santa Fe
Placentia, California
EL TRUINPO GROCERY
14811 E. La Jolla
Placentia, California
LA JOLLA MARKET
14725 La Jolla
Placentia, California
COAST SUPER MARKET
3347 E. Coast Highway
Corona Del Mar, California
DEVANEY'S
3711 E. Coast Highway
Corona Del Mar, California
BOARDMAN'S MARKET
303 Marine Ave.
Balboa Isle, California
ISLAND MARKET
500 S. Bay Front
Balboa Isle, California
BILL'S MARKET
508 W. Balboa
Balboa, California
NEWPORT MARKET
2000 W. Balboa
Newport, California
MARKET BASKET
(Address Unknown)
Newport, California
THOMPSON'S MARKET
200 E. 30th St.
Newport, California
RICHARD'S LIDO MARKET
3433 Via Lido
Newport, California
SEASHORE RANCH MARKET
7100 W. Coast Blvd.
Newport, California

HANDY GROCERY
2620 W. Chapman
Orange, California
U & I MARKET
3200 Pacific Coast Highway
Corona Del Mar, California
MARKET SPOT
200 Marine Avenue
Balboa Isle, California
BALBOA MARKET
608 E. Balboa
Balboa, California
FRY'S MARKET
115-15th Street
Newport, California
LE VALLEY'S MARKET
112 McFadden
Newport, California
BAYSIDE FISH MARKET
2800 Newport
Newport, California
MINIT MARKETS
500 Via Malaga
Newport, California
ALL AMERICAN #3
2600 W. Coast Highway
Newport, California
HILLTOP MARKET
486 N. Newport
Newport, California
MINIT MARKET
1429 W. Palmyra
Orange, California
MAYFAIR MARKET #59
330 S. Main
Orange, California
BARRON & VARGO MARKET
942 W. Chapman
Orange, California
ALPHA BETA #10
178 S. Glassell
Orange, California
PHILLIPS MARKET
352 S. Shaffer
Orange, California
WILLIAMS MARKET
608 E. Palm
Orange, California
WALLY'S MARKET
177 N. Glassell
Orange, California

Appendix to Plaintiff's Answers to Supplemental Interrogatories Nos. 6A Through 6D—Continued

SYCAMORE GROCERY
223 W. Sycamore
Orange, California
CYPRESS MARKET
440 N. Cypress
Orange, California
OLIVE FOOD MARKET
8702 S.A. Canyon
Olive, California
ALPHA BETA #39
940 N. Tustin
Orange, California
FOOD MART
1010 W. Chapman
Orange, California
ORANGE FROZEN FOOD LOC.
642 W. Chapman
Orange, California
OSCAR'S MEATS
391 S. Glassell
Orange, California
WELSH'S MARKET
135 S. Cambridge
Orange, California
DANIELS MARKET
122 N. Glassell
Orange, California
COWAN'S MARKET
415 N. Glassell
Orange, California
LUNA'S GROCERY
418 N. Cypress
Orange, California
HORTON'S MARKET
493 N. Glassell
Orange, California
VILLA PARK MARKET
2940 Villa Park Road
Orange, California
MEAT BLOCK
535 N. Tustin
Orange, California
WETZEL RANCH MARKET
2916 E. Chapman
Orange, California
RICES MARKET
18701 E. Chapman
El Modena, California
ALAMEDA MARKET
12041 Alameda
El Modena, California
SHADY BROOK GROCERY
29432 Silverado
Silverado Canyon, California
TRABUCA TRADING POST
Oak Dr. Canyon
Silverado Canyon, California
LA COLONIA GROCERY
11176 W. 17th
Garden Grove, California
HANSON'S MARKET
7833 Westminster
Westminster, California
WESTMINSTER MARKET
7185 Westminster
Westminster, California
MAYFAIR MARKETS
6672 Westminster
Westminster, California
FRED'S MARKET
14161 Huntington Beach Bl.
Westminster, California
LA COMPENTIENCE MARKET
18692 E. Chapman
El Modena, California
VARGAS BROS. GROCERY
12371 Foothill Road
El Modena, California
FOODRELL GROCERY
19296 Maynard
El Modena, California
FRED'S MARKET
Santiago-Modj. Can.
Silverado Canyon, California
CABINLAND MARKET
28242 Silverado Canyon
Silverado Canyon, California
MAYFAIR MARKET #77
9892 Westminster
Garden Grove, California
BURNS MARKET
7361 Westminster
Westminster, California
FOOD GIANT #32
6831 Westminster
Westminster, California
COLEMAN'S MARKET
5722 Westminster
Westminster, California
JOHNNY'S MARKET
14281 Huntington Beach Bl.
Westminster, California
MIDWAY MARKET
8121 Bolsa
Midway City, California
SCHUSTER MARKET
16321 Huntington Beach Bl.
Huntington Beach, California
ALPHA BETA #35
17311 Nichols Avenue
Huntington Beach, California
H & B MARKET
17725 Huntington Beach Bl.
Huntington Beach, California
WADES MARKET
601-11th Street
Huntington Beach, California
SHAFFER'S GROCERY
302-8th Street
Huntington Beach, California
STANDARD MARKET
126 Main Street
Huntington Beach, California
ED & JOHNNY'S MARKET
606 Main Street
Huntington Beach, California
EASTSIDE MARKET
408 Frankfort Street
Huntington Beach, California
QUINTANA MARKET
18035 Bushard Road
Huntington Beach, California
ALPHA BETA
Bolsa & Cannery
Midway City, California
STEWART'S MARKET
8031 Wintersburg
Huntington Beach, California

Appendix to Plaintiff's Answers to Supplemental Interrogatories Nos. 6A Through 6D—Continued

LIBERTY PARK GROCERY
17701 Huntington Beach Bl.
Huntington Beach, California

JAMES GROCERY
18972 Main Street
Huntington Beach, California

WESTSIDE MARKET
327-11th Street
Huntington Beach, California

SEA BREEZE MARKET
112 E. Ocean Bl.
Huntington Beach, Calif.

BRAY'S FOOD CENTER
218 Main Street
Huntington Beach, California

REX'S MARKET
200 Frankfort Street
Huntington Beach, California

DELAWARE MARKET
1002 Delaware
Huntington Beach, California

FOUNTAIN VALLEY MARKET
18002 Brookhurst
Huntington Beach, California

MARKET BASKET
1221 S. Los Angeles
Anaheim, California

SHAW & ROACH GROCERY
811 S. Philadelphia
Anaheim, California

ALLISON'S MARKET
555 S. Los Angeles
Anaheim, California

BIL-RIC MARKET
135 W. Broadway
Anaheim, California

ROQUETS GROCERY
602 E. Broadway
Anaheim, California

COWBOY'S MARKET
108 S. East
Anaheim, California

THRIFTIMART #16
8662 S. Placentia
Anaheim, California

ALLEC BROS. DRIVE IN
14012 E. Ana-Olive
Anaheim, California

KERR FOOD MARKET
407 E. North
Anaheim, California

NORTHGATE MARKET
722 N. Los Angeles
Anaheim, California

RAY'S MARKET
721 S. Los Angeles
Anaheim, California

PETE'S MARKET
559 S. Olive
Anaheim, California

TOM'S MARKET
401 S. Lemon
Anaheim, California

PATTON'S MARKETS
406 E. Center
Anaheim, California

SCHAUBS MARKET
926 E. Broadway
Anaheim, California

ALPHA BETA #12
1275 E. Center
Anaheim, California

AL'S PARTY PANTRY
2021 E. Ana-Olive
Anaheim, California

RAINS & ELLIOTT #4
1150 N. East
Anaheim, California

CLARK'S MARKET
609 N. Olive
Anaheim, California

ROQUETS MARKET
754 N. Lemon
Anaheim, California

DE GROFF'S MARKET
813 N. Los Angeles
Anaheim, California

NEW MARKET UNDER CONSTRUCTION
720 W. LaPalma
Anaheim, California

JINKINS 5 POINT MKT.
1108 W. Lincoln
Anaheim, California

M & M GROCERY
500 S. Citron
Anaheim, California

SPEEDEE MART #205
Ball Rd. & Lemon
Anaheim, California

ALPHA BETA #28
1020 Euclid
Anaheim, California

MAYFAIR MARKETS #76
929 Euclid
Anaheim, California

MINIT MARKETS #6
1200 S. Brookhurst
Anaheim, California

PRICE'S MARKET #2
1021 Magnolia
Anaheim, California

RAINBOW FOOD MART
1211 S. Western
Anaheim, California

ANTON'S MARKET
1100 N. Los Angeles
Anaheim, California

DAVIS GROCERY
857 N. Palm
Anaheim, California

GOLDEN RULE GROCERY
826 W. Center
Anaheim, California

GIL'S MARKET
910 S. Palm
Anaheim, California

RALPH'S GROCERY
401 N. Loara
Anaheim, California

SPEEDEE MART #206
Crone & Euclid
Anaheim, California

ALPHA BETA #44
915 S. Brookhurst
Anaheim, California

ALPHA BETA #26
Ball at Magnolia
Anaheim, California

RANCHO MARKET
10021 Stanton
Anaheim, California

KITCHEN'S GROCERY
9831 Knott
Anaheim, California

THRIFTIMART #45
8888 Knott
Buena Park or Anaheim, Calif.

LYNN'S MARKET
10043 Lincoln
Anaheim, California

Appendix to Plaintiff's Answers to Supplemental Interrogatories Nos. 6A Through 6D—Continued

FREEWAY PARK MARKET
8031 S. Moraga
Anaheim, California
SMITH BROS. MARKET
7872 Commonwealth
Buena Park, California
JOHNSON'S MARKET
7741 Craig
Buena Park, California
GKW COMPANY
6333 Manchester
Buena Park, California
MAYFAIR MARKET #52
7742 E. 8th
Buena Park, California
ZIRKELBACH'S MARKET
7472 W. Orangethorpe
Buena Park, California
SIORDIA'S MARKET
7631 Knott
Buena Park, California
FOOD GIANT
8932 Miller
Buena Park, California
OAK RANCH MARKET
8961 Stanton Avenue
Anaheim, California
DOW'S SUPERETTE
218 S. Brookhurst
Anaheim, California
CROWTHER'S RANCH MARKET
8432 Commonwealth
Buena Park, California
HAYS GROCERY
5901 Stanton
Buena Park, California
MAYFAIR MARKETS
6029 Grand
Buena Park, California
WALT'S QUALITY MEATS
7671 5th Street
Buena Park, California
ALL AMERICAN FARM FAIR
7511 Orangethorpe
Buena Park, California
BUSS BOYS MARKET
6941 Orangethorpe
Buena Park, California

KAYEL STORES, INC.
7988 Knott
Buena Park, California
FOOD SPOT MARKET
5941 Lincoln
Cypress, California
HALL'S MARKET
8842 S. Walker
Cypress, California
MORNING GLORY MARKET
9051 S. Moody
Cypress, California
KNOTT'S BERRY FARM
8801 N. Grand
Buena Park, California
THRIFTIMART
8228 La Palma
Buena Park, California
PALISADES MARKET
2002 S.E. Palisades
Santa Ana, California
WIEGAND MARKET
2384 Newport Bl.
Costa Mesa, California
STATER BROS. MARKET
2180 Newport Bl.
Costa Mesa, California
MESA RANCH MARKET
1976 Newport Bl.
Costa Mesa, California
BILL'S RANCH MARKET
1722 Newport
Costa Mesa, California
ALPHA BETA #29
241 E. 17th
Costa Mesa, California
M & H MARKET
5511 E Lincoln
Cypress, California
ABC MARKET
7683 Crescent
Buena Park, California
SPEEDEE MART #202
7461 La Palma
Buena Park, California
LEE'S MARKET
8192 Orangethorpe
Buena Park, California

DICK'S MARKET
2400 Newport Bl.
Costa Mesa, California
VINSON'S MARKET
2214 Newport Bl.
Costa Mesa, California
RICKEY'S UPTOWN MARKET
2106 Newport Bl.
Costa Mesa, California
MINIT MARKET
110 E. 19th
Costa Mesa, California
FOX MARKET #40
175 E. 17th
Costa Mesa, California
CAVALLAROS MARKET
379 E. 17th
Costa Mesa, California
ARTS FARM OUTLET
21692 Coast Highway
Huntington Beach, California
LONG'S MARKET
10931 S. Los Alamitos Bl.
Los Alamitos, California
WESTMORELAND MARKET
410 Bolsa
Seal Beach, California
JOE'S MARKET
216 Main
Seal Beach, California
VOGLER'S MARKET
1510 Coast Highway
Sunset Beach, California
SUNSET BEACH MARKET
16771 Coast Highway
Sunset Beach, California
CAMPBELL'S MARKET
401 S. Los Alamitos Bl.
Los Alamitos, California
ANDRESEN & PERRON
1430 Ocean Avenue
Seal Beach, California
JOHN'S FOOD KING
148 Main Street
Seal Beach, California
MARINA MARKET
201 Main
Seal Beach, California

ENART
So. Victory Blvd.
ank, Calif.
S CH Spar

RANCH MARKET
W. Alameda Ave.
ank, Calif.
C

MERS MARKET
So. Victory Blvd
ank, Calif.
A Cert

OUGO MARKET
W. Verdugo Ave
ank, Calif.
C OEm

E'S MARKET
W. Alameda Ave.
ank, Calif.
C

NCES GROCERY
So. Flower St.
ank, Calif.
C

L'S RANCH MARKET
So. San Fernando Rd.
ank, Calif.
S Cert

E AIRE MARKET
So. Bel Aire Dr.
ank, Calif.
C Spar

WNIE'S MARKET
No. 7th St.
ank, Calif.
C

AY'S MARKET
No. 6th St.
ank, Calif.
C Spar

ANIEL'S MARKET
No. San Fernando Rd.
ank, Calif.
S CH Cert OEm

MUNITY MARKET
No. Glenoaks Blvd.
ank, Calif.
A CH OEm

'S MARKET
No. Glenoaks Blvd.
ank, Calif.
B Spar Mar

XANDER'S MARKET
E. Magnolia Blvd.
ank, Calif.
S CH Cert

IAN DELICATESSEN
No. San Fernando Rd.
ank, Calif.
C

PHS MARKET
So. San Fernando Rd.
ank, Calif.
S CH

ES FARM MARKET
So. Victory Blvd.
ank, Calif.
C

FITH MARKET
W. Olive Ave
ank, Calif.
C

COLE MARKET
W. Verdugo Ave.
ank, Calif.
S CH Cert

'S RANCH MARKET
W. Olive Ave.
ank, Calif.
C Mar

GE MARKET
W. Olive Ave.
ank, Calif.
B

CLARK'S MARKET
2001 W. Alameda Ave.
Burbank, Calif.
B

ALAMEDA DELIC.
2005 W. Alameda Ave.
Burbank, Calif.
C Mar

FOOD GIANT
4020 W. Alameda Ave.
Burbank, Calif.
S CH Cert

COMMUNITY MARKET
544 No. Hollywood Way
Burbank, Calif.
A CH OEm

HAAS DELICATESSEN
817 No. Hollywood Way
Burbank, Calif.
C Spar

PIGGLY WIGGLY MARKET
3713 W. Magnolia Blvd.
Burbank, Calif.
S CH OEm

THRIFTIMART
3217 W. Magnolia Blvd.
Burbank, Calif.
S CH Cert

SAVEMART
2514 W. Magnolia Blvd.
Burbank, Calif.
A CH Spar

CLARK AVE. MARKET
2320 Clark St.
Burbank, Calif.
C Mar

LEON'S MARKET
2107 W. Magnolia Blvd.
Burbank, Calif.
C Cert

CURTIS MARKET
1616 W. Magnolia Blvd.
Burbank, Calif.
C

J. & M. MARKET
1610 W. Magnolia Blvd.
Burbank, Calif.
B Spar OEm

JOE'S MARKET
1203 W. Magnolia Blvd.
Burbank, Calif.
C

MAGNUSON'S MARKET
1014 W. Magnolia Blvd
Burbank, Calif.
B

HOME FOOD STORE
730 No. Mariposa St.
Burbank, Calif.
C

NASSER'S MARKET
918 W. Burbank Blvd.
Burbank, Calif.
B Cert

LORRY'S MARKET
1619 W. Burbank Blvd.
Burbank, Calif.
B

WINSTEADS MARKET
2609 W. Burbank Blvd.
Burbank, Calif.
B Cert

THRIFTIMART
3708 W. Burbank Blvd.
Burbank, Calif.
S CH Cert

SAN MARCO ITAL. GROC.
3803 W. Burbank Blvd.
Burbank, Calif.
C

WEBOYS MARKET
10549 Victory Blvd.
North Hollywood, Calif.
A Cert

B SON'S MARKET
4410 W. Victory Blvd.
Burbank, Calif.
A Mar

GELSON MARKET
3525 W. Victory Blvd.
Burbank, Calif.
S Cert

SPECTOR'S MARKET
2407 W. Victory Blvd.
Burbank, Calif.
S Cert

TONY'S MARKET
2813 No. Glenoaks Blvd.
Burbank, Calif.
B OEm

SHOPPING BAG MARKET
2150 No. Glenoaks Blvd.
Burbank, Calif.
S CH Cert

KING'S MARKET
2319 No. San Fernando Rd.
Burbank, Calif.
C Spar

COMMUNITY MARKET
7670 Hollywood Way
Burbank, Calif.
S CH OEm

GLENWOOD MARKET
10236 Strathern St.
Sun Valley, Calif.
C Spar

HARRY'S MARKET
7741 No. San Fernando Rd.
Sun Valley, Calif.
C Spar

LA SCALA MARKET
7879 No. San Fernando Rd.
Sun Valley, Calif.
C Spar Mar

SATIVINE MARKET
7601 Vineland Ave.
Sun Valley, Calif.
C Spar OEm

COMMUNITY MARKET
11350 Saticoy St.
Sun Valley, Calif.
S CH OEm

NORTH HOLLYWOOD MARKET
7500 Lankershim Blvd.
North Hollywood, Calif.
S CH Cert

J. RODRIGUEZ GROCERIES
7806 Lemp Ave.
North Hollywood, Calif.
C

HANDY-MART
8008 Laurel Canyon Blvd.
North Hollywood, Calif.
B Spar

COLONIAL MARKET
12049 Saticoy St.
North Hollywood, Calif.
B Cert

BALZER'S MARKET
12114 Vanowen St.
North Hollywood, Calif.
C Cert

McDANIELS SUPER MARKET
6657 Laurel Canyon Blvd.
North Hollywood, Calif.
S CH Cert OEm

THRIFTIMART
6601 Laurel Canyon Blvd.
North Hollywood, Calif.
S CH Cert

SEBASTIAN MARKET
11835 Vanowen St.
North Hollywood, Calif.
C Spar

VANOWEN GROCERY
11552 Vanowen St.
North Hollywood, Calif.
C

WONG'S MARKET
6659 Lankershim Blvd.
North Hollywood, Calif.
B Cert

TED'S MARKET
6301 Colfax Ave.
North Hollywood, Calif.
C

AL HAAS DELICATESSEN
11744 Victory Blvd.
North Hollywood, Calif.
C

ALEXANDER'S MARKET
6355 Bellingham Rd.
North Hollywood, Calif.
S CH Cert

PARK LANE MARKET
12827 Victory Blvd.
North Hollywood, Calif.
S CH OEm

SUPERIOR MARKET
12825 Vanowen St.
North Hollywood, Calif.
A CH OEm

PEPPER'S MARKET
12450 Burbank Blvd.
North Hollywood, Calif.
A CH Cert

RAY'S MARKET
12032 Burbank Blvd.
North Hollywood, Calif.
C

FOODTIME
12450 Magnolia Blvd.
North Hollywood, Calif.
A Cert

MARY'S DELICATESSEN
12512 Magnolia Blvd.
North Hollywood, Calif.
C

VILLAGE MARKET
12144 Magnolia Blvd.
North Hollywood, Calif.
A Mar

THRIFTIMART
5145 Laurel Canyon Blvd.
North Hollywood, Calif.
S CH Cert

RIVERSIDE MARKET
12059 Riverside Dr.
North Hollywood, Calif.
A

GEORGE'S MARKET
11538 Riverside Dr.
North Hollywood, Calif.
B Spar

TUJUNGA AVE. MARKET
4349 Tujunga Ave.
North Hollywood, Calif.
B Cert

VALLEY STORES, INC.
11418 Moorpark Ave.
North Hollywood, Calif.
A CH Cert

BOB'S DELICATESSEN
11425 Moorpark St.
North Hollywood, Calif.
C

JOE'S MARKET
4209 Lankershim Blvd.
North Hollywood, Calif.
C

UNIVERSAL STAR MARKET
4304 Lankershim Blvd.
North Hollywood, Calif.
B

RALPHS MARKET
4821 Lankershim Blvd.
North Hollywood, Calif.
S CH

THE LITTLE STORE
11234 Cumpston St.
North Hollywood, Calif.
C

[illegible]
5445 Tujunga Ave
North Hollywood, Calif
B Cert

MORRIS MARKET
11489 Chandler Blvd
North Hollywood, Calif
C Mar

COLFAX MARKET
5146½ Colfax Ave
North Hollywood, Calif
C

HOLLY MARKET
11119 Burbank Blvd
North Hollywood, Calif
C

ED'S VILLAGE MARKET
11243 Burbank Blvd
North Hollywood, Calif
C

6 POINTS FOOD MARKET
5612 Tujunga Ave
North Hollywood, Calif
C

KORY'S MARKET
5841 Lankershim Blvd
North Hollywood, Calif
S CH Cert

BEN'S MART
11476 Oxnard St
North Hollywood, Calif
C Spar

VICTORY VILLAGE MARKET
11665 Victory Blvd
North Hollywood, Calif
B Spar

FOOD BAG MARKET
11350 Victory Blvd
North Hollywood, Calif
A Cert

VAL-U-MART
11012 Victory Blvd
North Hollywood, Calif
S Cert

VINE-VAN MARKET
11022 Vanowen St
North Hollywood, Calif
B

ITAL AMERICAN GROC
6063 Vineland Ave
North Hollywood, Calif
C

DALE'S FOOD MART
10859 Oxnard St
North Hollywood, Calif
S CH Cert

NERO'S FOOD MART
5650 Vineland Ave
North Hollywood, Calif
B Cert

BUR-CREST FOOD MARKET
10641 Burbank Blvd
North Hollywood, Calif
A

BI-RITE MARKET
10606 Magnolia Blvd
North Hollywood, Calif
A

BAY'S MARKET
10708 Magnolia Blvd
North Hollywood, Calif
B Spar

ANGELO'S DELICATESSEN
10915 Magnolia Blvd
North Hollywood, Calif
C Spar

CIRCLE DELICATESSEN
10955 Magnolia Blvd
North Hollywood, Calif
C

TOLUCA PARK MARKET
10101 Camarillo St
North Hollywood, Calif
B OEm

LAKESIDE MARKET
10106 Riverside Dr
North Hollywood, Calif
S CH Cert

OAK CREST MARKET
3315 Cahuenga Blvd
Los Angeles 28, Calif
A Cert

SAM'S GROCERY
3733 Cahuenga Blvd
North Hollywood, Calif
C

DI CARLO MARKET
11366 Ventura Blvd
North Hollywood, Calif
C

STOP & SHOP MARKET
12039 Ventura Place
North Hollywood, Calif
S CH Cert

BOND'S FOOD MARKET
12160 Ventura Blvd
North Hollywood, Calif
S CH Cert

HUGHES MARKET
12836 Ventura Blvd
North Hollywood, Calif
S CH Cert

VALLEY STORES
12903 Moorpark St
Van Nuys, Calif
A

FOOD ROUNDUP MARKET
12905 Riverside Dr
Van Nuys, Calif
A Cert OEm

KURK'S MARKET
13244 Riverside Dr
Van Nuys, Calif
C Spar

VON'S MARKET
13333 Riverside Dr
Van Nuys, Calif
S CH Cert

MARINO'S DELICATESSEN
13507 Ventura Blvd
Van Nuys, Calif
C

DELAMART
4378 Woodman Ave
Van Nuys, Calif
C CH Cert

NIFTY FOOD MART
4742 Woodman Blvd
Van Nuys, Calif
C

JOHNNY FLOYD'S FOOD MARKET
13730 Ventura Blvd
Van Nuys, Calif
B Cert

RALPHS MARKET
14049 Ventura Blvd
Van Nuys, Calif
S CH

SHERMAN OAKS MARKET
14570 Ventura Blvd
Van Nuys, Calif
A Mar

HUGHES MARKET
4520 Van Nuys Blvd
Van Nuys, Calif
S CH Cert

PETRILLI FOOD MART
5242 Van Nuys Blvd.
Van Nuys, Calif.
C Spar

CHANDLER MART
13079 Chandler Blvd
Van Nuys, Calif
C

BUSHEL MARKET
13654 Burbank Blvd
Van Nuys, Calif.
A Cert Spar

HUGHES MARKET
14440 Burbank Blvd
Van Nuys, Calif
S CH Cert

ROSE ANN MARKET
14843 Burbank Blvd
Van Nuys, Calif
C

CARSO'S FOODS
5600 Van Nuys Blvd
Van Nuys, Calif
S CH Cert

HERB & HARRIET'S MARKET
5947 Hazeltine Ave
Van Nuys, Calif
C

COTTAGE GROCERY
6108 Hazeltine Ave
Van Nuys, Calif
C

NU-WAY MARKET
13716 Oxnard St
Van Nuys, Calif
C Spar

HILLVIEW MARKET
13670 Oxnard St
Van Nuys, Calif
A Cert OEm

DON'S MARKET
13306 Victory Blvd
Van Nuys, Calif
A OEm

JOE & ART'S MARKET
13717 Victory Blvd
Van Nuys, Calif
B

DELAMART
14101 Victory Blvd
Van Nuys, Calif
C CH Cert

WILLIS MARKET
6811 Woodman Ave
Van Nuys, Calif
B Cert

ALBA MARKET
13838 Sherman Way
Van Nuys, Calif
C

BURGHARDT'S MARKET
13722 Sherman Way
Van Nuys, Calif
A Spar

VICTOR'S MARKET
12925 Sherman Way
North Hollywood, Calif
B OEm

SCUDDER'S GROCERY
7540 Woodman Ave
Van Nuys, Calif
C Spar

ROSWOOD MARKET
8310 Woodman Ave
Van Nuys, Calif
C

DALE'S DELIC
8717 Woodman Ave
Pacoima, Calif
B CH Cert

VON'S MARKET
9011 Woodman Ave.
Pacoima, Calif
S CH Cert

RALPHS MARKET
9750 Woodman Ave.
Pacoima, Calif.
S CH

GAREY'S MARKET
9505 Van Nuys Blvd.
Pacoima, Calif
C Cert

FOOD GIANT MARKET
8340 Van Nuys Blvd.
Van Nuys, Calif
S CH Cert

SMILEY'S MARKET
14712 Parthenia St
Van Nuys, Calif

LARRY'S BUTCHER SHOP
8747 Sepulveda Blvd
San Fernando, Calif
C CH

KEYS MARKET
8710 Sepulveda Blvd
San Fernando, Calif
S Cert

MOTIS MARKET
8549 Sepulveda Blvd
San Fernando, Calif

GUNDERSON & SON
8242 Sepulveda Blvd
Van Nuys, Calif

FOOD GIANT MARKET
7134 Sepulveda Blvd
Van Nuys, Calif

FOREMAN'S COUNTRY STORE
16059 Sherman Way
Van Nuys, Calif

BEST FOOD CENTER
7151 Woodley Ave.
Van Nuys, Calif

WOODLEY MARKET
7548 Woodley Ave.
Van Nuys, Calif

BIRMINGHAM MARKET
17261 Vanowen St.
Van Nuys, Calif

DALE'S DELIC
16925 Vanowen St.
Van Nuys, Calif

WEE MARKET
16523 Vanowen St.
Van Nuys, Calif

JERRY'S MARKET
16109 Vanowen St.
Van Nuys, Calif

PARK LANE MARKET
16109 Victory Blvd
Van Nuys, Calif

L & K MARKET
15900 Vanowen St.
Van Nuys, Calif

LYDON FOOD MART
15708 Vanowen St
Van Nuys, Calif

SPECIAL FOODS MARKET
7219 Kester Ave
Van Nuys, Calif

ART'S MARKET
14047 Vanowen St
Van Nuys, Calif

VON'S MARKET
6655 Van Nuys Blvd
Van Nuys, Calif

S & K MARKET
14545 Friar St.
Van Nuys, Calif

BOULANGER'S MARKET
6269 Van Nuys Blvd.
Van Nuys, Calif

ERBER'S MARKET
14 Van Nuys Blvd
Van Nuys, Calif.
S CH Cert

RANCO MARKET
6733 Calvert St
Van Nuys, Calif.
C

OREAN MARKET
6740 Calvert St.
Van Nuys, Calif.
C

A REFORMA MARKET
6803 Calvert St.
Van Nuys, Calif.
C

E'S MARKET
6901 Kester Ave
Van Nuys, Calif.
C

VARISTO MARKET
8859 Victory Blvd.
Van Nuys, Calif.
C Mar

ND'S MARKET
822 Sepulveda Blvd
Van Nuys, Calif.
S Cert

L & K MARKET
6127 Sepulveda Blvd
Van Nuys, Calif.
S CH OEm

ALLEY STORES MARKET
6907 Magnolia Blvd.
Van Nuys, Calif.
A CH Cert

RIFTIMART
5231 Ventura Blvd
Van Nuys, Calif.
S CH Cert

ESTWAY FOOD MARKET
960 Ventura Blvd.
Encino, Calif.
A Cert

RIFTIMART
947 Ventura Blvd
Encino, Calif.
S CH Cert

OURMET PANTRY
948 Ventura Blvd
Encino, Calif.
C Cert

ALES ENCINO MARKET
7019 Ventura Blvd.
Encino, Calif.
A CH Cert OEm

OMINGO'S GROCERY
17540 Ventura Blvd
Encino, Calif.
C

OX MARKET
967 White Oak Ave.
Encino, Calif.
S CH Cert OEm

ALPHS MARKET
1800 Ventura Blvd.
Encino, Calif.
S CH

ELICATESSEN
001 Ventura Blvd.
Tarzana, Calif.
C

IKES DELICATESSEN
089 Ventura Blvd.
Tarzana, Calif.
C

ARRY'S BUTCHER SHOP
556 Ventura Blvd.
Tarzana, Calif.
C CH Mar OEm

OX MARKET
632 Ventura Blvd.
Tarzana, Calif.
S CH Cert OEm

DELICATESSEN
19458 Ventura Blvd
Tarzana, Calif.
C

THRIFTIMART
19836 Ventura Blvd.
Woodland Hills, Calif.
S CH Cert

FOX MARKET
20060 Ventura Blvd
Woodland Hills, Calif.
S CH Cert OEm

SHOPPING BAG
19332 Victory Blvd
Reseda, Calif.
S CH Cert

DELICATESSEN
19367 Victory Blvd
Reseda, Calif.
C

DELICATESSEN
20045 Vanowen St.
Canoga Park, Calif.
C CH Spar

PIGGLY WIGGLY MARKET
19255 Vanowen St.
Reseda, Calif.
S CH Cert OEm

DALE'S FOOD MART
19302 Saticoy St.
Reseda, Calif.
S CH Cert

FOX MARKET
18345 Vanowen St.
Reseda, Calif.
S CH Cert OEm

PIGGLY WIGGLY MARKET
17641 Vanowen St.
Van Nuys, Calif.
S CH OEm

THRIFTIMART
17625 Sherman Way
Van Nuys, Calif.
S CH Cert

FOOD GIANT MARKET
18135 Sherman Way
Reseda, Calif.
S CH Cert

VON'S MARKET
18247 Sherman Way
Reseda, Calif.
S CH Cert

LEDGERWOOD'S MARKET
18515 Sherman Way
Reseda, Calif.
A

TOM & JERRY ITAL. GROC.
7251 Reseda Blvd
Reseda, Calif.
C

BERT'S FOOD MARKET
17734 Saticoy St.
Reseda, Calif.
B Cert

MEADOWLARK MARKET
8242 White Oak Ave.
Northridge, Calif.
A Cert

PIGGLY WIGGLY MARKET
7615 Balboa Ave.
Van Nuys, Calif.
S CH Cert OEm

RALPHS MARKET
17250 Saticoy St.
Van Nuys, Calif.
S CH

ROBERTS MARKET
7836 Reseda Blvd.
Reseda, Calif.
A Cert

MUNIT MARKET
8323 Reseda Blvd.
Northridge, Calif.
B OEm

ALLEN'S NORTHRIDGE MARKET
8738 Reseda Blvd.
Northridge, Calif.
A CH Cert

GUS & PAUL'S MARKET
8769 Reseda Blvd
Northridge, Calif.
C Cert

RED BLACK'S MARKET
19250 Roscoe Blvd
Northridge, Calif.
C OEm

BILL'S MARKET
20059 Roscoe Blvd.
Canoga Park, Calif.
C OEm

THRIFTIMART
20934 Roscoe Blvd
Canoga Park, Calif.
S CH Cert

WINNICK'S FOODS
20028 Saticoy St.
Canoga Park, Calif.
B OEm

WINNETKA MARKET
20101 Saticoy St.
Canoga Park, Calif.
B Cert

THRIFTIMART
19718 Sherman Way
Canoga Park, Calif.
S CH Cert

FOOD GIANT MARKET
21001 Sherman Way
Canoga Park, Calif.
S CH Cert

MARKET
7014 Deering Ave.
Canoga Park, Calif.
C

SANDOVAL MARKET
7039 Canoga Ave.
Canoga Park, Calif.
C Spar

TOM'S MARKET
7011 Canoga Ave.
Canoga Park, Calif.
C OEm

OLIVAS MARKET
7003 Alabama St.
Canoga Park, Calif.
C

KITCHEN KUPBOARD
21609 Sherman Way
Canoga Park, Calif.
A

LARRIE'S MARKET
21825 Sherman Way
Canoga Park, Calif.
B CH OEm

WOODLAND HILLS MARKET
21108 Ventura Blvd.
Woodland Hills, Calif.
B OEm

SIPES FOOD MARKET
21916 Ventura Blvd.
Woodland Hills, Calif.
B Spar

DON'S MARKET
22045 Ventura Blvd
Woodland Hills, Calif.
B Cert

LIPKIN'S MARKET
22739 Ventura Blvd.
Woodland Hills, Calif.
A OEm

JIM & JOE'S MARKET
5947 Fallbrook Ave.
Woodland Hills, Calif.
C Spar

FOODLAND
5952 Fallbrook Ave.
Woodland Hills, Calif.
B Cert

FOOD GIANT MARKET
22741 Victory Blvd.
Canoga Park, Calif.
S CH Cert

L. KRAMER GROCERY
23504 Ventura Blvd.
Calabasas, Calif.
C

CALABASAS FOOD MARKET
23548 Ventura Blvd.
Calabasas, Calif.
C

CAVARETTA'S DELICATESSEN
22007 Sherman Way
Canoga Park, Calif.
C

TONY & JIM'S MARKET
8250 Topanga Canyon Blvd.
Canoga Park, Calif.
B Cert OEm

RALPHS MARKET
22035 Roscoe Blvd
Canoga Park, Calif.
S CH

LAKE CHATSWORTH MARKET
23401 Plummer St., Rt. #1
Chatsworth, Calif.
C

CHATSWORTH MARKET
10149 Topanga Canyon Blvd.
Chatsworth, Calif.
B OEm

FLORES GROCERY
21743 Devonshire St.
Chatsworth, Calif.
C

SHOPPING CART MARKET
21360 Devonshire St.
Chatsworth, Calif.
B CH Cert

DEVONSHIRE MARKET
21213 Devonshire St.
Chatsworth, Calif.
C OEm

THE DOWNS MARKET
10317 Zelzah Ave.
Northridge, Calif.
B Cert

S & K MARKET
17743 Chatsworth St.
Granada Hills, Calif.
S CH OEm

STOREY'S MARKET
17629 Chatsworth St.
San Fernando, Calif.
A Cert

BALBOA MARKET
10701 Balboa Ave.
Granada Hills, Calif.
C Spar

RALPHS MARKET
17020 Chatsworth St.
Granada Hills, Calif.
S CH

HUGHES MARKET
16940 Devonshire St.
Granada Hills, Calif.
S CH Cert

SORCE MARKET
16202 Devonshire St.
Granada Hills, Calif.
C

FOOD GIANT MARKET
10321 Sepulveda Blvd.
San Fernando, Calif.
S CH Cert

MONTELLA MARKET
9905 Sepulveda Blvd.
San Fernando, Calif.
C

McDANIEL'S MARKET
10400 Sepulveda Blvd.
San Fernando, Calif.
S CH Cert OEm

244 6/15/7

COUNTRY STORE
10701 Sepulveda Blvd.
San Fernando, Calif.
A Cert

PICO COURT GROCERY
10834 Sepulveda Blvd.
San Fernando, Calif.
C

GIL'S MARKET
14502 Chatsworth Dr.
San Fernando, Calif.
C Spar

ERICKSON GROCERY
727 Hewitt St.
San Fernando, Calif.
C

PIONEER MARKET
465 So. Brand Blvd.
San Fernando, Calif.
B Cert OEm

SIERRA'S MARKET
501 So. Mission Blvd.
San Fernando, Calif.
C

LYONS MARKET
568 So. Mission Blvd.
San Fernando, Calif.
C OEm

KIKA'S MARKET
1217 Kewen St.
San Fernando, Calif.
C

LA MEXICANA MARKET
451 Kalisher St.
San Fernando, Calif.
B

LANDIN'S DELICATESSEN
552 Kalisher St.
San Fernando, Calif.
C

RAY'S MARKET
601 Kalisher St.
San Fernando, Calif.
C

LA INDIA MARKET
701 Kalisher St.
San Fernando, Calif.
C

LA PERLA MARKET
1300 Woodworth St.
San Fernando, Calif.
C

MACIA'S MARKET
768 Kalisher St.
San Fernando, Calif.
C

LA LOMITA MARKET
319 Workman St.
San Fernando, Calif.
C OEm

LA PERLITA MARKET
1302 Pico St.
San Fernando, Calif.
C

MATHIAS MARKET
302 Newton St.
San Fernando, Calif.
C Spar

DEMELIS MARKET
501 No. Maclay Ave.
San Fernando, Calif.
C Spar

FLOWER'S MARKET
707 No. Maclay Ave.
San Fernando, Calif.
B Cert Mar

SHOP EASY MARKET
11552 Glenoaks Blvd.
Pacoima, Calif.
A OEm

RANKIN'S MARKET
972 No. Maclay Ave.
San Fernando, Calif.
S CH Cert

FRANK & HELEN'S MARKET
13227 Maclay Ave.
San Fernando, Calif.
B OEm

SHOPPING BAG MARKET
13730 Foothill Blvd.
San Fernando, Calif.
S CH Cert

SYL-MART
13376 Sayre St.
San Fernando, Calif.
A OEm

PHIL'S MARKET
13806 Foothill Blvd.
San Fernando, Calif.
S Cert

FOOTHILL VILLAGE MARKET
13958 Foothill Blvd.
San Fernando, Calif.
B OEm

COUNTRY COUSINS MARKET
13040 Glenoaks Blvd.
San Fernando, Calif.
A CH Spar

TEENY WEENY MARKET
14756 Polk St.
San Fernando, Calif.
C Spar

SYLMAR MARKET
13161 San Fernando Rd.
San Fernando, Calif.
C

NICK & CARMEN'S MARKET
13113 San Fernando Rd.
San Fernando, Calif.
C

AL & MARGE'S GROCERY
12923 San Fernando Rd.
San Fernando, Calif.
C

ROSS GROCERY
12643 San Fernando Rd.
San Fernando, Calif.
C

MARY & FRAN LICQ. & GROC.
12407 San Fernando Rd.
San Fernando, Calif.
C

PADILLA'S FOOD CENTER
1542 San Fernando Rd.
San Fernando, Calif.
B

FOX MARKET
1320 San Fernando Rd.
San Fernando, Calif.
S CH Cert OEm

SANDOVAL'S MARKET
13200 Pinney St.
Pacoima, Calif.
C

GOMEZ GROCERY
13300 Fillmore St.
Pacoima, Calif.
C Spar

FLORES MARKET
13319 Judd St.
Pacoima, Calif.
C

LOZANO'S GROCERY
13131 Van Nuys Blvd.
Pacoima, Calif.
C Spar

PACOIMA FOOD MARKET
13132 Van Nuys Blvd.
Pacoima, Calif.
B Cert

TRESIERRAS MARKET
13156 Van Nuys Blvd.
Pacoima, Calif.
C Mar

RAMON'S MARKET
13213 Van Nuys Blvd.
Pacoima, Calif.
C

HUB DELIBATESSEN
10801 San Fernando Rd.
Pacoima, Calif.
C CH Spar

PACOIMA MARKET
13322 Van Nuys Blvd.
Pacoima, Calif.
C Spar

KRONMILLER MARKET
13472 Van Nuys Blvd.
Pacoima, Calif.
C

LAUREL HEIGHTS MARKET
13720 Van Nuys Blvd.
Pacoima, Calif.
A Spar

COMMUNITY MARKET
10402 Laurel Canyon Blvd.
Pacoima, Calif.
A CH OEm

DALE'S MARKET
9772 Laurel Canyon Blvd.
Pacoima, Calif.
S CH Cert

DEL GAUDIO MARKET
10567 San Fernando Rd.
Pacoima, Calif.
C

PIGGLY WIGGLY MARKET
10149 San Fernando Rd.
Pacoima, Calif.
S CH OEm

DELICATESSEN
9742 Glenoaks
Sun Valley, Calif.
C

STONEHURST MARKET
11148 Sheldon St.
Sun Valley, Calif.
C

E. & W. MARKET
9407 San Fernando Rd.
Sun Valley, Calif.
C Spar

VOLK'S MARKET
9343 San Fernando Rd.
Sun Valley, Calif.
B Spar

WHITES MARKET
8953 Laurel Canyon Blvd.
Sun Valley, Calif.
C

MARKET PLACE
8741 Laurel Canyon Blvd.
Sun Valley, Calif.
B OEm

SAM & JOE'S MARKET
8361 San Fernando Rd.
Sun Valley, Calif.
C

SUN VALLEY FOOD CENTER
8135 Sunland Blvd.
Sun Valley, Calif.
B Cert Mar

FINE'S FOOD CENTER
8147 San Fernando Rd.
Sun Valley, Calif.
S CH Cert OEm

GRIFFIN MARKET
8335 Sunland Blvd.
Sun Valley, Calif.
C

ORANGE COVE GROCERY
8805 Sunland Blvd.
Sun Valley, Calif.
C

SUN VAL MARKET
8936 Glenoaks Blvd.
Sun Valley, Calif.
S Cert

SUN VALLEY RANCH MARKET
8905 Glenoaks Blvd.
Sun Valley, Calif.
A OEm

HYDE'S MARKET
8714 Glenoaks Blvd.
Sun Valley, Calif.
C

A MAIURI MARKET
9680 Sunland Blvd.
Sunland, Calif.
C

MILAN'S MARKET
8536 Foothill Blvd.
Sunland, Calif.
C

RANKIN'S MARKET
8450 Foothill Blvd.
Sunland, Calif.
S CH

SUNLAND MARKET
8353 Foothill Blvd.
Sunland, Calif.
C

SHOPPING BAG MARKET
8325 Foothill Blvd.
Sunland, Calif.
S CH

VALLEY CENTER MARKET
7819 Foothill Blvd.
Sunland, Calif.
B

ROE-ZEE FOOD MARKET
7670 Foothill Blvd.
Tujunga, Calif.
C

HERRIOTT'S MARKET
7578 Foothill Blvd.
Tujunga, Calif.
C

TOM'S MARKET
7518 Foothill Blvd.
Tujunga, Calif.
C

RANKIN'S TUJUNGA MAR
7235 Foothill Blvd.
Tujunga, Calif.
S CH

KOSHER MARKET
9930 Commerce St.
Tujunga, Calif.
C

ROY'S MARKET
10225 Commerce Ave.
Tujunga, Calif.
C

DICK'S MARKET
10459 Commerce Ave.
Tujunga, Calif.
C

HILLROSE MARKET
7421 Hillrose St.
Tujunga, Calif.
B OEm

VAN'S MARKET
6858 Foothill Blvd.
Tujunga, Calif.
C

PATTON'S MARKET
6656 Foothill Blvd.
Tujunga, Calif.
S CH

MACK'S MARKET
9960 Tujunga Canyon Blvd.
Tujunga, Calif.
C

-MART
6 Foothill Blvd.
Crescenta, Calif.
B

MMUNITY MARKET
1 Pennsylvania Ave.
Crescenta, Calif.
C

ENDLY MARKET
1 Pennsylvania Ave.
Crescenta, Calif.
C

RT'S MARKET
7 Honolulu Ave.
Crescenta, Calif.
B

OPPING BAG MARKET
0 Foothill Blvd.
Crescenta, Calif.
S CH Cert

SMUSSEN'S MARKET
6 Foothill Blvd.
Crescenta, Calif.
B Spar

KE JONES SHOP 'N SAVE
4 Foothill Blvd.
Crescenta, Calif.
A Cert

P & SHOP MARKET
0 Foothill Blvd.
Crescenta, Calif.
C

AL'S SUPER MARKET
1 Honolulu Ave.
dugo City, Calif.
S Cert

DE-RITE MARKET
9 Honolulu Ave.
dugo City, Calif.
A Cert

OLULU MARKET
8 Honolulu Ave.
rose, Calif.
C

RENCITA MARKET
3 Florencita Ave.
rose, Calif.
C

EAN VIEW GROCERY
3 Ocean View Blvd.
rose, Calif.
C

PPING BAG MARKET
Honolulu Ave.
rose, Calif.
S CH Cert

AX MARKET
No. Verdugo Rd.
ale 8, Calif.
S CH Cert

AY MARKET
No Verdugo Rd
ale 8, Calif.
C

DUGO WOODLANDS MARKET
Canada Blvd.
ale 8, Calif.
C Cert

TRY SQUIRE MARKET
No. Verdugo Rd.
ale 6, Calif.
A

Y CHASE MARKET
o. Verdugo Rd.
ale 6, Calif.
A Cert

OAKS MARKET
No. Chevy Chase Dr.
ale 6, Calif.
C Spar

SE MARKET
E. Glenoaks Blvd.
ale 6, Calif.
C

CANYON MARKET
2000 No. Chevy Chase Dr.
Glendale 6, Calif.
C

EAST BROADWAY MARKET
1238 E. Broadway
Glendale 5, Calif.
C

EVELHOCH MARKET
1100 E. Broadway
Glendale 5, Calif.
C

FOODS FOR LIFE
821 E. Broadway
Glendale 5, Calif.
B Spar

MODEL MARKET
1018 E. Colorado St.
Glendale 5, Calif.
B Cert

RALPHS MARKET
1416 E. Colorado St.
Glendale 5, Calif.
S CH

ALOHA MARKET
1601 E. Colorado St.
Glendale 5, Calif.
A

MAPLE ST. MARKET
521 So. Verdugo Rd.
Glendale 5, Calif.
C Spar

MARVIN'S MARKET
704 E. Maple St.
Glendale 5, Calif.
C Spar

ANDERSON MARKET
736 So. Adams Blvd.
Glendale 5, Calif.
C

DOOLEY'S GROCERY
711 E. Acacia St.
Glendale 5, Calif.
C

THRIFTIMART
1104 E. Chevy Chase Dr.
Glendale 5, Calif.
A CH Cert

PALMER MARKET
1017 E. Palmer Ave.
Glendale 5, Calif.
C Spar

ROAD'S END MARKET
1330 So. Glendale Ave.
Glendale 5, Calif.
A Spar

C-B MARKET
1248 So. Glendale Ave.
Glendale 5, Calif.
S Cert OEm

YOLANDA'S MARKET
836 So. Glendale Ave.
Glendale 5, Calif.
C Spar

WILLIS MARKET
402 So. Glendale Ave.
Glendale 5, Calif.
A

YOR-WAY MARKET
130 No. Glendale Ave.
Glendale 6, Calif.
S CH Cert Mar OEm

THRIFTIMART
310 No. Glendale Ave.
Glendale 6, Calif.
S CH Cert

SHOPPING BAG MARKET
331 No. Glendale Ave.
Glendale 6, Calif.
S CH Cert

HOLIDAY MARKET
516 No. Glendale Ave.
Glendale 6, Calif.
B Cert

LONG'S MARKET
706 No. Glendale Ave.
Glendale 6, Calif.
A Cert

THRIFTIMART
826 No. Glendale Ave.
Glendale 6, Calif.
S CH Cert

SERV-MART MARKET
523 E. Glenoaks Blvd.
Glendale 7, Calif.
B Spar

IMPORTED ITAL. FOODS
950½ No. Brand Blvd.
Glendale 2, Calif.
C Spar

CRAWFORD'S MARKET
1200 No. Central Ave.
Glendale 2, Calif.
S CH Cert

FARMER JIM'S MARKET
1112 No. Pacific Ave.
Glendale 2, Calif.
C

BARBARA WORTH MARKET
1154 No. Pacific Ave.
Glendale 2, Calif.
B

NEIGHBORHOOD GROC.
914 Kenilworth Ave.
Glendale 2, Calif.
C

THRIFTIMART
915 W. Glenoaks Blvd.
Glendale 2, Calif.
S CH Cert

THRIFTIMART
1133 W. Glenoaks Blvd.
Glendale 2, Calif.
S CH Cert

MARKET PLACE
1707 W. Glenoaks Blvd.
Glendale 1, Calif.
B

JIMMIE'S MARKET
1823 W. Glenoaks Blvd.
Glendale 1, Calif.
B Spar

D-D MARKET
1931 W. Glenoaks Blvd.
Glendale 1, Calif.
B Cert

S. & U. MARKET
1951 W. Glenoaks Blvd.
Glendale 1, Calif.
C

FOOTHILL VILLAGE MARKET
1404 W. Kenneth Rd.
Glendale 1, Calif.
B Cert

LOU'S MARKET
1460 Grandview Ave.
Glendale 1, Calif.
C Spar

SAVE MART
6417 San Fernando Rd.
Glendale 1, Calif.
A Cert Spar

LAKE ST MARKET
1710 Lake St.
Glendale 1, Calif.
B Cert

DELICATESSEN
1740 Victory Blvd.
Glendale 1, Calif.
C Spar

AERO MART
1609 Victory Blvd.
Glendale 1, Calif.
C Cert

FIVE POINTS MARKET
803 No. Pacific Ave.
Glendale 3, Calif.
B Spar

DALE'S FOOD MART
810 No. Pacific Ave.
Glendale 3, Calif.
S CH Cert

THOMSEN'S MARKET
409 W. Doran St.
Glendale 3, Calif.
B Spar

IDEAL MARKET
303 No. Central Ave.
Glendale 3, Calif.
B

FAMILY MARKET
108 W. Doran St.
Glendale 3, Calif.
C

RICCI MARKET
105 E. Doran St.
Glendale 6, Calif.
C

THE HANDY STORE
310 E. California Ave.
Glendale 6, Calif.
C

ALEXANDER'S MARKET
204 W. Wilson Ave.
Glendale 3, Calif.
S CH Cert

RALPHS MARKET
201 W. Broadway
Glendale 4, Calif.
S CH

BETTER FOODS MARKET
130 So. Central Ave.
Glendale 4, Calif.
S CH Cert

BOGARD'S MARKET
506 W. Broadway
Glendale 4, Calif.
B Cert

JOHN'S MARKET
475 W. Colorado St.
Glendale 4, Calif.
B Cert

HARRY & KEN'S MARKET
401 W. Colorado St.
Glendale 4, Calif.
C Spar

RUBIN'S MARKET
111 E. Chestnut
Glendale 5, Calif.
C Spar

JACKIE'S MARKET
728 So. Central Ave.
Glendale 4, Calif.
B

STOP & SHOP MARKET
1008 So. Central Ave.
Glendale 4, Calif.
B Spar

RANDY'S MARKET
4225 San Fernando Rd.
Glendale 4, Calif.
C Spar

SO. GLENDALE MARKET
3929 San Fernando Rd.
Glendale 4, Calif.
A Spar

LA RIVERA GROCERY
4600 Alger St.
Los Angeles 39, Calif.
C

LA POTOSINO GROCERY
4129 Chevy Chase Dr.
Los Angeles 39, Calif.
C

EDDIE'S MARKET
4128 Chevy Chase Dr.
Los Angeles 39, Calif.
C

GARFIELD MARKET
4602 San Fernando Rd.
Glendale 4, Calif.
A Cert

2810

KING COLE MARKET
2920 Los Feliz Blvd.
Los Angeles 39, Calif.
S CH Cert

PERRAZO MARKET
4302 Prospect Ave.
Los Angeles 27, Calif.
C

FRANK'S FOOD SHOP
4102 Clayton Ave.
Los Angeles 27, Calif.
C

HUB MART
2738 Hyperion Ave.
Los Angeles 27, Calif.
S Cert

CARMEL GROCERY
2866 Rowena Ave.
Los Angeles 39, Calif.
C

CORNER DRIVE-IN MARKET
2740 Rowena Ave.
Los Angeles 39, Calif.
B Spar

THRIFTIMART
2432 Glendale Blvd.
Los Angeles 39, Calif.
S CH Cert

PRESSMAN DELICATESSEN
2474 Glendale Blvd.
Los Angeles 39, Calif.
C

BEACH'S MARKET
3104 Glendale Blvd.
Los Angeles 39, Calif.
A CH Cert

SOL & HENRY'S MARKET
3534 Larga Ave.
Los Angeles 39, Calif.
C

PAY-RITE MARKET
3321 Glendale Blvd.
Los Angeles 39, Calif.
B

EAGLE MARKET
3101 Silverlake Blvd.
Los Angeles 39, Calif.
C

QUEEN'S GROCERY
3222 Larga Ave.
Los Angeles 39, Calif.
C Spar

VINCE'S MARKET
3250 Atwater St.
Los Angeles 39, Calif.
C Cert

HUGHES MARKET
3061 San Fernando Rd.
Los Angeles 65, Calif.
A CH Cert

M. & W. DELICATESSEN
2801 Fletcher Dr.
Los Angeles 39, Calif.
C Spar

B & M MARKET
3253 Fletcher Dr.
Los Angeles 65, Calif.
C

MANNA MARKET
3133 Edward Ave.
Los Angeles 65, Calif.
C

SPARTAN MARKET
1900 Cypress Ave.
Los Angeles 65, Calif.
C Spar

CASTILLO'S MARKET
1277 Cypress Ave.
Los Angeles 65, Calif.
C

PEVIANI'S MARKET
1209 Cypress Ave.
Los Angeles 65, Calif.
C

C & H MARKET
2904 Division St.
Los Angeles 65, Calif.
B

ROUNDHOUSE MARKET
3301 Division St.
Los Angeles 65, Calif.
B Spar

ROSENFELD MARKET
3337 Division St.
Los Angeles 65, Calif.
C Spar

TOSTIS MARKET
2918 Verdugo Road
Los Angeles 65, Calif.
C

GATEWAY MARKET
3342 Verdugo Road
Los Angeles 65, Calif.
S CH OEm

AMER ITALIAN GROCERY
3383 Verdugo Road
Los Angeles 65, Calif.
C

BASTA'S MARKET
3354 Eagle Rock Blvd.
Los Angeles 65, Calif.
C

STAR FOOD MARKET
3426 Eagle Rock Blvd.
Los Angeles 65, Calif.
B

KING'S MARKET
3500 Eagle Rock Blvd.
Los Angeles 65, Calif.
A Cert

DUTRO'S MARKET
4102 Verdugo Rd.
Los Angeles 65, Calif.
C Spar

MARKET
4166 Verdugo Rd.
Los Angeles 65, Calif.
C Spar

JOHN'S MARKET
4409 Verdugo Rd.
Los Angeles 65, Calif.
C

HANNA'S MARKET
4668 Verdugo Rd.
Los Angeles 65, Calif.
C Spar

EAGLE FOOD MARKET
4157 Eagle Rock Blvd.
Los Angeles 65, Calif.
B

THRIFTIMART
4030 Eagle Rock Blvd.
Los Angeles 65, Calif.
S CH Cert

LEE'S RANCH MARKET
4460 Eagle Rock Blvd.
Los Angeles 65, Calif.
A Cert

AMERICAN ITAL. GROCERY
4534 Eagle Rock Blvd.
Los Angeles 65, Calif.
C

EAGLE ROCK BLVD. MARKET
4729 Eagle Rock Blvd.
Los Angeles 41, Calif.
B Spar

SERV-WELL MARKET
5014 Eagle Rock Blvd.
Los Angeles 41, Calif.
A Spar

VILLAGE MARKET
2952 W. Broadway
Los Angeles 41, Calif.
B Spar

SHOPPING BAG MARKET
2222 W. Colorado Blvd.
Los Angeles 41, Calif.
S CH Cert

BRISSETTE MARKET
1716 W. Colorado Blvd.
Los Angeles 41, Calif.
C

ECON-O-MART
1583 W. Colorado Blvd.
Los Angeles 41, Calif.
A Spar

SHOPPING BAG MARKET
1566 W. Colorado Blvd.
Los Angeles 41, Calif.
S CH Cert

C & L MARKET
1865 Yosemite Dr.
Los Angeles 41, Calif.
C Spar

YOSEMITE VILLAGE MARKET
1596 Yosemite Dr.
Los Angeles 41, Calif.
B Cert

RIDGLEY'S MARKET
1367 Yosemite Dr.
Los Angeles 41, Calif.
C

McCOLLISTER'S MARKET
1302 Yosemite Dr.
Los Angeles 41, Calif.
C Spar

DELICATESSEN
1022 Colorado Blvd.
Los Angeles 41, Calif.
C Mar

ENSON'S GROCERY
No. Linda Vista Ave.
ena, Calif.
A CH Cert Mar

ANDER MARKET
Foothill Blvd.
nada, Calif.
S CH Cert

N'S MARKET
Foothill Blvd.
nada, Calif.
C Spar

PING BAG MARKET
Foothill Blvd.
nada, Calif.
S CH Cert

LES CREST MARKET
Foothill Blvd.
nada, Calif.
A Cert Mar

RY'S MARKET
Foothill Blvd.
nada, Calif.
C Spar

HS MARKET
Foothill Blvd.
nada, Calif.
S CH

KETT'S FOOD MART
Lincoln Ave.
na, Calif.
B Spar Mar

PING BAG MARKET
Lincoln Ave.
na, Calif.
S CH Cert

PANTRY
Altadena Dr.
na, Calif.
S CH OEm

R'S MARKET
Altadena Dr.
na, Calif.
B Cert

WAY MARKET
No. Fair Oaks Ave.
na, Calif.
B Mar

ET BASKET
No. Fair Oaks Ave.
na, Calif.
S CH

'S GROCERY
No. Navarro Ave.
na, Calif.
C Mar

MARKET
Howard St.
na, Calif.
C

ON BROS. MARKET
Lincoln Ave.
na, Calif.
C OEm

MARKET
Lincoln Ave.
na, Calif.
C Spar

ET BASKET
No. Fair Oaks Ave.
na, Calif.
S CH

MARKET
No. Fair Oaks Ave.
na, Calif.
A Cert

ET AVE. MARKET
No. Summit Ave.
na, Calif.
C

EY MARKET
Fair Oaks Ave.
na, Calif.
B

PAUL'S GROCERY
841 No. Fair Oaks Ave.
Pasadena, Calif.
C Mar

BOORMAN'S MARKET
689 No. Fair Oaks Ave.
Pasadena, Calif.
A Cert

KLUG'S OAK VILLA MARKET
473 No. Fair Oaks Ave.
Pasadena, Calif.
C Mar

LINCOLN MARKET
273 No. Fair Oaks Ave.
Pasadena, Calif.
A

VILLAGE MARKET
664 Lincoln Ave.
Pasadena, Calif.
B Cert

ARROYO FOOD MARKET
1088 Lincoln Ave.
Pasadena, Calif.
A CH Spar

LA FIESTA MARKET
900 Winona Ave.
Pasadena, Calif.
C

VILLA CORNER MARKET
182 W. Villa St.
Pasadena, Calif.
C

OWENS MARKET
254 W. Walnut St.
Pasadena, Calif.
C

THE PANTRY
475 E. Orange Grove Ave.
Pasadena, Calif.
S CH OEm

ALPHA BETA MARKET
245 No. Los Robles Ave.
Pasadena, Calif.
S CH Cert

TOKYO FOOD CO.
16 W. Colorado St.
Pasadena, Calif.
C

SAVING CENTER DELIC
25 W. Colorado St.
Pasadena, Calif.
C

DIAMOND MARKET
45 W. Colorado St.
Pasadena, Calif
C

JERRY'S MARKET
252 So. De Lacey St.
Pasadena, Calif
C Spar

STAR MARKET
425 So. Fair Oaks Ave.
Pasadena, Calif.
B OEm

RIPPEE'S MARKET
12 E. California St.
Pasadena, Calif.
B Cert

LA LUZ DEL DIA MARKET
720 So. Fair Oaks Ave.
Pasadena, Calif.
B

WEINMAN'S MARKET
958 So. Fair Oaks Ave.
Pasadena, Calif.
C

BUNGALOW GROCERY
247 E. Ohio St.
Pasadena, Calif.
C

JURGENSON'S GROCERY
842 E. California St.
Pasadena, Calif.
A CH Cert Mar

THE PANTRY
845 E. California St.
Pasadena, Calif.
S CH OEm

BROTHERTON'S GROCERY
711 E. Del Mar Ave.
Pasadena, Calif
C

THE PANTRY
141 So. Marengo Ave.
Pasadena, Calif
S CH OEm

HINES GROCERY CO
780 E. Colorado St.
Pasadena, Calif
S Cert

BOY'S MARKET
33 No. Lake Ave.
Pasadena, Calif
S CH Cert

RALPHS MARKET
171 No. Lake Ave.
Pasadena, Calif.
S CH

FARMER'S MARKET
200 No. Lake Ave.
Pasadena, Calif.
S

DARM'S MARKET
600 E. Walnut St.
Pasadena, Calif.
A

EUROPEAN GROCERY
335 No. Lake Ave.
Pasadena, Calif.
C

YOUNG'S MARKET
644 No. Lake Ave.
Pasadena, Calif.
C

LYON'S GROCERY
907 No. Euclid Ave.
Pasadena, Calif.
C

EL MOLINO GROCERY
809 El Molino Ave.
Pasadena, Calif.
C

ROMA ITAL AMER MKT.
918 No. Lake Ave.
Pasadena, Calif.
C

MARKET BASKET
1260 No. Lake Ave.
Pasadena, Calif.
S CH

CROWN SUPPLY CO.
1368 No. Lake Ave.
Pasadena, Calif.
A Cert

JENSEN'S MARKET
1525 No. El Molino Ave.
Pasadena, Calif.
C

ELIZABETH ST. MARKET
302 E. Elizabeth St.
Pasadena, Calif.
C

PENN GROCERY
353 Penn St.
Pasadena, Calif.
C Spar

DEODAR MARKET
2057 No. Los Robles Ave.
Pasadena, Calif.
B

KERN'S DELICATESSEN
2470 No. Lake Ave.
Altadena, Calif.
C

HUNNICUTT'S MARKET
920 E. Altadena Dr.
Altadena, Calif.
C Cert

GILMORE'S MARKET
2387 No. Lake Ave.
Altadena, Calif
C Spar

MARKET BASKET
2270 No. Lake St.
Altadena, Calif
S CH

BOSTON FOOD MARKET
2098 No. Lake Ave.
Altadena, Calif
B Cert

ALTADENA FOOD MART
1873 No. Allen Ave.
Pasadena, Calif
A Spar Mar

ALLEY'S MARKET
1848 No. Allen Ave.
Pasadena, Calif.
C Cert

WHEELER'S GROCERY
1535 Bellford Ave.
Pasadena, Calif.
C

FOOTHILL SHOPPING CENTER
2513 E. Washington St.
Pasadena, Calif.
A CH Cert

JOHNNY'S DELICATESSEN
2411 E. Washington St.
Pasadena, Calif
C

GOOD FOODS MARKET
1864 E. Washington St.
Pasadena, Calif.
S Cert

MARKET BASKET
1859 E. Washington St.
Pasadena, Calif.
S CH

HARVEY'S MARKET
1112 No. Sierra Bonita Ave.
Pasadena, Calif.
C Cert

MILO'S MARKET
1581 E. Washington St.
Pasadena, Calif.
C

GRAY'S MARKET
1396 E. Washington St.
Pasadena, Calif.
A Cert

HILL MARKET
1573 No. Hill Ave.
Pasadena, Calif.
C Cert

ARROYO FOOD MARKET
1047 No. Allen Ave.
Pasadena, Calif
A CH Spar

LINDBERG'S MARKET
345 No. Allen Ave.
Pasadena, Calif.
C

PASADENA GROCERY
1825 E. Villa St.
Pasadena, Calif.
B OEm

HECK'S GROCERY
2040 E. Villa St.
Pasadena, Calif.
C

THE PANTRY
495 No. Altadena Dr.
Pasadena, Calif.
S CH OEm

MANOR MARKET
259 Sierra Madre Villa Ave.
Pasadena, Calif.
A CH Cert

RENDANT MARKET
3211 E. Foothill Blvd.
Pasadena, Calif.
C

FOOTHILL DELICATESSEN
2547 E. Foothill Blvd.
Pasadena, Calif.
C

MARTELO GROCERY
285 No. Martelo Ave.
Pasadena, Calif.
C

CARR'S MARKET
259 No. Hill Ave.
Pasadena, Calif.
C Spar

JOYCE FOOD MART
280 No. Hill Ave.
Pasadena, Calif.
B Cert

CHESTER VILLA MARKET
1272 E. Villa St.
Pasadena, Calif.
C

WAGNER'S MARKET
1137 E. Villa St.
Pasadena, Calif.
C

BENNETT'S MARKET
494 No. Wilson Ave.
Pasadena, Calif.
C OEm

EDDIE'S MARKET
217 So. Michigan Ave.
Pasadena, Calif.
C Spar

GERTMENIAN'S MARKET
1720 E. Colorado St.
Pasadena, Calif.
S OEm

HAYNES GROCERY
2212 E. Colorado St.
Pasadena, Calif.
C

HALL'S MARKET
457 So. Sierra Madre Blvd.
Pasadena, Calif.
C

MARKET BASKET
40 No. Santa Anita Ave.
Pasadena, Calif.
S CH

MANOR MARKET
2526 E. Colorado St.
Pasadena, Calif.
A CH Cert

SUN FAIR MARKET
2660 E. Colorado St.
Pasadena, Calif.
S CH OEm

EVERYBODY'S MARKET
3239 Colorado St.
Pasadena, Calif.
C

ARMEN'S MARKET
3492 E. Colorado St.
Pasadena, Calif.
C

DON'S MARKET
311 So. Rosemead Blvd.
Pasadena, Calif.
A Cert

TOTEM POLE MARKET
470 So. Rosemead Blvd.
Pasadena, Calif.
B Cert

ROSEMEAD MARKET
104 So. Rosemead Blvd.
Pasadena, Calif.
C

MARKET BASKET
3601 E. Foothill Blvd.
Pasadena, Calif.
S CH

SHOPPING BAG
3841 E. Sierra Madre Blvd
Pasadena, Calif.
S CH Cert

...S MARKET
...ierra Madre Blvd.
... Madre, Calif.
A Cert

...ON'S MARKET
... Sierra Madre Blvd.
... Madre, Calif.
C Spar

...T'S MARKET
... Sierra Madre Blvd.
... Madre, Calif.
A Cert

...GE MARKET
...oodland Dr.
... Madre, Calif.
C

...ER'S MARKET
...urdevant Dr.
... Madre, Calif.
C

... BETA MARKET
... Foothill Blvd.
..., Calif.
S CH Cert

...ILL SHOPPING CENTER
... Foothill Blvd.
..., Calif.
A Spar OEm

...ER FOODS
... Colorado Ave.
..., Calif.
C

...SKI'S MARKET
... Alta Vista Ave.
..., Calif.
C

... DELICATESSEN
... Foothill Blvd.
..., Calif.
C Spar

...ING BAG MARKET
... Foothill Blvd.
..., Calif.
S CH Cert

...'S FINE FOODS
... Foothill Blvd.
..., Calif.
C Spar

... MARKET
... California Ave.
..., Calif.
C

...ET BASKET
... Lemon Ave.
..., Calif.
S CH

...LL'S MARKET
... Myrtle Ave.
..., Calif.
S OEm

...NDER MARKET
... Huntington Dr.
..., Calif.
S CH Cert

...IELS MARKET
... Huntington Drive
..., Calif.
S CH Cert OEm

...T TOWN MARKET
... Huntington Dr.
..., Calif.
A Cert Mar

... MARKET
... Duarte Rd.
..., Calif.
C Spar

...OWER CENTER MKT.
...ck Rd.
..., Calif.
A CH Cert

...ABRIEL VALLEY MARKET
... Myrtle Ave.
..., Calif.
A Spar

CARLO'S RANCH MARKET
138 E. Huntington Dr.
Monrovia, Calif.
C

BUD'S COUNTRY STORE
456 E. Duarte Rd.
Monrovia, Calif.
C OEm

MARKET
418 E. Duarte Rd.
Monrovia, Calif.
C Spar

EASTSIDE MARKET
529 E. Huntington Dr.
Monrovia, Calif.
C

SHAMROCK GROCERY
825 So. Shamrock Ave.
Monrovia, Calif.
C

BIASOTTI MARKET
727 So. Shamrock Ave.
Monrovia, Calif.
C

WIEBE'S MARKET
525 So. Shamrock Ave.
Monrovia, Calif.
C

ALPHA BETA MARKET
1302 E. Huntington Dr.
Duarte, Calif.
S CH Cert

TROPICANO DELICATESSEN
1310 E. Duarte Rd.
Duarte, Calif.
C Spar

YOR-WAY MARKET
1803 E. Huntington Dr.
Duarte, Calif.
S CH Cert Mar

DUARTE MARKET
805 So. Foothill Blvd.
Duarte, Calif.
B

SUNRIZE MARKET
2249 E. Huntington Dr.
Duarte, Calif.
A OEm

AZUSA FOOD LOCKERS
717 Vernon Ave.
Azusa, Calif.
C

CERTIFIED MARKET
458 No. Virginia Ave.
Azusa, Calif.
B Cert

HERMAN'S MARKET
777 W. First St.
Azusa, Calif.
B

ALEXANDER MARKET
273 E. Gladstone Ave.
Azusa, Calif.
S CH Cert

YOR-WAY MARKET
101 No. Azusa Ave.
Azusa, Calif.
S CH Cert Mar

ROSALES MARKET
217 No. Azusa Ave.
Azusa, Calif.
B

FARMER'S MARKET
232 No. Azusa Ave.
Azusa, Calif.
C

CENTRAL MARKET
345 No. Azusa Ave.
Azusa, Calif.
A Mar

LUNA'S MARKET
200 No. Dalton Ave.
Azusa, Calif.
C

LEO'S MARKET
175 No. Dalton Ave.
Azusa, Calif.
C

ECONOMIA MARKET
300 No. Dalton Ave.
Azusa, Calif.
C

LUNA'S MARKET
309 No. Soldano Ave.
Azusa, Calif.
C

DAVALO'S GROCERY
447 No. Soldano Ave.
Azusa, Calif.
C

ABDELNOUR'S MARKET
631 No. Azusa Ave.
Azusa, Calif.
C

JOE'S MARKET
742 No. Azusa Ave.
Azusa, Calif.
C Spar

ROSE'S MARKET
833 No. Azusa Ave.
Azusa, Calif.
C

MARKET BASKET
605 E. Foothill Blvd.
Azusa, Calif.
S CH

MAYFAIR MARKET
6307 No. Citrus Ave.
Azusa, Calif.
S CH Cert OEm

MAYFLOWER MARKET
940 So. Grand Ave.
Glendora, Calif.
S CH Cert

DICKIE'S MARKET
615 Glendora Ave.
Glendora, Calif.
C

SHOPPING BAG MARKET
517 S. Glendora Ave.
Glendora, Calif.
S CH Cert

SHIPMAN'S MARKET
430 So. Wabash Ave.
Glendora, Calif.
C

DEPOT QUALITY MARKET
257 So. Michigan Ave.
Glendora, Calif.
B Cert

STATER BROS. MARKET
526 W. Foothill Blvd.
Glendora, Calif.
S CH OE

MINUTE MART
19100 Foothill Blvd.
Glendora, Calif.
C

FINKBINER'S MARKET
203 No. Michigan Ave.
Glendora, Calif.
A CH

FOODSTOP
209 No. Michigan Ave.
Glendora, Calif.
B

ARCHIE'S DELICATESSEN
221 No. Michigan Ave.
Glendora, Calif.
C

WOLF'S COMPLETE MARKET
301 E. Whitcomb Ave.
Glendora, Calif.
C

SWEET'S STORE
1112 No. San Dimas Ave.
San Dimas, Calif.
C OEm

BOB S MARKET
175 W. Bonita Ave.
San Dimas, Calif.
A Cert

PAT'S MARKET
155 W. Bonita Ave.
San Dimas, Calif.
B OEm

ALPHA BETA MARKET
2040 Third St.
La Verne, Calif.
S CH Cert

BETTER BUY MARKET
2125 Fourth St.
La Verne, Calif.
B

BELZER'S MARKET
2306 5th St.
La Verne, Calif.
C Spar

HIXON'S STOP 'N SHOP
2335 D St.
La Verne, Calif.
B OEm

EL RANCHO CHICO GROCERY
2048 Palomares Ave.
La Verne, Calif.
C

EL SIGLO MARKET
1912 Palomares Ave.
La Verne, Calif.
C Cert

CROSS ROADS MARKET
2090 No. Garey Ave.
Pomona, Calif.
S Cert OEm

McDANIELS MARKET
2190 No. Garey St.
Pomona, Calif.
S CH Cert OEm

SHOPPING BAG MARKET
2470 No. San Antonio Ave.
Pomona, Calif.
S CH Cert

EL RANCHO MARKET
3200 No. Garey St.
Pomona, Calif.
S CH Cert OEm

STATER BROS. MARKET
1290 Indian Hill Rd.
Claremont, Calif.
S CH OEm

WOLFE & CO. MARKET
160 W. Foothill Blvd.
Claremont, Calif.
A Cert

L. J. BENTLEY
235 No. Yale Ave.
Claremont, Calif.
A OEm

CLAREMONT MARKET
109 No. Yale Ave.
Claremont, Calif.
A Spar

ARBOL VERDE MARKET
709 E. First St.
Claremont, Calif.
C

TRIANGLE MARKET
333 Arrow Highway
Claremont, Calif.
B Mar

ALPHA BETA MARKET
1670 Alexander Ave.
Pomona, Calif.
S CH Cert

BOYS MARKET
1575 E. Holt Ave.
Pomona, Calif.
S CH Cert

MARKET BASKET
1500 On The Mall
Pomona, Calif.
S CH

FARMERS MARKET
962 E. Holt Ave.
Pomona, Calif.
A OEm

FOOD TOWNE MARKET
570 No. Towne Ave.
Pomona, Calif.
A OEm

KELLY'S MARKET
908 No. Towne Ave.
Pomona, Calif.
C

C. & S. MARKET
1008 No. Towne Ave.
Pomona, Calif.
C

ALPHA BETA MARKET
1795 No. Garey Ave.
Pomona, Calif.
S CH Cert

STATER BROS. MARKET
1025 No. Garey Ave.
Pomona, Calif.
S CH OEm

ART'S MARKET
701 No. Gibbs St.
Pomona, Calif.
C

GOLD STRIKE MARKET
412 No. Park Ave.
Pomona, Calif.
A Cert OEm

STILLMANK MARKET
666 No. Park Ave.
Pomona, Calif.
B

WHITEWAY MARKET
1135 No. White Ave.
Pomona, Calif.
B Cert

HUNTINGTON GROCERY
695 W. Holt Ave.
Pomona, Calif.
C

ROYALTY PROD. MARKET
793 W. Holt Ave.
Pomona, Calif.
C

MARKET BASKET
1645 W. Holt Ave.
Pomona, Calif.
S CH

CAUDILLO'S MARKET
830 W. Commercial St.
Pomona, Calif.
C

LOU'S MARKET
1321 W. 2nd St.
Pomona, Calif.
C Spar

MORTON'S MARKET
1106 W. 2nd St.
Pomona, Calif.
C Spar

LA TAPATIA MARKET
855 W. 2nd St.
Pomona, Calif.
C

GRABILL'S MARKET
300 E. 2nd St.
Pomona, Calif.
C

ALPHA BETA MARKET
360 E. 5th Ave.
Pomona, Calif.
S CH Cert

MAIN'S MARKET
1236 E. 5th Ave.
Pomona, Calif.
B OEm

BUDGET RANCH MARKET
1025 E. 5th Ave.
Pomona, Calif.
A OEm

BARCLAY'S MARKET
1498 S. Towne Ave.
Pomona, Calif.
C

MARCUM'S GROCERY
2095 So. Towne Ave.
Pomona, Calif.
C

BAKER'S VILLAGE MARKET
805 E. Philadelphia St.
Pomona, Calif.
A

ALPHA BETA MARKET
Philadelphia & Garey
Pomona, Calif.
S CH Cert

MAXWELL'S MARKET
1701 S. Garey Ave.
Pomona, Calif.
C

FARMER'S OUTLET GROCERY
1318 So. Garey Ave.
Pomona, Calif.
B Spar

IMPERIAL MARKET
1307 So. Garey Ave.
Pomona, Calif.
C Spar

TELLES DELICATESSEN
1191 So. Garey Ave
Pomona, Calif.
C

EL EXITO MARKET
1091 So. Garey Ave.
Pomona, Calif.
B Cert

BROWN'S GROCERY
689 W. 11th St.
Pomona, Calif.
C

SO. PARK AVE. MARKET
500 W. 7th St.
Pomona, Calif.
C

STATER BROTHERS MARKET
550 So. Garey Ave.
Pomona, Calif.
S CH OEm

BOONE'S 5TH AVE. MARKET
604 W. 5th Ave.
Pomona, Calif.
A Cert

CORRALES GROCERY
1228 So. White Ave.
Pomona, Calif.
C

CHAMP'S MARKET
1076 W. Phillips Blvd.
Pomona, Calif.
A Mar OEm

SHOPRIGHT MARKET
1600 W. 5th Ave.
Pomona, Calif.
A CH Cert

WALNUT STORE
20373 E. Valley Blvd.
Walnut, Calif.
C

HARVEY MARKET
19747 E. Valley Blvd.
Walnut, Calif.
C OEm

MANUEL'S MARKET
18061 Valley Blvd.
La Puente, Calif.
A

ALPHA BETA MARKET
17305 E. Valley Blvd.
La Puente, Calif.
S CH Cert

LA PINA MARKET
16046 E. Abbey St.
La Puente, Calif.
C

GARRO'S MARKET
15939 E. Valley Blvd.
La Puente, Calif.
C

LAULIVE MARKET
15832 E. Main St.
La Puente, Calif.
C

BLUA'S GROCERY
15246 E. Valley Blvd
La Puente, Calif.
C

HILLGROVE MARKET
15002 E. Clark Ave.
La Puente, Calif.
C OEm

THRIFTIMART
1120 Hacienda Blvd.
La Puente, Calif.
S CH Cert

MARKET BASKET
155 No. Glendora Ave
La Puente, Calif.
S CH

SONNY BOY MARKET
619 No. Glendora Ave.
La Puente, Calif.
B OEm

SHOPPING BAG
15425 Amar Rd.
La Puente, Calif.
S CH Cert

FAIRGROVE MARKET
1206 No. Glendora Ave.
La Puente, Calif.
S Cert

CARLTON'S MARKET
15790 Maple Grove St.
La Puente, Calif.
C Cert

THRIFTIMART
1320 Francisquito Ave.
West Covina, Calif.
S CH Cert

CODD'S MARKET
15978 E. Francisquito Ave.
La Puente, Calif.
S CH OEm

RANCH MARKET
522 Vine Ave.
West Covina, Calif.
B OEm

McDANIELS MARKET
126 Glendora Ave.
West Covina, Calif.
S CH Cert OEm

SNIDER BROS MARKET
1206 E. Garvey Ave.
West Covina, Calif.
C OEm

CENTER MARKET
1102 E. Garvey Ave.
West Covina, Calif.
A OEm

SHOPPING BAG
1170 E. Garvey Ave.
West Covina, Calif.
S CH Cert

ALPHA BETA MARKET
600 So. Sunset Ave
West Covina, Calif.
S CH Cert

HIRAM'S MARKET
2630 Workman Ave.
West Covina, Calif.
S CH Cert

McDANIELS MARKET
2235 E. Garvey Ave.
West Covina, Calif.
S CH Cert OEm

ALPHA BETA MARKET
625 Citrus Ave.
Covina, Calif.
S CH Cert

MARKET BASKET
920 E. Badillo St.
Covina, Calif.

CODD'S MARKET
160 E. College St.
Covina, Calif.
S CH

FRANK'S HANDY MKT
442 No. First St.
Covina, Calif.

COVINA FARMS MARKET
731 No. Grand Ave.
Covina, Calif.

ALPHA BETA MARKET
1067 No. Grand Ave.
Covina, Calif.
S CH

McDANIELS MARKET
440 W. Arrow Highway
Covina, Calif.
S CH Cert

FOX MARKET
1048 No. Citrus Ave.
Covina, Calif.
S CH Cert

MARKET BASKET
17333 San Bernardino Rd.
Covina, Calif.

IMPORTED FOODS
1635 San Bernardino Rd.
Covina, Calif.

SHOPPING BAG
960 E. Arrow Hwy.
Covina, Calif.
S CH

VALLEYDALE MARKET
5210 Clydebank Ave.
Azusa, Calif.

BRECEDA'S MARKET
5152 Irwindale Ave.
Azusa, Calif.

DON'S MARKET
15816 E. Arrow Hwy.
Azusa, Calif.

CUNNINGHAM'S GROCERY
5026 Maine Ave.
Baldwin Park, Calif.

MOODY'S MARKET
4755 Maine Ave.
Baldwin Park, Calif.

COSENTINO MARKET
4713 Maine Ave.
Baldwin Park, Calif.

SHOPRIGHT VILLAGE MKT
13810 E. Los Angeles St.
Baldwin Park, Calif.
A CH

GRAB-N-RUN MARKET
12760 E. Ramona Blvd.
Baldwin Park, Calif.

PARKWAY MART
13028 Francisquito
Baldwin Park, Calif.
A CH

EL-WIN VILLAGE MART
13100 E. Ramona Blvd.
Baldwin Park, Calif.

CAMARELLA MARKET
13360 E. Ramona Blvd.
Baldwin Park, Calif.

ELS SHOP 'N SAVE
Ramona Blvd.
Park, Calif.
S CH Cert OEm

T BASKET
aine Ave
Park, Calif.
S CH

ARKET
Ramona Blvd
Park, Calif.
C

S RANCH MARKET
Ramona Blvd.
Park, Calif.
C Spar

ELS MARKET
Badillo St.
ina, Calif.
S CH Cert OEm

IANT MARKET
San Bernardino Rd.
ina, Calif.
S CH Cert

MARKET
acific Ave
Park, Calif.
B OEm

S MARKET
Garvey Ave.
Park, Calif.
C

E'S MARKET
Garvey Ave.
Park, Calif.
C

TOTUM
Francisquito Ave
Park, Calif.
C

RDT'S MARKET
aldwin Park Blvd.
Park, Calif.
B Cert

'S MARKET
Waco St.
Park, Calif.
C

MARKET
Bess Ave.
Park, Calif.
C Spar

RINE MARKET
Garvey Ave.
Park, Calif.
B Spar

N RANCH MARKET
Valley Blvd.
e, Calif.
B Spar

OMPLETE MARKET
Valley Blvd.
e, Calif.
C

'S MARKET
Valley Blvd.
e, Calif.
C OEm

TESSEN
Elliott St.
e, Calif.
C Mar

IANT MARKET
Elliott St.
e, Calif.
S CH Cert

S VILLAGE MARKET
Pellissier Rd.
Calif.
C

NE MARKET
Durfee Ave.
, Calif.
A Cert

SEXTON'S MARKET
1802 Burtett Rd
El Monte, Calif.
C

SANTA FE FARMS
1954 No Durfee Rd.
El Monte, Calif.
A OEm

FINEVIEW MARKET
12349 Fineview St.
El Monte, Calif.
C Spar

SHIPP'S MARKET
2514 No. Durfee Ave.
El Monte, Calif
B Spar

IVIE'S MARKET
2556 No. Durfee Ave.
El Monte, Calif.
C

DOWNTAIN'S GROCERY
2861 No. Durfee Ave.
El Monte, Calif.
C

MARKET BASKET
12030 E. Valley Blvd.
El Monte, Calif.
S CH

CRAWFORDS MARKET
11850 E. Valley Blvd.
El Monte, Calif.
S CH Spar

LITTLE 5 POINTS MARKET
2601 No. Meeker Rd.
El Monte, Calif.
C Spar

BILL'S MARKET
2501 No. Mountain View Ave.
El Monte, Calif.
C

GOLDSHIELD MARKET
1625 No. Hoyt Ave.
El Monte, Calif.
C Spar

GROCERY STORE
10603 Rush St.
El Monte, Calif.
C

SMITH MARKET
10820 E. Klingerman St.
El Monte, Calif.
C

RAINBOW MARKET
2403 No Tyler Ave.
El Monte, Calif
C

KNIGHT'S MARKET
2432 No. Tyler Ave.
El Monte, Calif.
C

PAUL'S MARKET
2530 No Tyler Ave.
El Monte, Calif.
C Spar

PAGE'S MARKET
11243 Elliott Ave.
El Monte, Calif.
C Mar

HIGHWAY BEV. & GROCERY
11312 E. Garvey Ave.
El Monte, Calif.
C

BUD'S UPTOWN MARKET
427 So. Hoyt Ave.
El Monte, Calif.
S Spar OEm

VAN'S MARKET
2503 No. Merced Ave.
El Monte, Calif.
C Spar

COOPER'S MARKET
2107 No. Merced Ave.
El Monte, Calif.
C

NICK'S MARKET
9837 E. Rush St.
El Monte, Calif.
C

COOPER'S MARKET
2561 No. Potrero Ave.
El Monte, Calif.
C

GARVEY RANCH MARKET
9871 E. Garvey Ave.
El Monte, Calif.
B CH Cert

EVERYBODY'S MARKET
9815 E. Garvey Ave.
El Monte, Calif.
C

JOHN'S MARKET
9701 E. Cortada St.
El Monte, Calif.
C Spar

SEEGER'S MARKET
9641 E. Garvey Ave.
El Monte, Calif.
C

GEORGE'S MARKET
9566 E. Garvey Ave.
El Monte, Calif.
C

SUMRALL'S MARKET
9545 E. Garvey Ave.
El Monte, Calif.
C

ROSEFERN MARKET
2601 No. Rosemead Blvd.
El Monte, Calif.
C OEm

SPARTAN MARKET
9305 E Fern St.
El Monte, Calif.
C

LEE AVE. MARKET
2403 No. Lee Ave.
El Monte, Calif.
C Spar

BILL'S MARKET
2027 No. Rosemead Blvd.
El Monte, Calif.
C Spar

JOE'S FOOD MART
2003 No. Rosemead Blvd.
El Monte, Calif.
C Spar

PENNY-WISE MARKET
8818 E. Garvey Ave
So. San Gabriel, Calif.
B Spar OEm

ERNEST'S MARKET
8717 E. Garvey Ave
So. San Gabriel, Calif.
C

B & R MARKET
8636 E. Ramona Blvd.
Rosemead, Calif.
C

SAVE RITE MARKET
8600 E. Valley Blvd.
Rosemead, Calif.
A

GERACI'S MARKET
8779 E. Valley Blvd.
Rosemead, Calif.
C

ESTHER'S MARKET
8923 E. Mission Dr.
Rosemead, Calif.
C

JENKIN'S MARKET
9008 E. Valley Blvd.
Rosemead, Calif.
B Spar OEm

JAX MARKET
9031 E. Valley Blvd.
Rosemead, Calif.
A CH Spar OEm

ERNEST'S GROCERY
9443 E. Valley Blvd.
Rosemead, Calif.
C

McDANIELS MARKET
4819 No. Temple City Blvd.
Temple City, Calif.
S CH Cert OEm

VILLAGE MARKET
5407 No. Baldwin Ave.
Temple City, Calif.
C Spar

McDANIEL'S MARKET
700 W. Lower Azusa Rd.
El Monte, Calif.
S CH Cert OEm

PARSONS MARKET
9726 E. Valley Blvd
El Monte, Calif.
C

MARTIN'S MARKET
10113 E. Valley Blvd.
El Monte, Calif.
C

COOK'S MARKET
10203 E. Valley Blvd.
El Monte, Calif.
C OEm

VENITA MARKET
10544 E. Venita St.
El Monte, Calif.
C

ARDEN DRIVE MARKET
4266 No. Arden Drive
El Monte, Calif.
C

GRANADA GROCERY
152 So Granada Ave.
El Monte, Calif.
C

COMMONWEALTH MARKET
720 No Tyler Ave.
El Monte, Calif.
A Cert OEm

SHOPPING BAG MARKET
141 E. Valley Blvd.
El Monte, Calif.
S CH Cert

VIRGINIA INN MARKET
616 E. Valley Blvd.
El Monte, Calif.
C

FOOD GIANT MARKET
1045 E Exline St.
El Monte, Calif
S CH Cert

CARLTON'S MARKET
11958 E. San Bernardino Rd.
El Monte, Calif.
A Cert

EL MONTE SUPER FOOD MARKET
12002 E. San Bernardino Rd.
El Monte, Calif.
A

SAN GABRIEL RIVER MARKET
12356 E. San Bernardino Rd.
El Monte, Calif.
C

MORENO GROCERY
712 Medina Court
El Monte, Calif.
C OEm

GALVEZ GROCERY
604 Medina Court
El Monte, Calif.
C

BELL'S FOOD MARKET
3808 No. Peck Rd.
El Monte, Calif.
B Spar

STRAND'S MARKET
3845 No. Peck Rd.
El Monte, Calif.
C

SHOP E-Z MARKET
4316 No. Peck Rd.
El Monte, Calif.
B Spar

SHOPPING BAG MARKET
4806 No. Peck Rd.
El Monte, Calif.
S CH Cert

NAGAI RANCH MARKET
11012 E. Lower Azusa Rd.
El Monte, Calif.
C Spar

TYLER CIRCLE MARKET
4376 No. Tyler Ave.
El Monte, Calif.
B Spar

JOE'S MARKET
5207 No. Tyler Ave.
El Monte, Calif.
C

MILLER'S MARKET
10657 E. Olive St.
Temple City, Calif.
C Spar

MARKET TOWN
150 W. Las Tunas Dr.
Arcadia, Calif.
A OEm

RALPHS MARKET
11016 E. Live Oak Ave.
Arcadia, Calif.
S CH

ALPHA BETA MARKET
11250 E. Live Oak Ave.
Arcadia, Calif.
S CH Cert

KASNER'S MARKET
800 So. Santa Anita Ave.
Arcadia, Calif.
B Spar

SHOPPING BAG MARKET
7 E. Huntington Drive
Arcadia, Calif.
S CH Cert

MARKET BASKET
30 So. 1st Ave.
Arcadia, Calif.
S CH

D & M GROCERIES
625 So. 1st Ave.
Arcadia, Calif.
C OEm

EL RANCHO MARKET
1101 W. Huntington Dr.
Arcadia, Calif.
S CH Cert OEm

RESTIVO'S MARKET
9736 W. Duarte Rd.
West Arcadia, Calif.
C

DELICATESSEN
1029 So. Baldwin Ave.
Arcadia, Calif.
C

ROYAL'S MARKET
1212 So. Baldwin Ave.
West Arcadia, Calif.
B OEm

SHOPPING BAG MARKET
1407 So. Baldwin Ave.
West Arcadia, Calif.
S CH Cert

G & L MARKET
6211 So. Baldwin Ave.
West Arcadia, Calif.
C

SCHAUB'S MARKET
9956 E. Las Tunas Dr.
Temple City, Calif.
S Cert

ALPHA BETA MARKET
5935 No. Temple City Blvd.
Temple City, Calif.
S CH Cert

SHOPPING MART
9476 E. Las Tunas Dr.
Temple City, Calif.
S

MARKET BASKET
9451 E. Las Tunas Dr.
Temple City, Calif.
S CH

...AY MARKET
...so Rosemead Blvd.
...abriel, Calif.
S CH Cert OEm

...& RUN MARKET
...E Las Tunas Dr.
...abriel, Calif.
C Spar

...& SHOP MARKET
...so Rosemead Blvd.
...e City, Calif.
B

...ET BASKET
...so Rosemead Blvd.
...osemel, Calif.
S CH

...PING BAG MARKET
...untington Dr.
...arino, Calif.
S CH Cert

...'S RANCH HOUSE MARKET
...So. San Gabriel Blvd.
...abriel, Calif.
B Spar

...PING BAG MARKET
...untington Dr.
...arino, Calif.
S CH Cert

...RD MORAN'S MARKET
...So. San Marino Ave.
...abriel, Calif.
B Spar

...AY MARKET
...Las Tunas Dr.
...abriel, Calif.
S CH OEm

...ARS MARKET
...Las Tunas Dr.
...abriel, Calif.
S CH Cert

...NIA BONITA DELICATESSEN
...Mission Dr.
...abriel, Calif.
C

...'S GROCERY
...Angeleno Ave
...abriel, Calif.
C

...RDENIA MARKET
...Angeleno Ave.
...abriel, Calif.
C

...MARKET
...Sunset Ave.
...abriel, Calif.
B Cert

...MARKET
...Del Mar Ave.
...abriel, Calif.
C Mar

...VILLAGE MARKET
...Fairview Ave.
...abriel, Calif.
B OEm

...'S MARKET
...Mission Dr.
...abriel, Calif.
C Spar

...DRIVE MARKET
...Mission Dr.
...abriel, Calif.
C

...GROCERY
...San Gabriel Blvd.
...abriel, Calif.
B Spar

...MARKET
...Mission Dr.
...abriel, Calif.
C OEm

...MARKET
...San Gabriel Blvd.
...abriel, Calif.
C

CAL-FAIR MARKET
728 E. Valley Blvd.
San Gabriel, Calif.
B OEm

CLARO'S MARKET
1003 E. Valley Blvd
Rosemead, Calif.
C

SUNFAIR MARKET
1849 So. San Gabriel Blvd.
San Gabriel, Calif.
S CH OEm

BORIS MARKET
3317 No. San Gabriel Blvd.
So. San Gabriel, Calif.
C Spar

BEACH'S MARKET
8235 E. Garvey Ave.
So. San Gabriel, Calif.
S CH Cert

GATEWAY MARKET
8219 E. Garvey Ave.
So. San Gabriel, Calif.
S CH OEm

WHITE'S MARKET
8020 E. Newmark Ave.
San Gabriel, Calif.
C

FOODLAND
2418 No. San Gabriel Blvd.
San Gabriel, Calif.
B Spar

PHILLIPS RANCH MARKET
2125 No. San Gabriel Blvd.
San Gabriel, Calif.
C OEm

MOSQUEDA MARKET
1630 Potrero Grande Dr.
San Gabriel, Calif.
B Cert

GRANDVIEW MARKET
1325 No. San Gabriel Blvd.
San Gabriel, Calif.
C

GROCERY STORE
1168 No. San Gabriel Blvd
San Gabriel, Calif.
C

C. & L. MARKET
717 No. San Gabriel Blvd.
San Gabriel, Calif.
C

WILMAR G. I. MARKET
8000 E. Garvey Ave.
Wilmar, Calif.
B

LITTLE GABE'S MARKET
7857 E. Garvey Ave.
So. San Gabriel, Calif.
C

LAWSON'S MARKET
3200 No. Del Mar Ave.
Wilmar, Calif.
C

ATKINS MARKET
3358 No. Del Mar Ave.
Wilmar, Calif.
C

BEHEE MARKET
7601 E. Marshall St.
So. San Gabriel, Calif.
C

LOUIE'S MARKET
3721 No. Delmar Ave.
Wilmar, Calif.
C

THE BOY'S MARKET
120 E. Valley Blvd.
San Gabriel, Calif.
S CH Cert

MARKET BASKET
115 W. Valley Blvd.
San Gabriel, Calif.
S CH

CRAWFORD'S MARKET
1421 E. Valley Blvd.
Alhambra, Calif.
S CH Cert

VON'S MARKET
1000 E. Valley Blvd
Alhambra, Calif.
S CH Cert

PERRY'S MARKET
3770 No. New Ave.
Wilmar, Calif.
C

STRINZ MARKET
1102 E. Hellman Ave.
Monterey Park, Calif.
C

McQUEEN'S GROCERY
333 New Ave.
Monterey Park, Calif.
C

PROSPECT MARKET
7538 E. Garvey Ave.
Wilmar, Calif.
B

CO-OP FOODS
100 No. Elizabeth St.
Monterey Park, Calif.
C Spar

ITAL. AMERICAN MARKET
706 E. Garvey Ave
Monterey Park, Calif.
C

STAR MARKET
350 E. Garvey Ave.
Monterey Park, Calif.
A CH Spar

GATEWAY MARKET
160 E. Garvey Ave.
Monterey Park, Calif.
S CH OEm

SHOPPING BAG MARKET
127 No. Garfield Ave.
Monterey Park, Calif.
S CH Cert

GENTLE'S MARKET
617 W. Garvey Ave.
Monterey Park, Calif.
B Spar Mar

FAMILY SHOP
504 So. Atlantic Blvd.
Monterey Park, Calif.
C Spar

FAMILY MARKET
974 W. Garvey Ave.
Monterey Park, Calif.
C

MIDWICK MARKET
1050 W. Garvey Ave.
Monterey Park, Calif.
C Spar

SIMON'S MARKET
1270 Coyote Pass Rd.
Monterey Park, Calif.
C

CIRCLE-B MARKET
2401 W. Hellman Ave.
Alhambra, Calif.
A Cert

ALPHA BETA MARKET
421 No. Atlantic Blvd.
Monterey Park, Calif.
S CH Cert

DE LUCA'S MARKET
712 W. Hellman Ave.
Monterey Park, Calif.
C

BRADBURY'S MARKET
625 No. Garfield Ave.
Monterey Park, Calif.
A Cert

VITA HEALTH FOOD CENTER
126 E. Valley Blvd.
Alhambra, Calif.
C

GATEWAY MARKET
409 W. Valley Blvd.
Alhambra, Calif.
S CH Cert OEm

CRAWFORD'S MARKET
910 W. Valley Blvd.
Alhambra, Calif.
S CH Cert

SHOPPING BAG MARKET
2200 W. Valley Blvd.
Alhambra, Calif.
S CH Cert

ITAL. AMER. FOOD STORE
2219 W. Valley Blvd.
Alhambra, Calif.
C

GATEWAY MARKET
2532 W. Valley Blvd.
Alhambra, Calif.
S CH Cert OEm

GRANDVIEW MARKET
2842 W. Valley Blvd.
Alhambra, Calif.
C

WHITE'S MARKET
2924 W. Valley Blvd.
Alhambra, Calif.
B

FREMONT MARKET
629 So. Fremont Ave.
Alhambra, Calif.
B

LEE'S MARKET
525 So. Palm Ave.
Alhambra, Calif.
C

ARNOTT'S GROCERY
300 So. Marengo Ave.
Alhambra, Calif.
C Spar

CARPENTER'S MARKET
1712 W. Main St.
Alhambra, Calif
A OEm

WEST MAIN MARKET
1854 W. Main St.
Alhambra, Calif.
A CH Spar

DORNEY'S DELICATESSEN
2003 W. Main St.
Alhambra, Calif
C

STAR MARKET
2289 W. Main St.
Alhambra, Calif.
A CH Spar

MORRIS PUBLIC MARKET
9 No. Fremont Ave.
Alhambra, Calif.
B

RITE-BY MARKET
2800 W. Main St.
Alhambra, Calif.
A Spar

MAYCREST MARKET
5467 Huntington Dr., N.
Los Angeles 32, Calif.
C

CIRCLE MARKET
5767 Huntington Dr., N.
Los Angeles 32, Calif.
C OEm

M. & M. FOOD, INC.
1401 Huntington Dr.
South Pasadena, Calif.
S

ONEONTA MARKET
1929 Huntington Dr.
South Pasadena, Calif.
B

FOOD CENTER
525 No. Electric Ave.
Alhambra, Calif.
B Cert

FISHER'S MARKET
1322 W. Alhambra Rd.
Alhambra, Calif.
A Spar

HALBERT'S FOOD MARKET
526 No. Atlantic Blvd.
Alhambra, Calif.
B Cert

COMMONWEALTH MARKET
301 So. Atlantic Blvd.
Alhambra, Calif.
A Spar

RALPHS MARKET
510 W. Main St.
Alhambra, Calif.
S CH

GATEWAY MARKET
100 No. Garfield Ave.
Alhambra, Calif.
S CH OEm

SCHAUL'S MARKET
9 Park St.
Alhambra, Calif.
B

MIKE & LEONA GROC.
401 W. Mission Rd.
Alhambra, Calif.
C Spar

MISSION MARKET
800 E. Main St.
Alhambra, Calif.
B Cert

LIN-WALL MARKET
908 E. Main St.
Alhambra, Calif.
A Spar

SAN MARINO MARKET
988 Huntington Dr.
San Marino, Calif.
A Cert

MARKET BASKET
900 Huntington Dr.
San Marino, Calif.
A CH

JURGENSEN'S GROCERY
2650 Mission St.
San Marino, Calif.
A CH Cert Mar

ARCADE MARKET
2549 Mission St.
San Marino, Calif.
B OEm

MARKET BASKET
920 Fair Oaks Ave.
South Pasadena, Calif.
S CH

OUR MARKET
923 Fair Oaks Ave.
South Pasadena, Calif.
A Cert Spar Mar

SHOPPING TIME
1005 Mission St.
South Pasadena, Calif.
B Cert

MISSION FOOD MART
613 Mission St.
South Pasadena, Calif.
B Spar

BLACKMORE'S MARKET
303 Pasadena Ave.
South Pasadena, Calif.
C

...N & COUNTRY MARKET
...5 Ferrara St.
...Angeles 42, Calif.
C

...IAN DELICATESSEN
...No. Ave 64
...Angeles 42, Calif.
C

...ER'S MARKET
...No. Ave. 64
...Angeles 42, Calif.
B Spar

...'S FOOD MART
...No. Figueroa St.
...Angeles 42, Calif.
C Cert

...DIE'S MARKET
...No. Figueroa St.
...Angeles 42, Calif.
C Spar

...'S MARKET
...No. Figueroa St.
...Angeles 42, Calif.
C

...DALA MARKET
...No. Figueroa St.
...Angeles 42, Calif.
B Spar

...AR MARKET
...No. Figueroa St.
...Angeles 42, Calif.
C

...'S MARKET
...York Blvd.
...Angeles 42, Calif.
S CH Cert Mar

...GE'S SHOPPING CENTER
...York Blvd.
...Angeles 42, Calif.
B Cert

...D IMPORTING CO.
...York Blvd.
...Angeles 42, Calif.
B

...HAM GROCERY
...No. Ave. 56
...Angeles 42, Calif.
C Spar

...M. MARKET
...Rangeview Av.
...Angeles 42, Calif.
C

...ER'S MARKET
...York Blvd.
...Angeles 42, Calif.
C Spar

...S MARKET
...York Blvd.
...Angeles 42, Calif.
B CH Cert

...FOOD MARKET
...York Blvd.
...Angeles 42, Calif.
A OEm

...'S MARKET
...York Blvd.
...Angeles 41, Calif.
C Spar

...S MARKET
...Buchanan St.
...Angeles 42, Calif.
C

...SO MARKET
...Ave. 50
...Angeles 42, Calif.
A Cert

...MARKET
...No. Ave. 50
...Angeles 42, Calif.
B Spar

...MAN'S MARKET
...Buchanan St.
...Angeles 42, Calif.
C

ALBERT'S MARKET
807 No. Ave. 54
Los Angeles 42, Calif.
B Spar

TED'S TRIANGLE MARKET
5661 Aldama St.
Los Angeles 42, Calif.
C CH

NORMAN HOPE MARKET
5757 Aldama St.
Los Angeles 42, Calif.
C

A VENDELLE GROCERY
5934 Benner St.
Los Angeles 42, Calif.
C

KOLAR BROS. MARKET
5826 Monterey Road
Los Angeles 42, Calif.
A Spar Mar OEm

YOUNG'S MARKET
5808 Monterey Road
Los Angeles 42, Calif.
A Cert

DICK'S MARKET
6015 No. Figueroa St.
Los Angeles 42, Calif.
S Cert

VAUGHN'S MARKET
5612 No. Figueroa St.
Los Angeles 42, Calif.
A Cert

THE BOY'S MARKET
5531 Monte Vista St.
Los Angeles 42, Calif.
S CH Cert Mar

LOYA'S MARKET
5202 Monte Vista St.
Los Angeles 42, Calif.
C

MONTE VISTA MARKET
5201 Monte Vista St.
Los Angeles 42, Calif.
B Cert Mar

BARNEY'S MARKET
5005 Monte Vista Ave.
Los Angeles 42, Calif.
C

MONTE MART MARKET
248 No. Ave. 50
Los Angeles 42, Calif.
B Spar

AVE. 43 FOOD MART
4300 No. Figueroa St.
Los Angeles 65, Calif.
A

SUNRISE MARKET
4307 No. Griffin Ave.
Los Angeles 31, Calif.
B Spar

GRIFFIN AVE. MARKET
4300 No. Griffin Ave.
Los Angeles 31, Calif.
C Spar

ECONOMY GROCERY
3378 Griffin Ave.
Los Angeles 31, Calif.
C

F. CHIN MARKET
3321 No. Pasadena Ave.
Los Angeles 31, Calif.
C Spar

TED'S MARKET
4120 No. Figueroa St.
Los Angeles 65, Calif.
C

LITTLE RED SUPER MARKET
3714 No. Figueroa St.
Los Angeles 65, Calif.
B

NEW FOOD KING
3348 No. Figueroa St.
Los Angeles 65, Calif.
B Spar

CYPRESS AVENUE MARKET
803 Cypress Ave.
Los Angeles 65, Calif.
B Spar

GATEWAY RANCH MARKET
1005 Cypress Ave.
Los Angeles 65, Calif.
S CH OEm

FREDDIE'S MARKET
900 Aragon Ave.
Los Angeles 65, Calif.
C

IDEAL MARKET
596 W. Ave. 28
Los Angeles 65, Calif.
B

GATEWAY RANCH MARKET
513 W. Ave. 26
Los Angeles 65, Calif.
S CH Cert OEm

TOM H. MKT.
526 No. Ave 22
Los Angeles 65, Calif.
C

GENE GROCERY
1315 Blake Ave.
Los Angeles 31, Calif.
C

JOE'S GROCERY
2019 Blake Ave.
Los Angeles 39, Calif.
C

WONG'S MARKET
2001 Riverside Dr.
Los Angeles 39, Calif.
B Spar

GOLD COAST MARKET
2350 Allesandro St.
Los Angeles 39, Calif.
C

SONG'S MARKET
2254 Allesandro St.
Los Angeles 39, Calif.
C

ONE STOP MARKET
2030 Allesandro St.
Los Angeles 39, Calif.
C

LEN'S MARKET
1901 Glendale Blvd.
Los Angeles 39, Calif.
B Spar

NEUMEIER'S GROCERY
1953 Lake Shore Ave.
Los Angeles 39, Calif.
C

BERKELEY MARKET
2529 Berkeley Ave.
Los Angeles 26, Calif.
C

JOHNNIE'S GROCERY
2116 Berkeley Ave.
Los Angeles 26, Calif.
C

HARRY'S GROCERY
1408 No. Alvarado St.
Los Angeles 26, Calif.
C

JACK & JILL MARKET
2350 Scott Ave.
Los Angeles 26, Calif.
C Spar

SILVERMART
1618 Silvertake Blvd.
Los Angeles 26, Calif.
B

SILVERLAKE MARKET
2854 Sunset Blvd.
Los Angeles 26, Calif.
A Spar

ELITE FOOD CENTER
2907 Sunset Blvd.
Los Angeles 26, Calif.
A Mar

SUNMART
3032 Sunset Blvd.
Los Angeles 26, Calif.
B Mar

DELICATESSEN
3206 Sunset Blvd.
Los Angeles 26, Calif.
C

ANNA'S SUPERETTE
3333 Sunset Blvd.
Los Angeles 26, Calif.
C Spar

FOOD HOUSE
3612 Sunset Blvd.
Los Angeles 26, Calif.
S CH Mar

MARKET LIQUOR
3728 Sunset Blvd.
Los Angeles 26, Calif.
C

BUDDY'S MARKET
3923 Sunset Blvd.
Los Angeles 29, Calif.
B Spar

GROCERY
4015 Sunset Blvd.
Los Angeles 29, Calif.
C

RUBIN GROCERY
3907 Fountain Ave.
Los Angeles 29, Calif.
C Cert

SAM'S MARKET
4206 Fountain Ave.
Los Angeles 29, Calif.
C

JIM'S MARKET
4405 Santa Monica Blvd.
Los Angeles 29, Calif.
C

FRIENDLY MARKET
614 No. Hoover St.
Los Angeles 4, Calif.
C Spar

HOOVER MARKET
450 No. Hoover St.
Los Angeles 4, Calif.
B Spar

THRIFTIMART
609 No. Dillon St.
Los Angeles 26, Calif.
S CH Cert

FIVE POINT MARKET
2827 Bellevue Ave.
Los Angeles 26, Calif.
B Spar

DON'S MARKET
814 No. Coronado St.
Los Angeles 26, Calif.
C Mar

SPARTAN GROCERY
730 No. Alvarado St.
Los Angeles 26, Calif.
C

BARRETT SUPER MARKET
1115 No. Alvarado St.
Los Angeles 26, Calif.
S

BARKETT'S MARKET
2105 Sunset Blvd.
Los Angeles 26, Calif.
B

KING COLE MARKET
2511 Sunset Blvd.
Los Angeles 26, Calif.
A CH Cert

PIONEER SUPER MARKET
1601 Sunset Blvd.
Los Angeles 26, Calif.
S Cert

K & P MARKET
1557 Echo Park Ave.
Los Angeles 26, Calif.
C Spar

2820

ITAL AMERICAN MARKET
1713 Echo Park Ave
Los Angeles 26, Calif.
C

M & M GROCERY
1815 Echo Park Ave
Los Angeles 26, Calif.
C

ZONE 26 CONSUMERS CO-OP
1940 Echo Park Ave
Los Angeles 26, Calif.
B Spar

CONTRERAS MARKET
1968 Echo Park Ave
Los Angeles 26, Calif.
C Spar

BLUE GOOSE MARKET
1528 Sunset Blvd
Los Angeles 26, Calif.
C Spar

SUNSET SUPER MARKET
1427 Sunset Blvd
Los Angeles 26, Calif.
A Spar

GINA'S MARKET
1400 Sunset Blvd
Los Angeles 26, Calif.
C Cert Spar

ELYSIAN PARK MARKET
1351 Sunset Blvd
Los Angeles 26, Calif.
C

AL'S FRIENDLY MARKET
1288 Sunset Blvd
Los Angeles 26, Calif.
C

SUNSET DRIVE IN MARKET
1161 Sunset Blvd
Los Angeles 12, Calif.
B Spar

BEN'S MARKET
1234 Bellevue Ave
Los Angeles 26, Calif.
C Spar

ARTHUR KLEIN MARKET
830 N Edgeware Road
Los Angeles 26, Calif.
C

ALBERT'S MARKET
956 N Edgeware Road
Los Angeles 26, Calif.
C

H & J MARKET
1465 W Bellevue Ave
Los Angeles 26, Calif.
C Spar

SILVER STAR MARKET
1068 Sunset Blvd
Los Angeles 12, Calif.
B Spar

BEAUDRY MARKET
1041 Alpine St.
Los Angeles 12, Calif.
C Spar

EASTSIDE MARKET
1011 Alpine St.
Los Angeles 12, Calif.
B Spar

LA CHIQUITA MARKET
1008 Alpine St.
Los Angeles 12, Calif.
C

ALPINE MARKET
841 Alpine St.
Los Angeles 12, Calif.
B Spar Mar

FIERRO'S MARKET
745 Alpine St.
Los Angeles 12, Calif.
C

CHIHUAHUA GROCERY
709 No Grand Ave
Los Angeles 12, Calif.
C

JOHNNY'S DELIC
506 Alpine St
Los Angeles 12, Calif.
C

NEW GENERAL MARKET
412 Alpine St
Los Angeles 12, Calif
C

HONG SANG LUNG MARKET
930 Chung King Road
Los Angeles 12, Calif
C Spar

YEE SING CHONG CO.
950 Castellar St
Los Angeles 12, Calif
B

NICK'S MARKET
700 W College St
Los Angeles 12, Calif.
C

RIO GRANDE MARKET
628 New Depot St.
Los Angeles 12, Calif.
C

KWAN LEE LUNG CO.
801 Castellar St.
Los Angeles 12, Calif.
A

DARIO'S GROCERY
657 Castellar St
Los Angeles 12, Calif.
C

SUNSET & GRAND MARKET
611 Sunset Blvd
Los Angeles 12, Calif
C Spar

PEREZ MARKET
633 Sunset Blvd
Los Angeles 12, Calif.
C

FALCON'S MARKET
814 Sunset Blvd
Los Angeles 12, Calif.
C

BUONGUSTO MARKET
659 No Broadway
Los Angeles 12, Calif.
C

EASTERN GROCERY
734 No Broadway
Los Angeles 12, Calif
B Spar

ROBLES MARKET
803 No Broadway
Los Angeles 12, Calif
C

LITTLE JOE'S GROCERY
900 No Broadway
Los Angeles 12, Calif
B

ADLER'S MARKET
1031 No Broadway
Los Angeles 12, Calif
C

GEORGE'S MARKET
541 Solano Ave
Los Angeles 12, Calif.
C Spar

AMADOR MARKET
728 Amador St
Los Angeles 12, Calif
C Spar

KWONG DACK WO CO
702 No Spring St
Los Angeles 12, Calif.
C

KWONG ON LUNG CO.
686 No Spring St.
Los Angeles 12, Calif.
C

INTERNATIONAL GROCERY
663 No Spring St.
Los Angeles 12, Calif
C

LA LUZ DEL DIA MARKET
610 No Spring St
Los Angeles 12, Calif
A Spar

PIUMA CO
608 No Spring St
Los Angeles 12, Calif
B

LA SONORENSE MARKET
202 Sunset Blvd
Los Angeles 12, Calif
C

CELAYA GROCERY
655 Lamar St
Los Angeles 31, Calif.
C

TOMA Y DACA GROCERY
1792 No. Main St
Los Angeles 31, Calif.
C Spar

LANZA BROS GROCERY
1803 No Main St
Los Angeles 31, Calif.
B Cert

CLASS A MARKET
1815 No Main St.
Los Angeles 31, Calif.
B Cert

IZUMI MARKET
1915 Daly St
Los Angeles 31, Calif.
B Mar

TORRE'S MARKET
2706 No Main St
Los Angeles 31, Calif
C

KEN'S FOOD CENTER
2801 No. Main St
Los Angeles 31, Calif.
B Mar

QUALITY FOOD CENTER
2900 No Main St
Los Angeles 31, Calif
B Spar

SING S MARKET
2929 No. Main St
Los Angeles 31, Calif.
B Mar

LA FIESTA MARKET
1905 Thomas St
Los Angeles 31, Calif
C

BILL'S MARKET
3735 Mission Road
Los Angeles 31, Calif.
C

RAMELLA GROCERY
2339 Gates St
Los Angeles 31, Calif.
C

EASTLAKE MARKET
2136 Eastlake Ave
Los Angeles 31, Calif.
C

DARLAKE GROCERY
2000 Eastlake Ave.
Los Angeles 31, Calif.
C

KO'S GROCERY
2100 Workman St
Los Angeles 31, Calif
C

DALY & MOZART MARKET
2062 Daly St
Los Angeles 31, Calif.
C

DALY MARKET
2235 Daly St
Los Angeles 31, Calif.
B

G & H MARKET
301 So Ave 20
Los Angeles 31, Calif.
C

MIKE'S MARKET
300 So Ave 19
Los Angeles 31, Calif.

PADILLA GROCERY
353 So Ave 18
Los Angeles 31, Calif

MILAGRO GROCERY
1801 Albion St
Los Angeles 31, Calif

M K MARKET
1830 No Broadway
Los Angeles 31, Calif

J B GROCERY
181 No Ave 21
Los Angeles 31, Calif

CARL'S MARKET
2500 Pasadena Ave
Los Angeles 31, Calif

AL'S MARKET
2690 Workman St
Los Angeles 31, Calif

ROY'S MARKET
434 E Ave 28
Los Angeles 31, Calif

BI-RITE MARKET
2913 No Broadway
Los Angeles 31, Calif

FRANK POCINI GROCERY
2410 No Broadway
Los Angeles 31, Calif

STARLAND MARKET
2634 No Broadway
Los Angeles 31, Calif

BIG SAVER FOODS
3000 No Broadway
Los Angeles 31, Calif

HANCOCK MARKET
3030 No Broadway
Los Angeles 31, Calif

MISR'S GROCERY
3526 No Broadway
Los Angeles 21, Calif

R & L MARKET
3532 No Broadway
Los Angeles 21, Calif

A B C MARKET
2747 Lincoln Park Ave
Los Angeles 31, Calif

STAR MARKET
3000 Sierra St.
Los Angeles 31, Calif

SIERRA MARKET
3 59 Sierra St.
Los Angeles 31, Calif

O K GROCERY
3454 Reynolds Ave
Los Angeles 32, Calif

RODRIQUEZ MARKET
4219 Mercury Ave
Los Angeles 32, Calif

EL GARCIA GROCERY
4222 Mercury Ave
Los Angeles 32, Calif

...H BARBOSA GROC.
...No Huntington Dr.
...Angeles 32, Calif.
C

...NNIES MARKET
...No Huntington Dr
...Angeles 32, Calif.
C Spar

...TANA'S MARKET
...No Huntington Dr
...Angeles 32, Calif.
B Spar

...G'S FOOD MARKET
...No Huntington Dr
...Angeles 32, Calif.
C Mar

...NTEREY MARKET
...Monterey Rd
...Angeles 32, Calif.
C

...M'S MARKET
...Monterey Rd
...Angeles 32, Calif.
C Spar

...TTERSON'S MARKET
...Monterey Rd
...Angeles 32, Calif.
C

...PERIAL MARKET
...No Eastern Ave.
...Angeles 32, Calif.
C

...'S GROCERIES
...No. Eastern Ave.
...Angeles 32, Calif.
C Spar Mar

...EZ MARKET
...Bowman Blvd
...Angeles 32, Calif.
C

...SLEY'S MARKET
...So. Huntington Dr.
...Angeles 32, Calif.
B Cert

...PKINS R & W GROCER
...So Huntington Dr.
...Angeles 32, Calif.
C

... MARKET
...So Huntington Dr.
...Angeles 32, Calif.
B Spar

...KET BASKET
...So Huntington Dr.
...Angeles 32, Calif.
S CH

...OL'S MARKET
...No Huntington Dr.
...Angeles 32, Calif.
B

...W'S ITALIAN & AMER.
...OCERY
...So. Huntington Dr.
...Angeles 32, Calif.
C

...TORY MARKET
...So Huntington Dr.
...Angeles 32, Calif.
A Spar

...MO MARKET
...No. Huntington Dr.
...Angeles 32, Calif.
B Spar

... A. MARKET
... Navarro St.
...Angeles 32, Calif.
C Mar

...-WISE MARKET
...So. Huntington Dr.
...Angeles 32, Calif.
A Cert

THRIFTWAY SUPER MARKET
5392 Poplar Blvd.
Los Angeles 32, Calif.
A Cert

STERLING & KEEFER MARKET
3403 Farnsworth Ave
Los Angeles 32, Calif
B Spar

MICHEIL MARKET
5522 Concord Ave.
Los Angeles 32, Calif.
C

DENTI S DELICATESSEN
5491 Alhambra Ave
Los Angeles 32, Calif.
C

HELEN'S MARKET
5371 Alhambra Ave.
Los Angeles 32, Calif.
C

ROY'S MARKET
5197 Alhambra Ave
Los Angeles 32, Calif
C

FRANK'S MARKET
5111 Alhambra Ave
Los Angeles 32, Calif
C Spar

VALLEY RANCH MARKET
5088 Valley Blvd.
Los Angeles 32, Calif
B Cert

VALLEY FOOD MARKET
5474 Valley Blvd.
Los Angeles 32, Calif.
C Spar

JOHNNIE'S MARKET
2017 N. Eastern Ave.
Los Angeles 32, Calif.
B Cert

HILLSIDE VILLAGE MARKET
4523 Valley Blvd.
Los Angeles 32, Calif.
B Cert

LINCOLN PARK GROCERY
4201 Valley Blvd
Los Angeles 32, Calif.
C

2.58

L. & J. MARKET
2600 Medford St.
Los Angeles 33, Calif.
C

TRONCALE'S GROCERY
3414 Fowler Ave.
Los Angeles 63, Calif.
C Spar

METROPOLITAN MARKET
1720 No. Eastern Ave.
Los Angeles 32, Calif.
C Cert

RAY'S FOOD MART
1601 No. Eastern Ave.
Los Angeles 63, Calif.
C

KING'S MARKET
4253 City Terrace Dr.
Los Angeles 63, Calif.
C

PLAZA MARKET
4121 City Terrace Dr.
Los Angeles 63, Calif.
A CH Cert

CITY TERRACE FOOD CENTER
4105 City Terrace Dr.
Los Angeles 63, Calif.
C Spar

RANCHO GRANDE MARKET
1455 No. Miller Ave.
Los Angeles 63, Calif.
C

TERRACE PARK N' SAVE MKT.
4017 City Terrace Dr.
Los Angeles 63, Calif.
B Cert

BRIONE'S MARKET
4003 City Terrace Dr.
Los Angeles 63, Calif.
C Spar

BORDEN'S MARKET
3855 Whiteside Ave.
Los Angeles 63, Calif.
C

CHAN'S MARKET
3658 Ramona Blvd.
Los Angeles 63, Calif.
C Spar

FOX'S MARKET
3610 City Terrace Dr.
Los Angeles 63, Calif.
C Spar

ANI & JONI MARKET
3455 City Terrace Dr.
Los Angeles 63, Calif.
C Spar

FIMBRES & SON MARKET
3443 City Terrace Dr.
Los Angeles 63, Calif.
C

POMEROY MARKET
3508 Pomeroy Ave.
Los Angeles 63, Calif.
C

K'S MARKET
3657 Pomeroy Ave.
Los Angeles 63, Calif.
C Spar

ORDPEZA MARKET
3318 City Terrace Dr.
Los Angeles 63, Calif.
C

MILLNER'S MARKET
3282 City Terrace Dr.
Los Angeles 63, Calif.
C Mar

MANUEL'S MARKET
3249 City Terrace Dr.
Los Angeles 63, Calif.
C Spar Mar

TOM'S MARKET
3241 City Terrace Dr.
Los Angeles 63, Calif.
C Spar

MARTIN'S MARKET
801 No. Alma Ave.
Los Angeles 63, Calif.
C

FRIENDLY MARKET
3201 Winter St.
Los Angeles 63, Calif.
C Mar

LA PINA GROCERY
3301 E. Winter St.
Los Angeles 63, Calif.
C Spar

LARA'S MARKET
819 No. Rowan Ave.
Los Angeles 63, Calif.
C

FRANK'S FOOD CENTER
3620 Blanchard St.
Los Angeles 63, Calif.
C Mar

JOHNNIE'S MARKET
3618 E. Folsom St.
Los Angeles 63, Calif.
C

HILLTOP MARKET
3315 E. Folsom St.
Los Angeles 63, Calif.
C Spar

PHIL'S MARKET
806 No. Gage Ave.
Los Angeles 63, Calif.
C

BOB'S MARKET
842 No. Gage Ave.
Los Angeles 63, Calif.
C Spar

AKI'S MARKET
901 Geraghty Ave.
Los Angeles 63, Calif.
C

JIMMIES MARKET
1057 Geraghty St.
Los Angeles 63, Calif.
C

DIAZ'S MARKET
915 Hazard Ave.
Los Angeles 63, Calif.
C

KEN'S MARKET
3809 Hammel St.
Los Angeles 63, Calif.
B

ALVAREZ PROVISION CO
500 No. Gage Ave.
Los Angeles 63, Calif.
C Spar

LA PROVIDENCIA MARKET
3867 E. Hammel St.
Los Angeles 63, Calif.
C

EL CHATO MARKET
3968 E. Hammel St.
Los Angeles 63, Calif.
B

BELVEDERE PARK GROCERY
522 Brannick Ave.
Los Angeles 63, Calif.
C Mar

GUADALUPE MARKET
4129 E. Fisher St.
Los Angeles 63, Calif.
C

S. B. M. GROCERY
4205 E. Fisher St.
Los Angeles 63, Calif.
C

MARIANNA GROCERY
801 No. Marianna Ave.
Los Angeles 63, Calif.
C Spar

MARY'S GROCERY
4113 Floral Dr.
Los Angeles 63, Calif.
C Spar

VIAL'S GROCERY
4214 E. Floral Dr.
Los Angeles 63, Calif.
C

RAY'S GROCERY
4260 E. Floral Dr.
Los Angeles 63, Calif.
C

PIONEER GROCERY
4312 E. Floral Dr.
Los Angeles 63, Calif.
C Spar

MENDOZA GROCERY
4323 E. Floral Dr.
Los Angeles 63, Calif.
C

F. & H. MARKET
735 No. Humphreys Ave.
Los Angeles 22, Calif.
C Spar

ODA'S MARKET
619 No. Ford Blvd.
Los Angeles 22, Calif.
C

GENE'S MARKET
4700 E. Hammel St.
Los Angeles 22, Calif.
C Spar

QUALITY MARKET
515 No. Mednik Ave.
Los Angeles 22, Calif.
C Mar

EL CENTRO GROCERY
501 No. Mednik Ave.
Los Angeles 22, Calif.
C

LA VERACRUZANA MARKET
345 No. Mednick Ave.
Los Angeles 22, Calif.
C

BUENA VISTA MARKET
323 No. Mednick Ave.
Los Angeles 22, Calif.
C

EL 33 MARKET
4771 E. Brooklyn Ave.
Los Angeles 22, Calif.
C

JOE'S MARKET
4751 E. Brooklyn Ave.
Los Angeles 22, Calif.
C Mar

GRANADA MARKET
4732 Brooklyn Ave.
Los Angeles 22, Calif.
C

LA VERACRUZANA MARKET
4727 E. Brooklyn Ave.
Los Angeles 22, Calif.
C

LUCKY MARKET
4605 E. Brooklyn Ave.
Los Angeles 22, Calif.
B OEm

CARRERA'S MARKET
227 No. McDonnell Ave.
Los Angeles 22, Calif.
C

EL BARRILITO MARKET
4552 E. Brooklyn Ave.
Los Angeles 22, Calif.
C

GOMEZ BROS. MARKET
4550 E. Brooklyn Ave.
Los Angeles 22, Calif.
B Spar

EL CHARRO GROCERY
4541 E. Brooklyn Ave.
Los Angeles 22, Calif.
B

MARTINEZ MARKET
4516 Brooklyn Ave.
Los Angeles 22, Calif.

BROOKLYN FORD MARKET
4500 E. Brooklyn Ave.
Los Angeles 22, Calif.

EL PASO MARKET
441 No. Ford Blvd.
Los Angeles 22, Calif.

HERNANDEZ GROCERY
4406 E. Michigan Ave.
Los Angeles 22, Calif.

MADRID GROCERY
4402 E. Eugene St.
Los Angeles 22, Calif.

CUEVAS GROCERY
4302 E. Brooklyn Ave.
Los Angeles 22, Calif.

ARRIOLA MARKET
4154 E. Brooklyn Ave.
Los Angeles 63, Calif.

MI TIENDA GROCERY
4145 E. Michigan Ave.
Los Angeles 63, Calif.

VALENCIA MARKET
4100 E. Michigan Ave.
Los Angeles 63, Calif.

LA MORENA MARKET
4067 E. Michigan Ave.
Los Angeles 63, Calif.

JOE'S MARKET
3813 E. Michigan Ave.
Los Angeles 63, Calif.

ANGEL & SON MARKET
3901 E. Brooklyn Ave.
Los Angeles 63, Calif.

DEL REY FOOD MARKET
3864 E. Brooklyn Ave.
Los Angeles 63, Calif.

LA CHIQUITA GROCERY
436 No. Rowan Ave.
Los Angeles 63, Calif.

T - O MARKET
3550½ E. Brooklyn Ave.
Los Angeles 63, Calif.

AL & GRACE MARKET
3538 E. Brooklyn Ave.
Los Angeles 63, Calif.

DIAMOND MARKET
3500 E. Brooklyn Ave.
Los Angeles 63, Calif.

PEREZ MARKET
3495 E. Brooklyn Ave.
Los Angeles 63, Calif.

FLORAL DR. MARKET
3303 E. Floral Dr.
Los Angeles 63, Calif.

MONTEREY MARKET
3338 E. 1st St.
Los Angeles 63, Calif.

HICKS AVE. MARKET
301 No. Hicks Ave.
Los Angeles 63, Calif.

ND UNION MARKET
E. 1st St.
Angeles 63, Calif.
A Spar

ST ST. FOOD CENTER
E. 1st St.
Angeles 63, Calif.
S Cert

GRESSIVE MARKET
E. 1st St.
Angeles 63, Calif.
C

SIE'S MARKET
E. 1st St.
Angeles 63, Calif.
C

NOSA GROCERY
So. Dickerson Ave.
Angeles 63, Calif.
C

E GROCERY
E. 2nd St.
Angeles 63, Calif.
C

RES GROCERY
So. Sunol Dr.
Angeles 63, Calif.
C

AS MARKET
E. 1st St.
Angeles 63, Calif.
C Spar

PULCO MARKET
So. Carmelita Ave.
Angeles 63, Calif.
C

LUZ MARKET
E. 2nd St.
Angeles 63, Calif.
C

EZ GROCERY
So. Eastern Ave.
Angeles 22, Calif.
C

ANTE GROCERY
So. Eastern Ave.
Angeles 22, Calif.
C

PALMA GROCERY
So. Eastern Ave.
Angeles 22, Calif.
C

VEDERE MARKET
E. 1st St.
Angeles 63, Calif.
C

ASENOR GROCERY
No. Eastern Ave.
Angeles 22, Calif.
C Spar

'S MARKET
No. Eastern Ave.
Angeles 22, Calif.
C

A FORD MARKET
No. Ford Blvd.
Angeles 22, Calif.
C

SO'S MARKET
So. Ford Blvd.
Angeles 22, Calif.
C

RANOS GROCERY
No. Ford Blvd.
Angeles 22, Calif.
C

S MARKET
No. Ford Blvd.
Angeles 22, Calif.
C

A'S MARKET
E. 1st St.
Angeles 22, Calif.
C

RICHMOND GROCERY
102 No. Arizona Ave.
Los Angeles 22, Calif.
C

STAR FOOD MARKET
103 No. Mednik Ave.
Los Angeles 22, Calif.
C Spar

MEDNIK MARKET
106 So. Mednik Ave.
Los Angeles 22, Calif.
C

HELEN'S GROCERY
132 So. Mednik Ave.
Los Angeles 22, Calif.
C

TOM'S MARKET
4743 E. 3rd St.
Los Angeles 22, Calif.
C

NINO'S MARKET
215 So. Kern Ave.
Los Angeles 22, Calif.
C

PANCHO'S MARKET
379 So. Kern Ave.
Los Angeles 22, Calif.
C Spar

BLUE & WHITE MARKET
501 So. Fetterley Ave.
Los Angeles 22, Calif.
C Spar

FERNANDEZ MARKET
501 S. LaVerne Ave.
Los Angeles 22, Calif.
C

WACKEEN'S GROCERY
397 So. La Verne Ave.
Los Angeles 22, Calif.
C

McDANIELS MARKET
5119 E. Pomona Blvd.
Los Angeles 22, Calif.
S CH Cert OEm

VON'S MARKET
2280 Atlantic Blvd.
Monterey Park, Calif.
S CH Cert

MARKET BASKET
256 So. Atlantic Blvd.
Los Angeles 22, Calif.
S CH

GROWER'S RANCH MARKET
436 So. Atlantic Blvd.
Los Angeles 22, Calif.
S Cert

ITALIAN MARKET
726 So. Atlantic Blvd.
Los Angeles 22, Calif.
C

FONG'S MARKET
5555 Whittier Blvd.
Los Angeles 22, Calif.
B Cert

ROOKIE'S MARKET
5513 E. 6th St.
Los Angeles 22, Calif.
C Spar

WALKER'S MARKET
4754 E. 6th St.
Los Angeles 22, Calif.
C

TONY'S MARKET
600 So. Kern Ave.
Los Angeles 22, Calif.
C

MITCHELL'S GROCERY
709 So. Kern Ave.
Los Angeles 22, Calif
C

WACKEEN'S GROCERY
500 So. Kern Ave.
Los Angeles 22, Calif.
C

KAT'S MARKET
4595 E. 6th St.
Los Angeles 22, Calif.
C

FORD MARKET
670 So. Ford Blvd.
Los Angeles 22, Calif.
C Mar

TOM'S MARKET
498 So. Ford Blvd.
Los Angeles 22, Calif.
C Spar

STAR MARKET
435 So. McDonnell St.
Los Angeles 22, Calif.
C

FORD FOOD MARKET
367 So. Ford Blvd.
Los Angeles 22, Calif.
C

ARREBONDO MARKET
4133 E. 3rd St.
Los Angeles 63, Calif.
C

VASQUEZ MARKET
3950 E. 3rd St.
Los Angeles 63, Calif.
C

L. A. MARKET
3949 E. 3rd St.
Los Angeles 63, Calif.
C

ED'S MARKET
3920 E. 3rd St.
Los Angeles 63, Calif.
C

JOE & MARY'S MARKET
461 So. Bonnie Beach Pl.
Los Angeles 63, Calif.
C Spar

KEN'S MARKET
531 So. Bonnie Beach Pl.
Los Angeles 63, Calif.
C

CHARLIE'S GROCERY
601 So. Record Ave.
Los Angeles 23, Calif.
C Spar

RAY'S FOOD MART
3959 Hubbard St.
Los Angeles 23, Calif.
C

KIRALLA'S GROCERY
635 So. Rowan Ave.
Los Angeles 23, Calif.
C Spar

ROWAN FOOD MARKET
535 So. Rowan Ave.
Los Angeles 63, Calif.
C Spar

EL PASO MARKET
508 So. Rowan Ave.
Los Angeles 63, Calif.
C

TAD'S MARKET
433 So. Rowan Ave.
Los Angeles 63, Calif.
C Spar

MARY'S MARKET
3800 E. 4th St.
Los Angeles 63, Calif.
C Mar

LA PALOMA GROCERY
401 So. Rowan Ave.
Los Angeles 63, Calif.
C

3RD ST. MARKET
3750 E. 3rd St.
Los Angeles 63, Calif.
C Spar

LITTLE MARKET
3674 E. 3rd St.
Los Angeles 63, Calif.
C

STAR MARKET
3566 E. 3rd Pl.
Los Angeles 63, Calif.
C

EASTSIDE MARKET
3682 E. 4th St.
Los Angeles 63, Calif.
B Spar

CHOY MARKET
436 So. Indiana St.
Los Angeles 63, Calif.
C Spar

INDIANA MARKET
568 So. Indiana St.
Los Angeles 63, Calif.
B Spar

CADENA MARKET
600 So. Ditman
Los Angeles 23, Calif.
C Spar

BALDARAMA MARKET
3652 E. 6th St.
Los Angeles 23, Calif.
B Spar Mar

LEA MARKET
702 So. Indiana St.
Los Angeles 23, Calif.
C

MIDGET SUPER MARKET
1005 So. Indiana St.
Los Angeles 23, Calif.
C Spar

VILLA MARKET
1026 So. Indiana St.
Los Angeles 23, Calif.
C

COYLE'S BOULEVARD MARKET
3822 Whittier Blvd.
Los Angeles 23, Calif.
A Cert

GLOBE MARKET
3836 Whittier Blvd.
Los Angeles 23, Calif.
B Cert Spar

PEE WEE'S MARKET
3935 Whittier Blvd.
Los Angeles 23, Calif.
C

SHOP RITE MARKET
4045 Whittier Blvd.
Los Angeles 23, Calif.
A Cert

REGO'S MARKET
4099 Whittier Blvd.
Los Angeles 23, Calif.
C

SA-VON FOOD MARKET
4140 Whittier Blvd.
Los Angeles 23, Calif.
B Spar

LEE'S MARKET
4471 Whittier Blvd.
Los Angeles 22, Calif.
C Cert

A. & A. MARKET
4468 Whittier Blvd.
Los Angeles 22, Calif.
C

McDONNELL MARKET
4595 Whittier Blvd.
Los Angeles 22, Calif.
C

ALPHA BETA MARKET
4831 Whittier Blvd.
Los Angeles 22, Calif.
S CH Cert

OLYMPIC & FRASER MARKET
4953 E. Olympic Blvd.
Los Angeles 22, Calif.
C Spar

A-1 OLYMPIC MARKET
4945 E. Olympic Blvd.
Los Angeles 22, Calif.
C

KARL'S MARKET
4737 E. Olympic Blvd.
Los Angeles 22, Calif.
C Spar

MARTIN'S MARKET
4601 E. Olympic Blvd.
Los Angeles 22, Calif.
C Mar

J. S. MARKET
4373 Telegraph Rd.
Los Angeles 23, Calif.
C

SAUCEDO'S MARKET
4250 E. Olympic Blvd.
Los Angeles 23, Calif.
C

DE LUXE MARKET
4601 Telegraph Rd.
Los Angeles 22, Calif.
C

BOB'S MARKET
1455 S. Eastern Ave.
Los Angeles 22, Calif.
C

ITAL. AMERICAN MARKET
4422 Union Pacific Ave.
Los Angeles 23, Calif.
C

ANGELES MARKET
4322 Union Pacific Ave.
Los Angeles 23, Calif.
B Spar

PEOPLE'S CASH MARKET
4315 Union Pacific Ave.
Los Angeles 23, Calif.
C Spar

GALVAN'S MARKET
4297 Union Pacific Ave.
Los Angeles 23, Calif.
C Spar

J. B. PUBLIC MARKET
4292 Union Pacific Ave.
Los Angeles 23, Calif.
C Spar

JIM'S CORNER MARKET
4228 Union Pacific Ave.
Los Angeles 23, Calif.
C

MARTIN MARKET
1311 So. Herbert St.
Los Angeles 23, Calif.
C

JOHN'S MARKET
4132 Union Pacific Ave.
Los Angeles 23, Calif.
C Cert

CAMARENA'S MARKET
4011 E. Olympic Blvd.
Los Angeles 23, Calif.
C

KASPER'S MARKET
3980 E. Olympic Blvd.
Los Angeles 23, Calif.
A Spar

...UE RANCH MARKET
...E. Olympic Blvd.
...Angeles 23, Calif.
S Cert

...LENBECK MARKET
...E. 8th St
...Angeles 23, Calif.
B

... & WHITE MARKET
...E. 8th St
...Angeles 23, Calif.
C

...OS MARKET
...So. Lorena St.
...Angeles 23, Calif.
C Spar Mar

...O'S MARKET
...So. Lorena St.
...Angeles 23, Calif.
C Spar

...IS' MARKET
...So. Lorena St.
...Angeles 23, Calif.
B Mar

...'S MARKET
...So. Lorena St.
...Angeles 23, Calif.
B Cert

...ENA SAVING CENTER
...So. Lorena St.
...Angeles 23, Calif.
B Cert

...AS MARKET
...So. Lorena St.
...Angeles 23, Calif.
C Mar

...LAS MARKET
...E. 8th St.
...Angeles 23, Calif.
C Spar

...ET MARKET
...E. Garnet St.
...Angeles 23, Calif.
C

...LIE'S MARKET
...E. Garnet St.
...Angeles 23, Calif.
C Spar

...LAS MARKET
...So. Dacotah St.
...Angeles 23, Calif.
C CH Cert

...PREFERIDA MARKET
...So. Dacotah St.
...Angeles 23, Calif.
C

...BLANCA GROCERY STORE
...So. Dacotah St.
...Angeles 23, Calif.
C

...NDLY MARKET
...E. 8th St.
...Angeles 23, Calif.
C

...FOOD MARKET
...E. 8th St.
...Angeles 23, Calif.
C Spar

...8th ST. MARKET
...E. 8th St.
...Angeles 23, Calif.
C

...S FOOD CENTER
...E. Olympic Blvd.
...Angeles 23, Calif.
S CH Cert

...MARKET
...Boyle Ave.
...Angeles 23, Calif.
C

...A'S MARKET
...E. 7th St.
...Angeles 23, Calif.
C

FAIRWAY FOOD CENTER
735 So. Chicago St.
Los Angeles 23, Calif.
C Spar

LLOYD'S MARKET
2228 Whittier Blvd.
Los Angeles 23, Calif.
C Spar

RAMONA GROCERY
2334 Whittier Blvd.
Los Angeles 23, Calif.
C

EL PASO MARKET
654 So. Soto St.
Los Angeles 23, Calif.
C

AGUIRRE'S GROCERY
554 So. Soto St.
Los Angeles 33, Calif.
C Spar

MARIO'S MARKET
607 So. Soto St.
Los Angeles 23, Calif.
C Spar

EL CHARRO MARKET
2465 Whittier Blvd.
Los Angeles 23, Calif.
C

P CHEE MARKET
2503 Whittier Blvd.
Los Angeles 23, Calif.
C

SANCHEZ GROCERY
2623 Whittier Blvd.
Los Angeles 23, Calif.
C Spar

ROMERO'S MARKET
2635 Whittier Blvd.
Los Angeles 23, Calif.
C Spar

ODANO MARKET
2932 Whittier Blvd.
Los Angeles 23, Calif.
C Spar

SOTO BROS. MARKET
807 So. Euclid Ave.
Los Angeles 23, Calif.
C

MARY'S MARKET
724 So. Euclid Ave.
Los Angeles 23, Calif.
C Spar

EVERYBODY'S MARKET
3020 Whittier Blvd.
Los Angeles 23, Calif.
C Spar

GONZALEZ MARKET
3300 Whittier Blvd.
Los Angeles 23, Calif.
C

PEOPLE'S MARKET
920 So. Lorena St.
Los Angeles 23, Calif.
C Spar

MENDOZA GROCERY
3406 Whittier Blvd.
Los Angeles 23, Calif.
C

STANDARD FOOD MARKET
815 So. Lorena St.
Los Angeles 23, Calif.
C Spar

SHUBIN'S MARKET
640 So. Lorena St.
Los Angeles 23, Calif.
B Cert

RED & WHITE GROCERY
522 So. Lorena St.
Los Angeles 63, Calif.
C

SABINA GROCERY
3501 Sabina St.
Los Angeles 23, Calif.
C

MODERN FOOD MART
3500 Whittier Blvd.
Los Angeles 23, Calif.
A Cert

BEST-BI MARKET
3535 Whittier Blvd.
Los Angeles 23, Calif.
C

KLUBNIKIN BROS. MARKET
3554 Whittier Blvd.
Los Angeles 23, Calif.
B

SEGOVIA MARKET
3459 E. 4th St.
Los Angeles 63, Calif.
C

LA SORPRESA MARKET
3200 E. 4th St.
Los Angeles 63, Calif.
C CH Cert

TOMMY'S MARKET
3203 E. 4th St.
Los Angeles 63, Calif.
C Spar

STAR MARKET
3114 E. 4th St.
Los Angeles 63, Calif.
A Spar

LA TIENDITA
3101 E. 5th St.
Los Angeles 63, Calif.
C

YOUNG'S MARKET
527 So. Grande Vista St.
Los Angeles 63, Calif.
C Spar

C. & M. MARKET
570 So. Grande Vista St.
Los Angeles 63, Calif.
C

6TH & EUCLID PUBLIC MARKET
543 So. Euclid Ave.
Los Angeles 63, Calif.
B Spar

HILMAR MARKET
3019 E. 4th St.
Los Angeles 63, Calif.
C

NISHI'S MARKET
2961 E. 4th St.
Los Angeles 33, Calif.
C Spar Mar

GARCIA MARKET
2950 E. 4th St.
Los Angeles 33, Calif.
C

OLLIE'S MARKET
2942 E. 4th St.
Los Angeles 33, Calif.
C

RAY & ROY'S MARKET
2800 E. 4th St.
Los Angeles 33, Calif.
C Cert

CAMULOS GROCERY
474 So. Camulos St.
Los Angeles 33, Calif.
C

SERVRITE MARKET
2700 E. 4th St.
Los Angeles 33, Calif.
C Spar

ROMAN MARKET
2641 E. 4th St.
Los Angeles 33, Calif.
C

SILVER MOON GROCERY
2501 E. 4th St.
Los Angeles 33, Calif.
C Cert

HYODO MARKET
2301 E. 4th St.
Los Angeles 33, Calif.
C Spar

3RD & BREED MARKET
2235 E. 3rd St.
Los Angeles 33, Calif.
C

PRADO MARKET
2206 E. 4th St.
Los Angeles 33, Calif.
C

QUAN'S MARKET
2200 E. 4th St.
Los Angeles 33, Calif.
C

THE FAMILY STORE
2201 E. 4th St.
Los Angeles 33, Calif.
C

JIM'S MARKET
1816 E. 4th St.
Los Angeles 33, Calif.
C

DEL REY'S MARKET
1620 E. 4th St.
Los Angeles 33, Calif.
C

RED FRONT MARKET
1610 E. 4th St.
Los Angeles 33, Calif.
C Spar

EL AHORRO MARKET
1520 E. 4th St.
Los Angeles 33, Calif.
C

PICO GARDEN'S GROCERY
557 So. Clarence St.
Los Angeles 33, Calif.
C

L. & G. CADENA MARKET
301 So. Clarence St.
Los Angeles 33, Calif.
C Spar OEm

ROMERO MARKET
300 So. Pecan St.
Los Angeles 33, Calif.
C Mar

A-B MA...ET
1529 E. 1st St.
Los Angeles 33, Calif.
C Spar

Y & Y MARKET
1528 E. 1st St.
Los Angeles 33, Calif.
C Cert

WHITE MARKET
1341 E. 1st St.
Los Angeles 33, Calif.
B Spar

O'VALLE'S MARKET
1336 E. 1st St.
Los Angeles 33, Calif.
C Spar

THRIFTMART
1321 E. 1st St.
Los Angeles 33, Calif.
B Spar

EL FARO MARKET
157 No. Mission Rd.
Los Angeles 33, Calif.
C

P & G MARKET
231 No. Mission Rd.
Los Angeles 33, Calif.
C Spar

MISSION MARKET
251 No. Mission Rd.
Los Angeles 33, Calif.
C Spar

LIM'S MARKET
1428 Brooklyn Ave.
Los Angeles 33, Calif.
C Spar

GEORGE'S GROCERY
1320 Pleasant Ave.
Los Angeles 33, Calif.
C

JOE'S MARKET
1401 Pleasant Ave.
Los Angeles 33, Calif.
C

LUCKY STOP GROCERY
109 No. Boyle Ave.
Los Angeles 33, Calif.
C Spar

SHOPPER'S RANCH MARKET
1819 E. 1st St.
Los Angeles 33, Calif.
S CH Cert Mar

GEORGE'S MARKET
1832 E. 1st St.
Los Angeles 33, Calif.
A

LA BARRANQUITA MARKET
1900 E. 1st St.
Los Angeles 33, Calif.
C Spar

L. A GROCERY
2108 E. 1st St.
Los Angeles 33, Calif.
C Spar

BAJA CALIFORNIA GROCERIES
2300 E. 1st St.
Los Angeles 33, Calif.
C

AKUNE GROCERY
2308 E. 1st St.
Los Angeles 33, Calif.
C

BROTHERHOOD MARKET
2432 E. 1st St.
Los Angeles 33, Calif.
B Spar

JOHN'S MARKET
2531 E. 1st St.
Los Angeles 33, Calif.
C Spar

SANITARY FOOD MARKET
2600 E. 1st St.
Los Angeles 33, Calif.
B Cert

RAFU FOOD MARKET
2833 E. 1st St.
Los Angeles 33, Calif.
B Spar

EL FUERTE MARKET
2901 E. 1st St.
Los Angeles 33, Calif.
C Spar

CHAVEZ MARKET
3200 E. 1st St.
Los Angeles 63, Calif.
C

FRESNO MARKET
152 So. Fresno St.
Los Angeles 63, Calif.
C Spar Mar

LOPEZ MARKET
3344 E. 1st St.
Los Angeles 63, Calif.
C Spar

EL NUEVO CASTILLO MARKET
3300 Brooklyn Pl.
Los Angeles 63, Calif.
B Spar

L. A. MISSION MARKET
3269 Brooklyn Ave.
Los Angeles 63, Calif.
C Mar

NISHI'S GROCERY
3171 Brooklyn Ave.
Los Angeles 63, Calif.
C Spar

RODRIQUEZ GROCERY
437 No. Sloat St.
Los Angeles 63, Calif.
C Spar

TED'S MARKET
2915½ Brooklyn Ave.
Los Angeles 33, Calif.
C Spar

LA PAZ MARKET
2743 Brooklyn Ave.
Los Angeles 33, Calif.
C

HIRATA MARKET
2601 Michigan Ave.
Los Angeles 33, Calif.
C

O. K. MARKET
627 No. Mott St.
Los Angeles 33, Calif.
C Spar

TOM'S MARKET
700 No. Fickett St.
Los Angeles 33, Calif.
C

J. & A. MARKET
530 No. Fickett St.
Los Angeles 33, Calif.
C Spar

EASTSIDE FOODS
2457 Brooklyn Ave.
Los Angeles 33, Calif.
A Cert

JONSONS MARKET
2432 Brooklyn Ave
Los Angeles 33, Calif
S

RESNICK'S MARKET
2226 Brooklyn Ave.
Los Angeles 33, Calif.
B

MARCUS PUBLIC MARKET
2120 Brooklyn Ave.
Los Angeles 33, Calif.
B

CHICAGO CREAMERY
2116 Brooklyn Ave.
Los Angeles 33, Calif.
C

EVERYBODY'S SUPER MARKET
2111 Brooklyn Ave.
Los Angeles 33, Calif.
A Spar

WOLOSHIN'S DELICATESSEN
2100 Brooklyn Ave.
Los Angeles 33, Calif.
C

GOODMAN S FOOD STORE
2020 Brooklyn Ave.
Los Angeles 33, Calif
C

TOYO MARKET
1801 Brooklyn Ave.
Los Angeles 33, Calif.
C Spar

ADELA'S MARKET
1619 Brooklyn Ave.
Los Angeles 33, Calif.
C

SAM'S MARKET
804 No. State St.
Los Angeles 33, Calif.
C Spar

STRAUB'S GROCERY
2057 Judson St.
Los Angeles 33, Calif.
C

VALDEZ MARKET
2122 Sheridan St.
Los Angeles 33, Calif.
C

PESLIN'S GROCERY
2323 Sheridan St.
Los Angeles 33, Calif.
C

NELEMAN'S GROCERY
601 No. Breed St.
Los Angeles 33, Calif.
C Spar

FLORES MARKET
900 No. Soto St.
Los Angeles 33, Calif.
C

GUTIERREZ MARKET
925 No. Soto St.
Los Angeles 33, Calif.
C

DIAMONDSTEIN MARKET
2502 Wabash Ave.
Los Angeles 33, Calif.
C Spar

FAIRMOUNT FOOD MART
2500 Fairmount St.
Los Angeles 33, Calif.
C Spar

A & N MARKET
601 No. Evergreen Ave.
Los Angeles 33, Calif.
C

MALABAR MARKET
3054 Malabar St.
Los Angeles 63, Calif.
C

TANIGUCHI MARKET
808 No. Blades St.
Los Angeles 63, Calif.
C Spar

URIBE MARKET
3035 Wabash Ave
Los Angeles 63, Calif.
C

PURITY DELICATESSEN
3013 Wabash Ave.
Los Angeles 63, Calif.
C

PARK 'N SHOP MARKET
2844 Wabash Ave.
Los Angeles 33, Calif.
A CH Cert

CUT RATE MARKET
2831 Wabash Ave.
Los Angeles 33, Calif.
C

NICK'S MARKET
2730 Wabash Ave.
Los Angeles 33, Calif.
C Spar Mar

KIMI'S MARKET
2700 Pomeroy Ave.
Los Angeles 33, Calif.
C

MARKET
2400 Pomeroy Ave.
Los Angeles 33, Calif.
C

ANDE'S MARKET
2503 Marengo Ave.
Los Angeles 33, Calif.
C Spar

GONZALEZ MARKET
2901 Marengo Ave.
Los Angeles 33, Calif.
C Spar Mar

COMPLETE FOOD MARKET
2670 E. Ramona Blvd.
Los Angeles 33, Calif.
C

S. & A. GROCERY
1203 No. Soto St.
Los Angeles 33, Calif.
C

FOOD GARDEN
1383 Murchison St.
Los Angeles 33, Calif.
B Cert

VENEGAS GROCERY
1401 Murchison St.
Los Angeles 33, Calif.
C Spar

HAROLD'S MARKET
1404 Murchison St.
Los Angeles 33, Calif.
C Spar

LA PIEDRA LISA
1500 Murchison St.
Los Angeles 33, Calif.
C

INDEPENDENT MARKET
2501 Norfolk St.
Los Angeles 33, Calif.

LUCKY STOP GROCERY
1602 No. Soto St.
Los Angeles 33, Calif.

MARKET
1929 Zonal Ave
Los Angeles 33, Calif.

MARENGO MARKET
2124 Marengo Ave.
Los Angeles 33, Calif.

RUBEN'S MARKET
2040 Marengo Ave.
Los Angeles 33, Calif.

GENERAL MARKET
1902 Marengo Ave.
Los Angeles 33, Calif.

STATE STREET MARKET
1025 No. State St.
Los Angeles 33, Calif.

LASIRENA GROCERY
1000 Clement St.
Los Angeles 33, Calif.

JIMMIE'S MARKET
1700 Pomeroy St
Los Angeles 33, Calif

HELLENIC MARKET
562 Gallardo St.
Los Angeles 33, Calif.

JOSEPH'S GROCERY
944 Avila St.
Los Angeles 12, Calif.

QUALITY PUBLIC MARKET
1459 No. Main St.
Los Angeles 12, Calif.

CHUNG'S MARKET
1401 No. Main St.
Los Angeles 12, Calif.

BAY STATE MARKET
1311 No. Main St.
Los Angeles 12, Calif.

GAREY GROCERY
301 No. Garey St.
Los Angeles 12, Calif.

ROYAL MARKET
620 E. 1st St.
Los Angeles 12, Calif.

DICKEY'S MARKET
509 E. 1st St.
Los Angeles 12, Calif.

IDA MARKET
339 E. 1st St.
Los Angeles 12, Calif.

GRANADA FISH CO.
323 E. 1st St.
Los Angeles 12, Calif.

MODERN FOOD MARKET
140 So. San Pedro St.
Los Angeles 12, Calif.

ENBUN COMPANY
248 E. 1st St.
Los Angeles 12, Calif.

...ER'S GROCERY
...Traction Ave.
...Angeles 13, Calif.
C

...S GROCERY
...E. 3rd St.
...Angeles 13, Calif.
C Spar

...MS MARKET
...So. San Pedro St.
...Angeles 13, Calif.
C

...USHIGES MARKET
...E. 4th St.
...Angeles 13, Calif.
C

...DEAL MARKET
...E. 5th St.
...Angeles 13, Calif.
B Spar

...H MARKET
...So Towne Ave
...Angeles 13, Calif.
C

...MARKET
...E. 5th St.
...Angeles 13, Calif.
C Cert

...KY MARKET
...E. 5th St.
...Angeles 13, Calif.
C CH Spar

...MUNITY GROCERY
...E. 5th St.
...Angeles 13, Calif.
C Spar

...HORA NEWMAN MARKET
...E. 5th St.
...Angeles 13, Calif.
C

...L STREET MARKET
...Wall St.
...Angeles 13, Calif.
C

...Y'S MARKET
...E. 7th St.
...Angeles 14, Calif.
C

...MARKET
...E. 7th St.
...Angeles 21, Calif.
C

...UEZ MARKET
...Towne Ave.
...Angeles 21, Calif.
C

...NS MARKET
...E. 6th St.
...Angeles 21, Calif.
B Spar

...FORD MARKET
...E. 7th St.
...Angeles 21, Calif.
B Spar

...RCIA MARKET
...E. 7th St.
...Angeles 21, Calif.
B Spar

...BODY'S MARKET
...E. 7th St.
...Angeles 21, Calif.
C

...MARKET
...E. 7th St.
...Angeles 21, Calif.
C Spar

...LANZA MARKET
...Alameda St.
...Angeles 21, Calif.
C

...RTUNO MARKET
...E. 22nd St.
...Angeles 58, Calif.
C

REA'S MARKET
2301 Long Beach Ave. W.
Los Angeles 58, Calif.
C

JIMMIE'S MARKET
2500 Hooper Ave.
Los Angeles 11, Calif.
C

BIG ONE MARKET
2339 Hooper Ave.
Los Angeles 11, Calif.
B Spar

G & M MARKET
1586 E. 23rd St.
Los Angeles 11, Calif.
C

HOOPER AVE. MARKET
1479 E. 22nd St.
Los Angeles 11, Calif.
C

BILL'S MARKET
2021 So. Hooper Ave.
Los Angeles 11, Calif.
C

NEW DEAL MARKET
1478 E. 20th St.
Los Angeles 11, Calif.
C Spar

MARTINEZ GROCERY
1401 Hooper Ave.
Los Angeles 21, Calif.
C

TOVAR'S GROCERY
1200 Hooper Ave.
Los Angeles 21, Calif.
C

CALIFORNIA GROCERY
841 So. Central Ave.
Los Angeles 21, Calif.
B CH

EAST 10th ST. MARKET
1001 So. Central Ave.
Los Angeles 21, Calif.
C OEm

NEW LINCOLN MARKET
1017 So. Central Ave.
Los Angeles 21, Calif.
C

JAEGER'S MARKET
1213 So. Central Ave.
Los Angeles 21, Calif.
B

SHIBA'S GROCERIES
1161 E. Pico Blvd.
Los Angeles 21, Calif.
C Spar

JOE'S MARKET
1201 E. 14th Place
Los Angeles 21, Calif.
C

G & J. MARKET
1551 So. Central Ave.
Los Angeles 21, Calif.
B Cert

KING'S MART
2004 So. Central Ave.
Los Angeles 13, Calif.
A Cert

BIG BROS. PROVISION
2021 So. Central Ave.
Los Angeles 11, Calif.
B Spar

RING MARKET
2215 So. Central Ave.
Los Angeles 11, Calif.
C Spar Mar

MAE'S MARKET
2513 So. Central Ave.
Los Angeles 11, Calif.
C

AL & AL MARKET
2530 So. Central Ave.
Los Angeles 11, Calif.
C

THRIFTOWN MARKET
2607 So. Central Ave.
Los Angeles 11, Calif.
S Cert

28TH & CENTRAL MARKET
2801 So. Central Ave.
Los Angeles 11, Calif.
B Spar

SUNRISE MARKET
2802 So. Central Ave.
Los Angeles 11, Calif.
C

BABY BEEF MARKET
3007 So. Central Ave.
Los Angeles 11, Calif.
C

33RD ST. MARKET
3231 So. Central Ave.
Los Angeles 11, Calif.
B Spar

DANNY'S MARKET
3427 So. Central Ave.
Los Angeles 11, Calif.
B

QUON GROCERY
3310 Griffith Ave.
Los Angeles 11, Calif.
C

J. & F. GROCERY
3101 Griffith Ave.
Los Angeles 11, Calif.
C Spar

DOUG'S GROCERY
2800 Griffith Ave.
Los Angeles 11, Calif.
C

WING'S GROCERY
2527 Griffith Ave.
Los Angeles 11, Calif.
C Spar

ALL IN ONE MARKET
2319 Griffith Ave.
Los Angeles 11, Calif.
C

C. & S. MARKET
2231 Griffith Ave.
Los Angeles 11, Calif.
C

YOR-WAY MARKET
1008 E. Washington Blvd.
Los Angeles 21, Calif.
S CH Cert Mar

SINALOA MARKET
1471 Griffith Ave.
Los Angeles 21, Calif.
C

GRIFFITH MARKET
1431 Griffith Ave.
Los Angeles 21, Calif.
C

VIGIL MARKET
1400 Griffith Ave.
Los Angeles 21, Calif.
C Spar

LA PERLA MARKET
1327 Stanford Ave.
Los Angeles 21, Calif.
C

WING CHONG LUNG CO.
922 So. San Pedro St.
Los Angeles 15, Calif.
B Mar

YING CHONG LUNG CO.
956 So. San Pedro St.
Los Angeles 15, Calif.
B

MARKET GROCERY
968 So. San Pedro St.
Los Angeles 15, Calif.
C Spar

COAST TRADING CO.
753 E. 10th St.
Los Angeles 21, Calif.
C

PAT'S MARKET
744 E. 12th St.
Los Angeles 21, Calif.
C

SAVE-ON SALVAGE
1227 So. San Pedro St.
Los Angeles 15, Calif.
B Spar

ROBLES MARKET
1719 So. Trinity St.
Los Angeles 15, Calif.
C

JIM'S MARKET
601 E. Washington Blvd.
Los Angeles 15, Calif.
C

SUPREME FOOD MARKET
1821 So. San Pedro St.
Los Angeles 15, Calif.
C Spar

FAMILY FOOD MART
2132 So. San Pedro St.
Los Angeles 11, Calif.
B Spar

TAD'S MARKET
2200 So. San Pedro St.
Los Angeles 11, Calif.
C Cert

EL CIPRES GROCERY
2214 So. San Pedro St.
Los Angeles 11, Calif.
C

COMMERCIAL MARKET
2300 So. San Pedro St.
Los Angeles 11, Calif.
C

NAITO BROS. MARKET
2301 So. San Pedro St.
Los Angeles 11, Calif.
C

SUPREME FOOD MART
2526 So. San Pedro St.
Los Angeles 11, Calif.
B

KWONG HING LUNG MARKET
2600 So. San Pedro St.
Los Angeles 11, Calif.
C

SAN PEDRO SUPER MARKET
2623 So. San Pedro St.
Los Angeles 11, Calif.
A Cert

LEE'S MARKET
2701 So. San Pedro St.
Los Angeles 11, Calif.
B Spar

M & M MARKET
2727 So. San Pedro St.
Los Angeles 11, Calif.
C

MARSH'S MARKET
3201 So. San Pedro St.
Los Angeles 11, Calif.
C

STANLEY'S MARKET
3300 So. San Pedro St.
Los Angeles 11, Calif.
B

RANCHO GRANDE MARKET
3301 So. San Pedro St.
Los Angeles 11, Calif.
B Spar

ESQUIRE MARKET
3104 Maple Ave.
Los Angeles 11, Calif.
B

DAILY FOOD MARKET
3000 Maple Ave.
Los Angeles 11, Calif.
B CH Cert

EL PORVENIR MARKET
2924 So. Maple Ave.
Los Angeles 11, Calif.
C

SUSIE'S MARKET
2914½ Maple Ave.
Los Angeles 11, Calif.
C

ESMERALDA GROCERY
2720 Maple Ave.
Los Angeles 11, Calif.
C

PEOPLE'S FOOD MARKET
2530 Maple Ave.
Los Angeles 11, Calif.
B CH Spar

LEM'S MARKET
2421 Maple Ave.
Los Angeles 11, Calif.
B

LA VICTORIA MARKET
518 E 25th St.
Los Angeles 11, Calif.
C

FRANK & MARG'S MARKET
2323 Maple Ave.
Los Angeles 11, Calif.
C Spar

EL CHARRITO MARKET
501 E 23rd St.
Los Angeles 11, Calif.
C

LA VILLA MARKET
500 E 23rd St.
Los Angeles 11, Calif.
C

HI-LO GROCERY
259 E 23rd St.
Los Angeles 11, Calif.
C Spar

WING'S MARKET
2039 Maple Ave.
Los Angeles 11, Calif.
C Spar

MAPLE AVE MARKET
2002 Maple Ave.
Los Angeles 11, Calif.
C Spar

FONG'S MARKET
1601 Maple Ave.
Los Angeles 15, Calif.
C Spar

SQUARE DEAL MARKET
1436 Maple Ave.
Los Angeles 15, Calif.
C Spar

HANDY MARKET
501 E Pico Blvd.
Los Angeles 15, Calif.
C

NICK'S GROCERY
1127 Maple Ave.
Los Angeles 15, Calif.
C

...TON MARKET
...9th St.
...geles 15, Calif.
C

...WAY MARKET
... 11th St.
...geles 15, Calif.
C Spar

...GER'S GROCERY
... Pico St.
...geles 15, Calif.
C

... & SANTEE GROCERY
...o Santee St.
...geles 15, Calif.
C Spar

...ST. MARKET
...So Hill St.
...geles 15, Calif.
B Spar

... MARKET
...nice Blvd.
...geles 15, Calif.
C Spar

...POLITAN FOOD CENTER
...So Grand Ave.
...geles 15, Calif.
C Spar

...ET
...o Main St.
...geles 7, Calif.
C Spar

... MARKET
...o Grand Ave.
...eles 7, Calif.
B Spar

...'S MARKET
...o Grand Ave.
...eles 7, Calif.
B Cert

... ADAMS MARKET
...o Grand Ave.
...eles 7, Calif.
C

... SAVING CENTER
...o Grand Ave.
...eles 7, Calif.
C

...TESSEN
...o Main St.
...eles 7, Calif.
C Spar

...'S MARKET
...o Main St.
...eles 7, Calif.
C Spar

...ARKET
...o Hill St.
...eles 7, Calif.
C

...BASKET
...o Grand Ave.
...eles 7, Calif.
C

...R BOX
...o Flower St.
...eles 7, Calif.
B Spar

...STREET MARKET
...o Hoover St.
...eles 7, Calif.
A Spar

... MARKET
...o Hoover St.
...eles 7, Calif.
C

... FOOD MART
...o Hoover St.
...eles 7, Calif.
A Spar

...ARKET
...23rd St.
...eles 7, Calif.
C Cert

HENRY'S MARKET
2101 So. Estrella Ave.
Los Angeles 7, Calif.
C Spar

MOORE'S GROCERY
864 W. 21st St.
Los Angeles 7, Calif.
C

HECTOR'S GROCERY
2027 So. Hoover St.
Los Angeles 7, Calif.
C

BOB & MARY'S GROCERY
1218 W. Washington Blvd.
Los Angeles 7, Calif.
C

OAK STREET MARKET
870 W. Washington Blvd.
Los Angeles 15, Calif.
B Cert

SORPREZA MARKET
1923 Norwood St.
Los Angeles 7, Calif
C

CHUNG'S MARKET
759 W. Washington Blvd
Los Angeles 15, Calif.
C

JACK'S MART
1035 Venice Blvd.
Los Angeles 15, Calif.
C Spar

BOHOL'S MARKET
1165 Venice Blvd.
Los Angeles 15, Calif.
C

S. A. QUALITY MARKET
1302 Venice Blvd
Los Angeles 6, Calif.
B Spar

DELICATESSEN
1901 W. Pico Blvd.
Los Angeles 6, Calif.
C

H & D MARKET
1602 W. Pico Blvd.
Los Angeles 15, Calif.
C Spar

ACAPULCO MARKET
1578 W. Pico Blvd.
Los Angeles 15, Calif.
C

VON'S MARKET
1500 W. Pico Blvd.
Los Angeles 15, Calif.
S CH Cert

PICO DE LONG MARKET
1000 W. Pico Blvd.
Los Angeles 15, Calif.
A Spar

ECONOMY MARKET
837 W. 11th St.
Los Angeles 15, Calif.
C Spar

HANDY MARKET
1104 Georgia St.
Los Angeles 15, Calif.
C Mar

BI-RITE MARKET
1123 Georgia St.
Los Angeles 15, Calif.
C Spar

PARKER'S MARKET
1200 Georgia St.
Los Angeles 15, Calif.
C

CHAN'S MARKET
950 W. 12th St.
Los Angeles 15, Calif.
C Spar

UNO'S MARKET
1439 W. 11th St.
Los Angeles 15 Calif.
C

VALENCIA MARKET
1503 W. 11th St.
Los Angeles 15, Calif.
C Spar

UNION AVE. GROCERY
1131 So. Union Ave.
Los Angeles 15, Calif.
C

COMMUNITY GROCERY
1644 W. 11th St.
Los Angeles 15, Calif.
C

WEINSTEIN'S MARKET
1676 W. 11th St.
Los Angeles 15, Calif.
C Spar

GROCERY BASKET
1800 W. 11th St.
Los Angeles 6, Calif.
C

Y. & Y. MARKET
1601 W. 12th St.
Los Angeles 15, Calif.
C

ALVARADO MARKET
1102 So. Alvarado St.
Los Angeles 6, Calif.
B Spar

MIDWAY MARKET
2039 W. Pico Blvd
Los Angeles 6, Calif.
B Spar

DELICATESSEN
2202 W. 11th St
Los Angeles 6, Calif
C

COLONIAL MARKET
2315 W. 11th St.
Los Angeles 6, Calif.
C Spar

SUNBURY MARKET
2527 W. 9th St.
Los Angeles 6, Calif.
A

VON'S GROCERY
840 So. Alvarado St.
Los Angeles 57, Calif.
S CH Cert

JACK'S DELICATESSEN
1001 So. Alvarado St.
Los Angeles 6, Calif.
C CH Spar

DELICATESSEN
1553 W. 8th St.
Los Angeles 17, Calif.
C

RUBE'S MARKET
1426 W. 9th St.
Los Angeles 15, Calif.
C Spar

C. H. MARKET
1413 W Olympic Blvd.
Los Angeles 15, Calif.
C Spar

OLYMPIC BLVD. MARKET
1200 W. Olympic Blvd.
Los Angeles 15, Calif.
C

SERV-U-GROCERY
1216 W. 8th St.
Los Angeles 17, Calif.
C

MITCH'S MARKET
825 W. 9th St.
Los Angeles 15, Calif
C

A-1 MARKET
900 So. Figueroa St.
Los Angeles 15, Calif.
A

907 MARKET
907 So. Grand Ave
Los Angeles 15, Calif
C Spar

THE MAY CO.
820 So. Hill St.
Los Angeles 14, Calif.
B

BORRELLI MARKET
520 W. 8th St.
Los Angeles 14, Calif.
B

MORGAN'S MARKET
625 W. 8th St.
Los Angeles 17, Calif.
C Spar

PURITY MARKET
711 W. 8th St.
Los Angeles 17, Calif.
B Spar

MARKET
105 E. 7th St
Los Angeles 14, Calif
C Spar

F. & R. DELICATESSEN
114 E. 3rd St.
Los Angeles 13, Calif.
C

HERMAN'S MARKET
115 W. 3rd St.
Los Angeles 13, Calif.
C

GROCERY & LIQ
252 So. Main St.
Los Angeles 12, Calif.
C

R. FAZZI & CO.
255 So. Spring St.
Los Angeles 12, Calif.
C CH

EUROPA GROCERY
321 So. Spring St.
Los Angeles 13, Calif.
C Spar

BROADWAY MKT. (Groc.)
329 So. Broadway
Los Angeles 13, Calif.
A Cert

GRAND CENTRAL GROC.
317 So. Broadway
Los Angeles 13, Calif.
S Mar

PUBLIC MARKET
328 So. Hill St.
Los Angeles 13, Calif.
C Spar

TOWN MARKET
1048 Wilshire Blvd.
Los Angeles 17, Calif.
C

MAIORANA MARKET
1108 W. 7th St.
Los Angeles 17, Calif.
B

WITMER QUALITY MARKET
695 Witmer St.
Los Angeles 17, Calif.
B Cert

HOLLAND MARKET
1400 W. 7th St.
Los Angeles 17, Calif.
C Spar

7TH & VALENCIA MARKET
1425 W. 7th St.
Los Angeles 17, Calif.
B Spar

TERRACE FOOD STORE
1802 W. 7th St
Los Angeles 57, Calif
C

S & S MARKET
1807 W. 7th St.
Los Angeles 57, Calif.
C

PARKSIDE MARKET
2020 W. 7th St
Los Angeles 57, Calif.
A Spar

2830

WONG'S GROCERY
705 So. Carondelet St.
Los Angeles 57, Calif.
C Spar

CHUCK'S MARKET
2702 W. 7th St.
Los Angeles 57, Calif.
B

BIG 6 MARKET
550 So. Rampart Blvd.
Los Angeles 57, Calif.
A Cert

RAMPART MARKET
533 So. Rampart Blvd.
Los Angeles 57, Calif.
B CH Cert

BLUE BIRD MARKET
2607 W. 6th St.
Los Angeles 57, Calif.
B Cert

FISHMAN DEL. & GROC.
2403½ W. 6th St.
Los Angeles 57, Calif.
C

MELODY FOOD MART
2105 W. 6th St.
Los Angeles 57, Calif.
C Spar

SAM'S CORNER
2001 W. 6th St.
Los Angeles 57, Calif.
B

BONNIE BRAE DELIC.
1834 W. 6th St.
Los Angeles 57, Calif.
C Spar

HILLTOP PUBLIC MARKET
2028 W. 3rd St.
Los Angeles 57, Calif.
B CH Cert

GREEN CIRCLE MARKET
1840 W. 3rd St.
Los Angeles 57, Calif.
B

LEE'S MARKET
251 S. Burlington Ave.
Los Angeles 57, Calif.
C Mar

BEVERLY FOODS MARKET
1707 Beverly Blvd.
Los Angeles 26, Calif.
B Cert

BELMONT MARKET
102 No. Belmont Ave.
Los Angeles 26, Calif.
C

FRESH EGG GROCERY
1215 W. 1st St.
Los Angeles 26, Calif.
C

BOYLESTON MARKET
116 No. Boyleston St.
Los Angeles 12, Calif.
C

BEAUDRY MARKET
170 No. Beaudry Ave.
Los Angeles 12, Calif.
B Spar

TOMI'S GROCERY
1104 W. 1st St.
Los Angeles 12, Calif.
C

WITMART
1451 W. 3rd St.
Los Angeles 17, Calif.
B Spar

STAN'S MARKET
1463 W. 3rd St.
Los Angeles 17, Calif.
B Spar

SAVE-MORE MARKET
1540 W. 6th St.
Los Angeles 17, Calif.
S CH Cert

CARL'S MARKET
1500 W. 6th St.
Los Angeles 17, Calif.
S CH Cert

EL KAY MARKET
1259 W. 6th St.
Los Angeles 17, Calif.
B Spar

FRANK'S MARKET
464 Hartford Ave.
Los Angeles 17, Calif.
C

BIXEL GROCERY
467 So. Bixel St.
Los Angeles 17, Calif.
C

COMMUNITY MARKET
500 So. Bixel St.
Los Angeles 17, Calif.
C Spar

6TH & BIXEL MARKET
1053 W. 6th St.
Los Angeles 17, Calif.
B

DARM'S MARKET
818 W. 6th St.
Los Angeles 17, Calif.
B

CALIFORNIA NUT CO.
712 W. 6th St.
Los Angeles 17, Calif.
C

HANDY MARKET
207 So. Figueroa
Los Angeles 12, Calif.
C

YO'S GROCERY
734 W. 3rd St.
Los Angeles 17, Calif.
C

JACK & BENNY'S MARKET
800 W. 3rd St.
Los Angeles 17, Calif.
B Spar

KING'S MARKET
819 W. 3rd St.
Los Angeles 17, Calif.
C

LUCKY MARKET
830 W. 3rd St.
Los Angeles 17, Calif.
C CH Spar

BUDGET BASKET
528 W. 3rd St.
Los Angeles 13, Calif.
B Cert

BEN'S MARKET
148 No. Flower St.
Los Angeles 12, Calif.
C Spar

LA PROVIDENCIA MKT.
500 No. Figueroa St.
Los Angeles 12, Calif.
C

R. E. H. GROCERY
315 No. Figueroa St.
Los Angeles 12, Calif.
C

T & F MARKET
820 W. Temple St.
Los Angeles 12, Calif.
C Spar

LA ESTRELLA MARKET
908 W. Temple St.
Los Angeles 12, Calif.
C

LA SIRENA MARKET
1018 W. Temple St.
Los Angeles 12, Calif.
C

RANCHO SUPER MARKET
1060 W. Temple St.
Los Angeles 12, Calif.
A Spar

P-I MARKET
319 No. Beaudry St.
Los Angeles 12, Calif.
C

MARKET
300 No. Beaudry St.
Los Angeles 12, Calif.
C

JIMMIE'S FOOD MART
1122 W. Temple St.
Los Angeles 12, Calif.
B

NATE'S MARKET
1246 W. Temple St.
Los Angeles 26, Calif.
C

OLD RELIABLE MARKET
301 No. Bixel St.
Los Angeles 26, Calif.
C Spar

SAVE PENNY MARKET
1276 W. Temple St.
Los Angeles 26, Calif.
B Spar

EDGEWARE MARKET
1302 W. Temple St.
Los Angeles 26, Calif.
C Cert

LAVETA MARKET
1468 W. Temple St.
Los Angeles 26, Calif.
B Cert

UNION-TEMPLE MARKET
1707 W. Temple St.
Los Angeles 26, Calif.
B Cert

E & W MARKET
1712 W. Temple St.
Los Angeles 26, Calif.
B Spar

BILL & BOB'S MARKET
1822 W. Temple St.
Los Angeles 26, Calif.
C Spar

TEMPLE CUT RATE MARKET
1907 W. Temple St.
Los Angeles 26, Calif.
C

JACK'S MARKET
2135 W. Temple St.
Los Angeles 26, Calif.
C

ROSEMONT MARKET
2203 W. Temple St.
Los Angeles 26, Calif.
B Spar

GREEN CIRCLE MARKET
2435 W. Temple St.
Los Angeles 26, Calif.
A CH Cert

DICK'S MARKET
2609 W. Temple St.
Los Angeles 26, Calif.
B Cert

MANILA MARKET
2742 W. Temple St.
Los Angeles 26, Calif.
C

RELIABLE MARKET
3001 W. Beverly Blvd.
Los Angeles 57, Calif.
A Cert

...S MARKET
...W. 3rd St.
...geles 5, Calif.
S CH

...ME DELIC.
...W. 3rd St.
...geles 5, Calif.
C

...GROCERY
...W. 3rd St.
...geles 5, Calif.
S CH Cert

...RY & LIQUOR
...W. 3rd St.
...geles 5, Calif.
C

...& HOBART MARKET
...W. 2nd St.
...geles 4, Calif.
C Mar

...IC-VILLE
...W. 3rd St.
...geles 5, Calif.
C

...S MARKET
...W. 3rd St.
...geles 5, Calif.
A Cert

...LBERT'S MARKET
...W. 3rd St.
...geles 5, Calif.
B Spar

...ERN MARKET
...S. Western Ave.
...geles 4, Calif.
A Spar

...'S MARKET
...S. Larchmont Blvd.
...geles 4, Calif.
B Cert

...MART
...S. Larchmont Blvd.
...geles 4, Calif.
A Cert

...RE FOOD CENTER
...S. Larchmont Blvd.
...geles 4, Calif.
A

...T. BALZER & CO.
...S. Larchmont Blvd.
...geles 4, Calif.
A Cert

...N FOOD MARKET
...W. 6th St.
...geles 5, Calif.
A CH Cert

...E'S DELICATESSEN
...S. Western Ave.
...geles 5, Calif.
C

...BRAND MARKET
...W. 6th St.
...geles 5, Calif.
B Cert

...IAN PARK MARKET
...W. 6th St.
...geles 5, Calif.
S Cert

...NG MARKET
...W. 6th St.
...geles 5, Calif.
B Cert

...MARKET
...S. Vermont Ave.
...geles 5, Calif.
S Cert

...D'S MARKET
...W. 7th St.
...geles 5, Calif.
B Spar

...MARKET
...W. 7th St.
...geles 5, Calif.
S CH Cert

THE PARTY SHOP
2880 W. 7th St.
Los Angeles 5, Calif.
C Spar

WESTMORELAND MARKET
2800 W. 9th St.
Los Angeles 6, Calif.
C Spar

MIDTOWN MARKET
2802 W. 9th St.
Los Angeles 6, Calif.
B Spar

LORD'S MARKET
863 So. Vermont Ave.
Los Angeles 5, Calif.
B Spar Mar

DODGE BROS. MARKET
3132 W. 8th St.
Los Angeles 5, Calif.
C Mar

DELICATESSEN
3200 W. 8th St.
Los Angeles 5, Calif.
C

IROLO MARKET
3315 W. 8th St.
Los Angeles 5, Calif.
B Spar

VON'S GROCERY
3334 W. 8th St.
Los Angeles 5, Calif.
S CH Cert

ED'S DELICATESSEN
3335½ W. 8th St.
Los Angeles 5, Calif.
C

CARL'S MARKET
3488 W. 8th St.
Los Angeles 5, Calif.
S CH Cert

QUALITY FOOD MARKET
747 So. Western Ave.
Los Angeles 5, Calif.
B Spar

WONDER MARKET
989 So. Western Ave.
Los Angeles 6, Calif.
A

LIPSHUTZ MARKET
1045 So. Western Ave.
Los Angeles 6, Calif.
C

OLYMPIC FOOD CENTER
3122 W. Olympic Blvd.
Los Angeles 6, Calif.
B Spar

HARVARD FOOD MARKET
982 So. Harvard Blvd.
Los Angeles 6, Calif.
C Spar

UPTOWN MARKET
3041 W. Olympic Blvd.
Los Angeles 6, Calif.
B OEm

JACK'S GROCERY
2904 W. Olympic Blvd.
Los Angeles 6, Calif.
C Spar

KITAHATA MARKET
2837 W. Olympic Blvd.
Los Angeles 6, Calif.
C

NEW OLYMPIC MARKET
2797 W. Olympic Blvd.
Los Angeles 6, Calif.
C Mar

DELICATESSEN
999 So. Vermont Ave.
Los Angeles 6, Calif.
C

IRIZARRY MARKET
1246 So. Lake St.
Los Angeles 6, Calif.
C

KORY'S MARKET
2250 W. Pico Blvd.
Los Angeles 6, Calif.
S CH Cert

SZABO'S MARKET
2270 W. Pico Blvd.
Los Angeles 6, Calif.
C

J. & H. FOOD MART
2368 W. Pico Blvd.
Los Angeles 6, Calif.
C

MAC'S GROCERIES
2484 W. Pico Blvd.
Los Angeles 6, Calif.
C

DENTE'S MARKET
2555 W. Pico Blvd.
Los Angeles 6, Calif.
B Cert Mar

BERENDO ST. MARKET
1156 Berendo St.
Los Angeles 6, Calif.
C

IMRE'S MARKET
2597 W. Pico Blvd.
Los Angeles 6, Calif.
C

RAY'S MARKET
2632 W. Pico Blvd.
Los Angeles 6, Calif.
C

L. P. MARKET
2698 W. Pico Blvd.
Los Angeles 6, Calif.
B Cert

PETER PAN MARKET
2791 W. Pico Blvd.
Los Angeles 6, Calif.
S Cert

GREEN RIVER MARKET
3006 W. Pico Blvd.
Los Angeles 6, Calif.
C Spar

ALBERT'S GROCERY
3082 W. Pico Blvd.
Los Angeles 6, Calif.
C Spar

WILTON MARKET
3271 W. Pico Blvd.
Los Angeles 19, Calif.
B Cert

LUCE'S MARKET
3420 W. Pico Blvd.
Los Angeles 19, Calif.
C

EUGENE'S DELICATESSEN
3523 W. Pico Blvd.
Los Angeles 19, Calif.
C

SERBER'S FORUM MARKET
4000 W. Pico Blvd.
Los Angeles 19, Calif.
S CH Cert

DEL REY'S MARKET
3915 W. Olympic Blvd.
Los Angeles 19, Calif.
B CH Cert

VON'S MARKET
1020 So. Crenshaw Blvd.
Los Angeles 19, Calif.
S CH Cert

CLUB MART
1118 So. Crenshaw Blvd.
Los Angeles 19, Calif.
A Cert

MAC'S DELIC.
4351 W. Pico Blvd.
Los Angeles 19, Calif.
C

THOMPSON'S GROCERY
4416 W. Pico Blvd.
Los Angeles 19, Calif.
C

FOOD FAIR
4551 W. Pico Blvd.
Los Angeles 19, Calif.
S Cert

WEINBERG MARKET
4571 W. Pico Blvd.
Los Angeles 19, Calif.
C

PLAZA MARKET
4657 W. Pico Blvd.
Los Angeles 19, Calif.
A Cert

K. & F. DELICATESSEN
5074 W. Pico Blvd.
Los Angeles 19, Calif.
C

MEADOW MARKET
5159 W. Pico Blvd.
Los Angeles 19, Calif.
S

CERTI-MART
1503 Cochran Ave.
Los Angeles 19, Calif.
C Spar

PURDY'S MARKET
5520 San Vicente Blvd.
Los Angeles 19, Calif.
B Cert Spar

ZEROLAND DELICATESSEN
5503 W. Pico Blvd.
Los Angeles 19, Calif.
C

PICO CENTER MARKET
5534 W. Pico Blvd.
Los Angeles 19, Calif.
B Cert

AIRDROME MARKET
5720 Airdrome St.
Los Angeles 19, Calif.
C Spar

CY & NORM'S MARKET
5806 W. Pico Blvd.
Los Angeles 19, Calif.
B Spar

S. & S. DELICATESSEN
6093 W. Pico Blvd.
Los Angeles 35, Calif.
C

BIG TOWN MARKET
6153 W. Pico Blvd.
Los Angeles 35, Calif.
S Cert

PRIME MARKET
8624 W. Pico Blvd.
Los Angeles 35, Calif.
C Mar

MAYFAIR MARKET
8770 W. Pico Blvd.
Los Angeles 35, Calif.
S CH OEm

DOHENY DELICATESSEN
9102 W. Pico Blvd.
Los Angeles 35, Calif.
C

KATZ'S FINER FOODS
9118 W. Pico Blvd.
Los Angeles 35, Calif.
B Spar

CHARLEY'S DELICATESSEN
9124 W. Pico Blvd.
Los Angeles 35, Calif.
C

ROYAL'S MARKET
9165 W. Pico Blvd.
Los Angeles 35, Calif.
S Cert

BEVERLY SQUARE MARKET
9238 W. Pico Blvd.
Los Angeles 35, Calif.
A Cert

FACTOR'S DELICATESSEN
9420 W. Pico Blvd.
Los Angeles 35, Calif.
C

ROXBURY MARKET
9769 W. Pico Blvd.
Los Angeles 35, Calif.
B Cert

CARTHAY CENTER MARKET
6304 San Vicente Blvd.
Los Angeles 48, Calif.
A CH Cert

THE BAGEL DELICATESSEN
1052 So. Fairfax Ave.
Los Angeles 19, Calif.
C

MOR-RAY'S MARKET
1048 So. Fairfax Ave.
Los Angeles 19, Calif.
C

NATE'S BUTTERCHURN
1036½ S. Fairfax Ave.
Los Angeles 19, Calif.
C

SHAFF'S DELICATESSEN
1025 So. Fairfax Ave.
Los Angeles 19, Calif.
C

VON'S GROCERY
1022 So. Fairfax Ave.
Los Angeles 19, Calif.
S CH Cert

ROYAL FOOD MARKET
6125 Wilshire Blvd.
Los Angeles 48, Calif.
A Cert

RALPHS MARKET
5615 Wilshire Blvd.
Los Angeles 36, Calif.
S CH

CLOVER FOOD MART
5415 Wilshire Blvd.
Los Angeles 36, Calif.
S Cert

BAG & BASKET MARKET
817 So. La Brea Ave.
Los Angeles 36, Calif.
S Cert

FELLER'S GROCERY
1012 So. La Brea Ave.
Los Angeles 19, Calif.
C Spar

JACK'S MARKET
1186 So. La Brea Ave.
Los Angeles 19, Calif.
C Mar

OLYMPIC-LA BREA MARKET
5280 W. Olympic Blvd.
Los Angeles 36, Calif.
B Spar

JACK'S MARKET
449 So. La Brea Ave.
Los Angeles 36, Calif.
B

SPIC 'N SPAN MARKET
5717 W. 3rd St.
Los Angeles 36, Calif.
A Cert

TOP'S MARKET
401 No. La Brea Ave.
Los Angeles 36, Calif.
S CH

MANNY'S GROCERY
7108 Beverly Blvd.
Los Angeles 36, Calif.
C Spar

BEVERLY-GARDNER MARKET
7507 Beverly Blvd.
Los Angeles 36, Calif.
B Spar

SEASON'S GROCERY
304 No. Sierra Bonita Ave.
Los Angeles 36, Calif.
C Mar

SANITARY FOOD MART
7617 Beverly Blvd.
Los Angeles 36, Calif.
B

WILLNER & NADLER MKT.
7653 Beverly Blvd.
Los Angeles 36, Calif.
C

BASTOMSKI'S GROC.
7667 Beverly Blvd.
Los Angeles 36, Calif.
C

MARKET BASKET
6298 W. 3rd St.
Los Angeles 36, Calif.
S CH

ALEXANDERS GROCERY
(Farmers Market)
6333 W. 3rd St.
Los Angeles 36, Calif.
S Cert

FRIEDMAN'S DELIC.
8235 W. 3rd St.
Los Angeles 48, Calif.
C

LOU'S DELICATESSEN
8348 W. 3rd St.
Los Angeles 48, Calif.
C

RATNER'S DELICATESSEN
8369 W. 3rd St.
Los Angeles 48, Calif.
C Spar

RALPHS MARKET
8575 W. 3rd St.
Los Angeles 48, Calif.
S CH

BISHOP'S FINE FOOD
9037 Burton Way
Los Angeles 48, Calif.
A CH Cert

BURTON WAY MARKET
9042 Burton Way
Beverly Hills, Calif.
B

S RANCH MARKET
Doheny Dr.
Angeles 48, Calif.
S Ch Cert

-THRIFTY MARKET
Robertson Blvd.
Angeles 48, Calif.
B Cert

NFIELD'S MARKET
Melrose Ave.
Angeles 46, Calif.
B Cert

MOUNT MARKET
Westmount Dr.
Angeles 46, Calif.
C Spar

AN DELIC
La Cienega Blvd.
Angeles 46, Calif.
C

MARKET
Melrose Ave.
Angeles 46, Calif.
B Cert

MARKET
Beverly Blvd.
Angeles 48, Calif.
B Cert

'S MARKET
Beverly Blvd.
Angeles 48, Calif.
A Cert

S MARKET
Fairfax Ave.
Angeles 36, Calif.
C

RDON'S DELICATESSEN
Fairfax Ave.
Angeles 36, Calif.
C

APPETIZER
Fairfax
Angeles 36, Calif.
C

QUALITY MARKET
Fairfax Ave.
Angeles 36, Calif.
B Spar

S MARKET
Fairfax Ave.
Angeles 36, Calif.
S Spar Mar

S MARKET
Fairfax Ave.
Angeles 36, Calif.
B Spar

S DELICATESSEN
Fairfax Ave.
Angeles 36, Calif.
C

RK STORE
Fairfax Ave
Angeles 36, Calif.
C Spar

MARKET
Fairfax Ave.
Angeles 36, Calif.
C Spar

BROS. MARKET
Melrose Ave.
Angeles 46, Calif.
B Spar

MARKET
Melrose Ave
Angeles 46, Calif.
C Cert

MARKET
Melrose Ave.
Angeles 46, Calif.
C Spar

MELROSE MARKET
Melrose Ave.
Angeles 46, Calif.
S CH Cert

LOU CHUCK MARKET
7276 Melrose Ave.
Los Angeles 46, Calif.
C

ORGANIC FOODS
6812 Melrose Ave.
Los Angeles 38, Calif.
C

SUNRISE MARKET
902 No. Seward St.
Los Angeles 38, Calif.
B Spar

RAINBOW DRIVE IN MARKET
6757 Santa Monica Blvd.
Los Angeles 38, Calif.
A

DENTE'S MARKET
7119 Santa Monica Blvd.
Los Angeles 46, Calif.
B Cert Mar

GARLAND'S MARKET
1259 No. La Brea Ave.
Los Angeles 38, Calif.
C Mar

STANDING'S MARKET
1357 No. Highland Ave.
Los Angeles 28, Calif.
B Cert

KINNEY'S SUPERETTE
1253 No. Highland Ave.
Los Angeles 38, Calif.
B Spar

LAS FOUNTAIN MARKET
1259 No. Las Palmas Ave.
Los Angeles 38, Calif.
C Spar

FOUNTAIN FOOD MARKET
6611 Fountain Ave.
Los Angeles 28, Calif.
C

HOLLYWOOD RANCH MARKET
1248 No. Vine St.
Los Angeles 38, Calif.
S Cert

FOUNTAIN AVE. MARKET
6010 Fountain Ave.
Los Angeles 28, Calif.
C Cert

ABE'S MARKET
6176 Santa Monica Blvd.
Los Angeles 38, Calif.
C Spar

JUNE-MELROSE MARKET
6111 Melrose Ave.
Los Angeles 38, Calif.
B CH Cert

JERRY'S MARKET
5330 Melrose Ave.
Los Angeles 38, Calif.
A

STOP & SHOP MARKET
5201 Melrose Ave.
Los Angeles 38, Calif.
A Cert

HENRY'S DELICATESSEN
5200 Melrose Ave.
Los Angeles 38, Calif.
C

HOWIE'S MARKET
5625 Santa Monica Blvd.
Los Angeles 38, Calif.
S Cert

YOR-WAY MARKET
5311 Santa Monica Blvd.
Los Angeles 29, Calif.
S CH Cert Mar

MAYER'S DELICATESSEN
1080 No. Western Ave.
Los Angeles 29, Calif.
C

GLASSMAN MARKET
1070 No. Western Ave.
Los Angeles 29, Calif.
A Cert

IDEAL DELICATESSEN
1062 No. Western Ave.
Los Angeles 29, Calif.
C

SAM'S DELICATESSEN
1060 No. Western Ave.
Los Angeles 29, Calif.
C

MORRIE'S DELICATESSEN
1058 No. Western Ave.
Los Angeles 29, Calif.
C

SAM DOCTOR'S DELIC.
900 No. Western Ave.
Los Angeles 29, Calif.
C Spar

MICHAEL'S MARKET
4711 Melrose Ave.
Los Angeles 29, Calif.
C

HILL'S MARKET
4709 Melrose Ave.
Los Angeles 29, Calif.
C

VOLPE'S MARKET
4600 Maplewood Ave.
Los Angeles 4, Calif.
C Spar

JOHN LARSON MARKET
416 No. Western Ave.
Los Angeles 4, Calif.
C

RALPHS MARKET
400 No. Western Ave.
Los Angeles 4, Calif.
S CH

BETTER FOODS
4319 Beverly Blvd.
Los Angeles 4, Calif.
S CH Cert

BEVERLY-NORMANDIE MARKET
4213 Beverly Blvd.
Los Angeles 4, Calif.
B Spar

SAM'S DELICATESSEN
4032 Beverly Blvd.
Los Angeles 4, Calif.
C

BEVERLY MART
4003 Beverly Blvd.
Los Angeles 4, Calif.
B Cert

CO-OP MARKET
3831 Beverly Blvd.
Los Angeles 4, Calif.
A Cert

HALES FOOD MARKET
4322 Melrose Ave.
Los Angeles 29, Calif.
A Cert

STAMBLER'S DELICATESSEN
700 No. Vermont Ave.
Los Angeles 29, Calif.
C

ECONOMY MARKET
4001 Melrose Ave.
Los Angeles 29, Calif.
C

FUJIYA MARKET
607 No. Virgil Ave.
Los Angeles 4, Calif.
C Spar

BUSY-B MARKET
625 No. Virgil Ave.
Los Angeles 29, Calif.
S CH Cert

SHOPPING BAG MARKET
868 No. Virgil Ave.
Los Angeles 29, Calif.
B Spar

MARKET
900 No. Virgil Ave.
Los Angeles 29, Calif.
C

MARIETTA GROCERY
804 No. Vermont Ave.
Los Angeles 29, Calif.
C

MADISON AVE. MARKET
1005 Madison Ave.
Los Angeles 29, Calif.
C

LAURIE'S RANCH MARKET
1000 No. Vermont Ave.
Los Angeles 29, Calif.
B Cert

RALPHS MARKET
4641 Santa Monica Blvd.
Los Angeles 29, Calif.
S CH

MENKE'S MARKET
1178 No. Vermont Ave.
Los Angeles 29, Calif.
C Spar

ALEXANDER'S MARKET
1601 No. Vermont Ave.
Los Angeles 27, Calif.
S CH Cert

McKINLEY MARKET
4327 Sunset Blvd.
Los Angeles 29, Calif.
B Spar

SAM'S MARKET
4441 Fountain Ave.
Los Angeles 29, Calif.
C Mar

MARTIN'S MARKET
4514 Fountain Ave.
Los Angeles 29, Calif.
C Spar

HANDY MARKET
4534 Fountain Ave.
Los Angeles 29, Calif.
C

JOLLY BOY MARKET
4861 Fountain Ave.
Los Angeles 29, Calif.
B Spar

ABE'S MARKET
4908 Fountain Ave.
Los Angeles 29, Calif.
C Spar

DEPENDABLE MARKET
5102 Fountain Ave.
Los Angeles 29, Calif.
C Cert

CORNER CASH MARKET
5200 Fountain Ave.
Los Angeles 29, Calif.
C Spar

FOUNTAIN FOOD CENTER
5297 Fountain Ave.
Los Angeles 29, Calif.
C Spar

DELICATESSEN
1356 No. Western Ave.
Los Angeles 27, Calif.
C Spar

STAR MARKET
1273 No. Wilton Place
Los Angeles 38, Calif.
B Spar

RATACCAN DELICATESSEN
5833 Sunset Blvd.
Los Angeles 28, Calif.
C

TOM'S MARKET
5946 Sunset Blvd.
Los Angeles 28, Calif.
C

RALPHS MARKET
5711 Hollywood Blvd.
Los Angeles 28, Calif.
S CH

ST. FRANCIS GROCERY
1710 No. Garfield Place
Los Angeles 31, Calif.
C

MIDNITE GROCERY
5446 Hollywood Blvd.
Los Angeles 27, Calif.
C

RECTOR FOOD SHOP
5455 Hollywood Blvd.
Los Angeles 27, Calif.

CORONET DELICATESSEN
5430 Hollywood Blvd.
Los Angeles 27, Calif.
C

WILT'S MARKET
1612 No. Western Ave.
Los Angeles 27, Calif.
C

FAZZI'S GROCERY
1538 No. Western Ave.
Los Angeles 27, Calif.
C CH

SUFFIN'S LITTLE SUPER MKT.
5334 Sunset Blvd.
Los Angeles 27, Calif.
C Spar

SUNSET KINGSLEY MARKET
5205 Sunset Blvd.
Los Angeles 27, Calif.
A Cert

NOF SET MARKET
5068 Sunset Blvd
Los Angeles 27, Calif.
B Cert

EL ADOBE MARKET
5203 Hollywood Blvd.
Los Angeles 27, Calif.
S Cert

NORWOOD MARKET
5070 Hollywood Blvd.
Los Angeles 27, Calif.
A Cert

TEX ROTH, INC.
1660 No. Vermont Ave.
Los Angeles 27, Calif.
A Cert

DI MARCO MARKET
1708 No. Vermont Ave.
Los Angeles 27, Calif.
C

HOLLY-MONT MKT.
1801 No. Vermont Ave.
Los Angeles 27, Calif.
A Cert

LOS FELIZ MART
1827 No. Vermont Ave.
Los Angeles 27, Calif.
S Cert

MARDER'S DELICATESSEN
4655 Russell Ave.
Los Angeles 27, Calif.
C

LES BROWNING GROCERY
1859 Hillhurst Ave.
Los Angeles 27, Calif.
C

KOURTESY MARKET
1910 No. Hillhurst Ave.
Los Angeles 27, Calif.
C Spar

LAURA'S FROZEN FOOD MARKET
1970 No. Hillhurst Ave.
Los Angeles 27, Calif.
C

HILLHURST MART
2060 No. Hillhurst Ave.
Los Angeles 27, Calif.
A Cert

VICTOR'S MARKET
5903 Franklin Ave.
Los Angeles 28, Calif.
A Cert

HAIG'S MARKET
5911 Franklin Ave.
Los Angeles 28, Calif.
A Mar

BEACHWOOD MARKET
2699 No. Beachwood Drive
Los Angeles 28, Calif.
B Cert

MILLER'S MARKET
6423 Yucca St.
Los Angeles 28, Calif.
C Spar

TRIANGLE MARKET
1900 Cahuenga Blvd.
Los Angeles 28, Calif.
A Cert

LIDO MARKET
1775 No. Cahuenga Blvd.
Los Angeles 28, Calif.
B Cert

HOLLYWOOD MARKET
6565 Hollywood Blvd
Los Angeles 28, Calif.
A Cert

LAS PALMAS MARKET
1759 No. Las Palmas Ave.
Los Angeles 28, Calif.
B Spar

HUGHES MARKET
1900 No. Highland Ave.
Los Angeles 28, Calif.
S CH Cert

HOLLY-BOWL MARKET
1748 No. Highland Ave.
Los Angeles 28, Calif.
B Cert

TROPIC MARKET
1741 No. Highland Ave.
Los Angeles 28, Calif.
S Cert

WOLF MARKET
6656 Sunset Blvd
Los Angeles 28, Calif.
B Cert

HOLLY BREA MARKET
1639 No. La Brea Ave.
Los Angeles 28, Calif.
C Spar

RALPHS MARKET
7257 Sunset Blvd.
Los Angeles 46, Calif.
S CH

SAVE-OUR-WAY MARKET
7551 Sunset Blvd.
Los Angeles 46, Calif.
A Cert

SUN-FAX MART
7880 Sunset Blvd.
Los Angeles 46, Calif.
S CH Cert

THRIFTIMART
7980 Sunset Blvd.
Los Angeles 46, Calif.
S CH Cert

BILL'S CANYON STORE
2108 Laurel Canyon Blvd.
Los Angeles 46, Calif.
C OEm

D. & M. GROCERY
7966 Fountain Ave.
Los Angeles 46, Calif.
C

FOUNTAIN MARKET
7952 Fountain Ave.
Los Angeles 46, Calif.
B Cert

PALMER'S MARKET
7714 Fountain Ave.
Los Angeles 46, Calif.
C

RAY'S MARKET
7475 Santa Monica Blvd.
Los Angeles 46, Calif.
A OEm

SHOPPING KART
7865 Santa Monica Blvd.
Los Angeles 46, Calif.
A Cert

THRIFTIMART
7985 Santa Monica Blvd.
Los Angeles 46, Calif.
S CH Cert

ANTHONY'S MARKET
8042 Santa Monica Blvd.
Los Angeles 46, Calif.
B Spar

DENTE'S CARMEL MARKET
8200 Santa Monica Blvd.
Los Angeles 46, Calif.
B Cert

DOMINIC'S ITALIAN GROCERY
8301 Santa Monica Blvd.
Los Angeles 46, Calif.
C

ARROW CUT RATE MARKET
8315 Santa Monica Blvd.
Los Angeles 46, Calif.
A Cert

WOLF BROS. MARKET
8401 Santa Monica Blvd.
Los Angeles 46, Calif.
C Cert

MONACO GROCERY
8513 Santa Monica Blvd.
Los Angeles 46, Calif.
C

SUNBEE MARKET
8860 Sunset Blvd.
Los Angeles 46, Calif.
A Cert

SHERMART
8840 Santa Monica Blvd.
Los Angeles 46, Calif.
S CH Cert

271

ER MARKET
Canon Drive
Hills, Calif.
A Cert

IEL'S SHOP 'N SAVE MKT
Canon Dr.
Hills, Calif.
S CH Cert

'S DELICATESSEN
Beverly Drive
Hills, Calif.
C

FULTON MARKET
Beverly Drive
Hills, Calif.
B CH OEm

LY HILLS DELICATESSEN
Beverly Drive
Hills, Calif.
C

SEN'S MARKET
Beverly Drive
Hills, Calif.
A CH Cert Mar

N AL'S DELICATESSEN
Beverly Drive
Hills, Calif.
C

SEN'S GOURMET
Rodeo Dr.
Hills, Calif
B CH Cert Mar

MART
nta Monica Blvd.
Hills, Calif.
S CH Cert

MARKET
shire Blvd.
Hills, Calif.
S CH

MART
shire Blvd.
Hills, Calif.
S Cert

ARKET
shire Blvd.
Hills, Calif.
A Cert

SON MARKET
Robertson Blvd.
Hills, Calif.
B Spar

MART
mpic Blvd.
Hills, Calif.
S CH Cert

MARKET
nta Monica Blvd.
les 25, Calif.
C

SLEN MARKET
nta Monica Blvd.
es 25, Calif.
S Cert

LLS MARKET
nta Monica Blvd.
es 25, Calif.
A

RD-NO MARKET
Wood Blvd.
es 24, Calif.
S CH Cert

MARKET
twood Blvd.
es 24, Calif.
S CH

EN'S GROCERY
don Ave.
es 24, Calif.
A CH Cert Mar

DELICATESSEN
don Ave.
es 24, Calif.
C

VILLA MART
10940 Weyburn Ave.
Los Angeles 24, Calif.
S CH Cert

UPCHURCH MARKET
10960 Santa Monica Blvd.
Los Angeles 25, Calif.
C Spar

PETER'S MARKET
1912 Westwood Blvd.
Los Angeles 25, Calif.
B Spar

CLAYPOOL'S MARKET
2107 Westwood Blvd.
Los Angeles 25, Calif.
A Spar

SERV-U-MARKET
2379 Westwood Blvd.
Los Angeles 25, Calif.
C

PETE'S ON PICO
10930 W. Pico Blvd.
Los Angeles 64, Calif.
C

VON'S MARKET
10780 W. Pico Blvd.
Los Angeles 64, Calif.
S CH Cert

PICO FARMERS MARKET
11304 Pico Blvd.
Los Angeles 64, Calif.
A CH Cert

272

2836

VICTOR'S SUPER MARKET
2561 Sawtelle Blvd.
Los Angeles 64, Calif.
B Cert

SAFE & SAVE MARKET
2030 Sawtelle Blvd.
Los Angeles 25, Calif.
B Spar

SAWTELLE FOOD MARKET
2029 Sawtelle Blvd.
Los Angeles 25, Calif.
C

GRANADA MARKET
1820 Sawtelle Blvd.
Los Angeles 25, Calif.
C

SIMONSON MARKET
1800 Sawtelle Blvd.
Los Angeles 25, Calif.
C

CRUZ MARKET
1659 Sawtelle Blvd.
Los Angeles 25, Calif.
C

MACRORY MARKET
11306 Santa Monica Blvd.
Los Angeles 25, Calif.
B Spar

ROBERTS MARKET
11526 Santa Monica Blvd.
Los Angeles 25, Calif.
A CH Cert

EGGLESTON MARKET
11624 Santa Monica Blvd.
Los Angeles 25, Calif.
C

LOMAN DELICATESSEN
11901 Santa Monica Blvd.
Los Angeles 25, Calif.
C Cert

THRIFTIMART
12210 Santa Monica Blvd.
Los Angeles 25, Calif.
S CH Cert

IRV. & ERNIE MARKET
1209 Barry Ave.
Los Angeles 25, Calif.
C Spar

BURNS GROCERY
1166 So. Barrington Ave.
Los Angeles 49, Calif.
C Spar

WESTWARD-HO MARKET
11737 San Vicente Blvd.
Los Angeles 49, Calif.
S CH Cert

PIED PIPER MARKET
11702 San Vicente Blvd.
Los Angeles 49, Calif.
A Cert

VILLAGE MART
11725 Barrington Ct.
Los Angeles 49, Calif.
A OEm

PATRICIA'S MARKET
11630 Barrington Court
Los Angeles 49, Calif.
A Cert

BEL-AIR FOODS
2301 Roscomare Rd.
Los Angeles 24, Calif.
A CH Cert

BEL-AIR COUNTRY STORE
654 No. Sepulveda Blvd.
Los Angeles 49, Calif.
S Cert

SERV-U-WELL MARKET
11952 Montana Ave.
Los Angeles 49, Calif.
C Cert

VICENTE FOODS
12027 San Vicente Blvd.
Los Angeles 49, Calif.
A Cert

BRENTWOOD COUNTRY MART
225-26th St.
Santa Monica, Calif.
A CH Spar

LOS MONICA MARKET
13031 Montana Ave.
Los Angeles 24, Calif.
A Cert

HENRY'S MARKET
2030 Montana Ave.
Santa Monica, Calif.
A

RAY'S SUPERETTE
902-20th St.
Santa Monica, Calif.
C Spar

BAER'S MARKET
1627 Montana Ave.
Santa Monica, Calif.
B Cert

TIP TOP FOODS
1600 Montana Ave.
Santa Monica, Calif.
A Cert

FIRESIDE MARKET
1425 Montana Ave.
Santa Monica, Calif.
A CH Cert

MILLER'S MARKET
1311 Montana Ave.
Santa Monica, Calif.
A Cert

KINGSBURY MARKET
704 Montana Ave.
Santa Monica, Calif.
B Mar

CANYON MARKET
14833 Pacific Coast Hwy.
Santa Monica, Calif.
C Mar

GEORGE'S MARKET
18713 Pacific Coast Hwy.
Malibu, Calif.
C

COUNTRY STORE
21237 Pacific Coast Hwy.
Malibu, Calif.
C Spar

MAYFAIR MARKET
23765 W. Malibu Rd.
Malibu, Calif.
S CH Cert OEm

TRANCAS MARKET
30763 Pacific Coast Hwy.
Malibu, Calif.
B Spar

HUGHES MARKET
15120 Sunset Blvd.
Pacific Palisades, Calif.
S CH Cert

JURGENSEN'S GROCERY
15308 Sunset Blvd.
Pacific Palisades, Calif.
A CH Cert Mar

MAYFAIR MARKET
15424 Sunset Blvd.
Pacific Palisades, Calif.
S CH Cert OEm

CONSUMERS MARKET
906 Wilshire Blvd.
Santa Monica, Calif.
B OEm

GLANVILLE MARKET
1025 California Ave.
Santa Monica, Calif.
C Cert

VON'S MARKET
1305 Wilshire Blvd.
Santa Monica, Calif.
S CH Cert

LILLYWHITE MARKET
1505 Wilshire Blvd.
Santa Monica, Calif.
S CH Cert

CARL'S MARKET
1901 Wilshire Blvd.
Santa Monica, Calif.
S CH Cert

SHOPPERS MARKET
3105 Wilshire Blvd.
Santa Monica, Calif.
S CH Cert Mar

YALE MARKET
2831 Santa Monica Blvd.
Santa Monica, Calif.
A Spar Mar

WATTS MARKET
1411-25th St.
Santa Monica, Calif.
C Mar

SANTA MONICA FOOD CO.
2211 Santa Monica Blvd.
Santa Monica, Calif.
A Mar

LEDBETTER'S MARKET
1834 Broadway
Santa Monica, Calif.
C Spar

YOUR NEIGHBORHOOD GROCERY
1304-12th St.
Santa Monica, Calif.
C

BAY CITIES IMPORTING CO.
802 Broadway
Santa Monica, Calif.
C

SANTA MONICA FOOD FAIR
420 Broadway
Santa Monica, Calif.
S CH Cert

M & L. MARKET
204 Broadway
Santa Monica, Calif.
C

MAYFAIR MARKET
[illegible]02 Colorado Ave.
Santa Monica, Calif.
S CH OEm

RALPHS MARKET
302 Wilshire Blvd.
Santa Monica, Calif.
S CH

PLAZA GROCERY
225 Wilshire Blvd.
Santa Monica, Calif.
C

NORM'S MARKET
1646 Ocean Ave.
Santa Monica, Calif.
B

JIM'S MARKET
400 Pico Blvd.
Santa Monica, Calif.
C Spar

LIN-PAC MARKET
2204 Lincoln Blvd.
Santa Monica, Calif.
B Spar

LADD'S GROCERY
905 Olympic Blvd.
Santa Monica, Calif.
C

MILLS GROCERY
1331 Pico Blvd.
Santa Monica, Calif.
B Spar

GALLEGOS BROS. MARKET
1729-14th St.
Santa Monica, Calif.
B Spar

ALLEN'S MARKET
1532 Olympic Blvd.
Santa Monica, Calif.
C

JOE'S MARKET
1674 17th St.
Santa Monica, Calif.
C

EL RETONO MARKET
1809 Olympic Blvd.
Santa Monica, Calif.

EL RANCHO MARKET
1919 Olympic Blvd.
Santa Monica, Calif.

CASSILAS MARKET
1920 Olympic Blvd.
Santa Monica, Calif.

FAIRVIEW MARKET
1909-20th St.
Santa Monica, Calif.

WING'S FOOD
1708 Pico Blvd.
Santa Monica, Calif.

FOX MARKET
2412 Pico Blvd.
Santa Monica, Calif.
S CH

V. & S. MARKET
3212 Pico Blvd.
Santa Monica, Calif.

FOOD PALACE MARKET
12121 Pico Blvd.
Los Angeles 64, Calif.

ROSATI & SON MARKET
11925 Pico Blvd.
Los Angeles 64, Calif.

CO-OP FOOD MARKET
2021 Barrington Ave.
Los Angeles 25, Calif.

GATEMART
11692 Gateway Blvd.
Los Angeles 64, Calif.

KARLIS MARKET
3003 Ocean Park Blvd.
Santa Monica, Calif.

CHAS. TREML'S MARKET
2305 Ocean Park Blvd.
Santa Monica, Calif.

ROYAL MARKET
1650 Ocean Park Blvd.
Santa Monica, Calif.

SUNSET MARKET
1604 Ocean Park Blvd.
Santa Monica, Calif.

THE HUB MKT
2331-4th St.
Santa Monica, Calif.

JOHN'S MARKET
2225-4th St.
Santa Monica, Calif.

SEASIDE MARKET
250 Ocean Park Blvd.
Santa Monica, Calif.

BICKNELL GROCERY
204 Bicknell St.
Santa Monica, Calif.

WEISS MARKET
109 Hollister Ave.
Santa Monica, Calif.

OCEANSIDE MARKET
109 Ocean Park Blvd.
Santa Monica, Calif.

R GROCERY
Surf St.
Monica, Calif.
C

LAND MARKET
Ashland Ave.
Monica, Calif.
C

SH'S MARKET
Hill St.
Monica, Calif.
C Spar

RY'S GROCERY
Marine Ave.
Monica, Calif.
C

MEY'S MARKET
Marine Ave.
Monica, Calif.
C

DER FOOD MARKET
Main St.
Monica, Calif.
A CH Cert

N'S MARKET
Rose Ave.
e, Calif.
B Spar

MONT MARKET
Rose Ave.
e, Calif.
C Mar

IE'S MARKET
6th Ave.
e, Calif.
C Spar

N'S MARKET
Broadway
e, Calif.
C Spar OEm

S MARKET
Broadway
e, Calif.
C

S MARKET
Broadway
e, Calif.
C Cert

JUAN GROCERY
San Juan Ave.
e, Calif.
C

ARD'S MARKET
Vernon Ave.
e, Calif.
C

O'S MARKET
Washington Blvd.
e, Calif.
C Spar

GROCERY
Washington Blvd.
e, Calif.
C

R GROCERY
Westminster Ave.
e, Calif.
C

S MARKET
Washington Blvd.
e, Calif.
B Spar

PER'S CART
Washington Blvd.
e, Calif.
A Spar

NG SPOT MARKET
Washington Blvd.
e, Calif.
B Cert

E OF DAVENPORT
Ralph Ave.
, Calif.
C

EDDIE'S FOOD CORNER
600 Mildred Ave.
Venice, Calif.
C Spar

BOULEVARD MARKET
703 Venice Blvd.
Venice, Calif.
B Cert

PUDOVKIN'S MARKET
1927 Shell Ave.
Venice, Calif.
C Spar

SHANAHAN'S MARKET
339 Washington St.
Venice, Calif.
B Cert

MICHAEL'S GROCERY
21 Washington St.
Venice, Calif.
C

TONY'S MARKET
11 Washington St.
Venice, Calif.
C Spar

MEL'S MARKET
2524 Pacific Ave.
Venice, Calif.
C Spar

GRAND CENTRAL MARKET
33 No. Venice Blvd.
Venice, Calif.
C

RITZ MARKET
105 Windward Ave.
Venice, Calif.
A

HARVEY SAWYER'S MARKET
35 Windward Ave.
Venice, Calif.
A Cert

FOOD CENTER
1301 Ocean Front Walk
Venice, Calif.
C Spar

WAVE-CREST MARKET
1101 Ocean Front Walk
Venice, Calif.
C

UNGAR'S MARKET
30 Brooks Ave.
Venice, Calif.
C Spar

JACK'S MARKET
900 Pacific Ave.
Venice, Calif.
C

FELDMAN'S MARKET
825 Ocean Front Walk
Venice, Calif.
B

SPERLING'S MARKET
321 Ocean Front Walk
Venice, Calif.
B Spar

LANG'S GROCERY
305 Ocean Front Walk
Venice, Calif.
C Spar

BLUE & WHITE MARKET
301 Ocean Front
Venice, Calif.
B Cert

JOE & MARY'S MARKET
205½ Ocean Front
Venice, Calif.
C

EDMUND FOOD MARKET
113 Pier Ave.
Santa Monica, Calif.
A Spar

LUBOW'S MARKET
2807 Ocean Front
Santa Monica, Calif.
C Spar

SHOPPERS MARKET
2611 Lincoln Blvd.
Santa Monica, Calif.
S CH Cert Mar

ABESON'S MARKET
3009 Lincoln Blvd.
Santa Monica, Calif.
B Cert

THRIFTIMART
325 Lincoln Blvd.
Venice, Calif.
S CH Cert

MARKET BASKET
880 Lincoln Blvd.
Venice, Calif.
S CH

LOU'S MARKET
903 California Ave.
Venice, Calif.
C

CENTURY FOOD MARKET
1700 Lincoln Blvd.
Venice, Calif.
A CH Cert

GROCERY
1915 Penmar Ave.
Venice, Calif.
C

E. A. MARTIN MARKET
1327 Venice Blvd.
Venice, Calif.
C

ED'S MARKET
1523 Venice Blvd.
Venice, Calif.
B Spar

VEN-MAR MARKET
12811 Venice Blvd.
Los Angeles 66, Calif.
A Cert OEm

SAVON FOODS
3511 Centinela Ave.
Los Angeles 66, Calif.
B

LLOYD'S MARKET
3474 Centinela Blvd.
Los Angeles 66, Calif.
A Cert

THRIFTIMART
11666 National Blvd.
Los Angeles 64, Calif.
S CH Cert

RALPHS MARKET
3033 So. Sepulveda Blvd.
Los Angeles 34, Calif.
S CH

FOX MARKET
3020 Sepulveda Blvd.
Los Angeles 34, Calif.
S CH Cert OEm

DRISCOLL'S GROCERY
11300 Venice Blvd.
Los Angeles 66, Calif.
C

DELICATESSEN
11606 Venice Blvd.
Los Angeles 66, Calif.
C

NEWMAN DELICATESSEN
12034 Venice Blvd.
Los Angeles 66, Calif.
C

MAR VISTA FOOD CENTER
12130 Venice Blvd.
Los Angeles 66, Calif.
S Cert

ALOHA GROCERY
4502 Centinela Blvd.
Los Angeles 66, Calif.
C

CENTRAL MARKET
4515 Centinela Blvd.
Los Angeles 66, Calif.
B

FUTABA MARKET
4557 Centinela Blvd.
Los Angeles 66, Calif.
A Mar

GALVAN BROS. MARKET
4567 Centinela Blvd.
Los Angeles 66, Calif.
C Cert

DEL RAY MARKET
5454 Centinela Blvd.
Los Angeles 66, Calif.
B Spar

CHARLIE'S FOOD MARKET
301 Culver Blvd.
Venice, Calif.
B Mar

SHEHADY'S MARKET
179 Culver Blvd.
Venice, Calif.
C Cert

MARIPOSA MARKET
1160 E. Mariposa Ave.
El Segundo, Calif.
A Cert

GRAND AVE. MARKET
401 E. Grand Ave.
El Segundo, Calif.
B Spar

PENNY PROFIT MARKET
104 W. Grand Ave.
El Segundo, Calif.
S Cert

SANO MARKET
227 W. Grand Ave.
El Segundo, Calif.
A Spar

JERRY'S MARKET
601 Virginia St.
El Segundo, Calif.
B Cert

EL PORTO MARKET
4016 Highland Ave.
Manhattan Beach, Calif.
B Cert

WALLY'S CASH GROCERY
574 Rosecrans Ave.
Manhattan Beach, Calif.
C Spar

EMPIRE MARKET
3307 Highland Ave.
Manhattan Beach, Calif.
B Cert

DELICATESSEN
2201 Highland Ave.
Manhattan Beach, Calif.
C

HEATHCOTE'S MARKET
108 Marine Ave.
Manhattan Beach, Calif.
C

GIBBONS DELICATESSEN
1121 Manhattan Ave.
Manhattan Beach, Calif.
C Mar

MANHATTAN GROCERY
1111 Manhattan Ave.
Manhattan Beach, Calif.
B Mar

HAROLD'S MARKET
3127 Manhattan Ave.
Hermosa Beach, Calif.
C

EDWARD'S MARKET
2700 Manhattan Ave.
Hermosa Beach, Calif.
C Mar

GREEN MARKET
2151 Hermosa Ave.
Hermosa Beach, Calif.
C

KERR'S MARKET
302 Pier Ave.
Hermosa Beach, Calif.
C

BEST FOOD MARKET
526 Pier Ave.
Hermosa Beach, Calif.
A Cert

DRAPER'S FOOD MARKET
119 Hermosa Ave
Hermosa Beach, Calif.
C

YOR-WAY MARKET
290 Hermosa Ave.
Redondo Beach, Calif.
S CH Cert Mar OEm

DIAMOND MARKET
300 Diamond St.
Redondo Beach, Calif.
C Spar

SIMMONS GROCERY
101 So. Broadway
Redondo Beach, Calif.
C

EMPIRE FOOD CENTER
330 So. Catalina Ave.
Redondo Beach, Calif.
A CH Cert

REDONDO FOOD MART
529 So. Catalina Ave.
Redondo Beach, Calif.
B Spar

CLIFTON MARKET
901 So. Catalina Ave.
Redondo Beach, Calif.
C

HOWARD RIVIERA MARKET
1761 Elena Ave.
Redondo Beach, Calif.
A OEm

LUCKY STORES
1516 So. Pacific Coast Hwy.
Redondo Beach, Calif.
S CH Cert OEm

YOR-WAY MARKET
1310 So. Pacific Coast Hwy.
Redondo Beach, Calif.
S CH Cert Mar OEm

GLENN'S MARKET
310 Torrance Blvd.
Redondo Beach, Calif.
A CH Cert

STEWART'S MARKET
823 E. Garnet St.
Redondo Beach, Calif.
C

BOYLE'S MARKET
804 E. Emerald St.
Redondo Beach, Calif.
C Spar

GRAND CENTRAL MARKET
235 No. Pacific Coast Hwy.
Redondo Beach, Calif.
S Cert OEm

GOLDEN WEST MARKET
713 Diamond St.
Redondo Beach, Calif.
C

DI SIMONE MARKET
701 No. Pacific Coast Hwy.
Redondo Beach, Calif.
S Cert

EVANS GROCERY
200 Pacific Coast Hwy.
Hermosa Beach, Calif.
C

GLOMB FAMILY MARKET
1056 Pier Ave.
Hermosa Beach, Calif.
B Spar

PIER AVE. MARKET
1312 Pier Ave.
Redondo Beach, Calif.
B Cert

BAG 'N BASKET
1512 Pier Ave.
Redondo Beach, Calif.
A

LUCKY STORES
2510 Pacific Coast Hwy.
Hermosa Beach, Calif.
S CH Cert OE

HILLTOP MARKET
211 Sepulveda Blvd.
Manhattan Beach, Calif.
C

LUCKY MARKET
2220 Redondo Beach Blvd.
Redondo Beach, Calif.
S Cert

R. & M. MARKET
2305 Redondo Beach Blvd.
Redondo Beach, Calif.
C

DORR'S FOOD MARKET
2408 Redondo Beach Blvd.
Redondo Beach, Calif.
S CH OEm

WESTERN FAMILY MARKET
2808 Dow Ave.
Redondo Beach, Calif.
A Spar

HOLLYFARMS
207 Aviation Blvd.
Manhattan Beach, Calif.
A CH Cert

BORDER'S MARKET
3502 Aviation Blvd.
Redondo Beach, Calif.
A CH

WRIGLEY'S MARKET
1921 Manhattan Beach Blvd.
Manhattan Beach, Calif.
S CH Cert Mar

COUNTRY BOY MARKET
1200 Sepulveda Blvd.
Manhattan Beach, Calif.
B Cert

JOHNNIE'S MARKET
1203 Sepulveda Blvd.
Manhattan Beach, Calif.
A

FOOD GIANT MARKET
2400 Sepulveda Blvd.
Manhattan Beach, Calif.
S CH Cert

MAC'S MARKET
2909 Sepulveda Blvd.
Manhattan Beach, Calif.
B Cert

MAYFAIR MARKET
8837 So. Sepulveda Blvd.
Los Angeles 45, Calif.
S CH

RALPHS MARKET
8704 So. Sepulveda Blvd.
Los Angeles 45, Calif.
S CH

WRIGLEY'S MARKET
5744 W. Manchester Ave.
Los Angeles 45, Calif.
A CH Cert Mar

HILL MART
7604 So. Sepulveda Blvd.
Los Angeles 45, Calif.
A Cert

VON'S MARKET
6571 W. 80th St.
Los Angeles 45, Calif.
S CH Cert

THRIFTIMART
8440 Lincoln Blvd.
Los Angeles 45, Calif.
S CH Cert

SHOPPER'S MARKET
8709 Lincoln Blvd.
Los Angeles 45, Calif.
S CH Cert

O K MARKET
2570 Lincoln Blvd.
Venice, Calif.
A Cert

AS MARKET
0 Washington Blvd.
Angeles 66, Calif
C

CATESSEN
00 Washington Blvd.
Angeles 66, Calif.
C

NGLE MARKET
1 Washington Blvd.
Angeles 66, Calif
S CH Cert

FOODS
1 Washington Blvd.
Angeles 66, Calif
S Spar

'S MARKET
4 Washington Blvd.
Angeles 66, Calif.
C Spar

MARKET
1 W. Washington Blvd.
Angeles 66, Calif.
S CH Cert OEm

YWHITE MARKET
0 Washington Pl.
Angeles 66, Calif.
A CH Cert

'S MARKET
9 Washington Blvd.
Angeles 66, Calif.
C Spar

STAR MARKET
Inglewood Blvd.
er City, Calif.
B Cert

Y'S MARKET
8 Culver Blvd.
er City, Calif.
C

DEE MARKET
Sepulveda Blvd.
er City, Calif.
B Spar

UAL FARMS MARKET
Sepulveda Blvd.
er City, Calif.
A Cert

BROTHERS MARKET
7 Venice Blvd.
Angeles 34, Calif.
B

KET BASKET
Culver Center St.
er City, Calif.
S CH

TAGE GROCERY
8 Braddock Dr.
er City, Calif.
C Spar

BROOK MARKET
0 Culver Blvd.
er City, Calif.
B Cert

S MARKET
Jackson Ave.
er City, Calif.
C Spar

FTIMART
3 Venice Blvd.
Angeles 34, Calif.
S CH Cert

'S MARKET
Overland Ave.
Angeles 34, Calif.
C Mar

CEE MARKET
Glendon Ave.
Angeles 34, Calif.
C Spar

ISIDE MARKET
Overland Ave.
Angeles 34, Calif.
C

MARS DELICATESSEN
10610 W. Pico Blvd.
Los Angeles 64, Calif.
C

MERT'S MARKET
10571 W. Pico Blvd.
Los Angeles 64, Calif.
B Spar

CHEVIOT FOOD CENTER
3275 Motor Ave.
Los Angeles 34, Calif.
S Cert

PALMS SUPER MARKET
3566 Motor Ave.
Los Angeles 34, Calif.
A Mar OEm

BURTIS GROCERY
9855 Taber St.
Los Angeles 34, Calif.
C

HENRY'S MARKET
9624 Exposition Blvd.
Los Angeles 34, Calif.
C Spar

EL ENCANTO MARKET
9944 National Blvd.
Los Angeles 34, Calif.
C

YOR-WAY MARKET
9434 Venice Blvd.
Culver City, Calif.
A CH Cert Mar OEm

JAN'S MARKET
3969 Higuera St.
Culver City, Calif.
C

BARRACK'S MARKET
9229 National Blvd.
Los Angeles 34, Calif.
B Cert

NATIONAL FOOD SPOT
2833 So. Robertson Blvd.
Los Angeles 34, Calif.
B Cert

BEVERLYWOOD DELICATESSEN
2815 So. Robertson Blvd.
Los Angeles 34, Calif.
C

JACK'S MARKET
2617 So. Robertson Blvd.
Los Angeles 34, Calif.
B Cert

SHENANDOAH MARKET
2041 Shenandoah St.
Los Angeles 34, Calif.
C

STAHL'S MARKET
8874 Cadillac St.
Los Angeles 34, Calif.
C Mar

DAYLITE MARKET
1830 So. La Cienega Blvd.
Los Angeles 35, Calif.
S CH Cert

THRIFTOWN MARKET
2045 So. La Cienega Blvd.
Los Angeles 34, Calif.
S Cert

TONY'S MARKET
8681 Venice Blvd.
Los Angeles 34, Calif.
C

CHRIS' MARKET
8634 Washington Blvd.
Culver City, Calif.
B Spar

WASHINGTON FOOD MART
8553 W. Washington Blvd.
Culver City, Calif.
A Mar

JOE'S MARKET
5708 W. Washington Blvd.
Los Angeles 16, Calif.
C

JETT'S MARKET
5541 W. Washington Blvd.
Los Angeles 16, Calif.
C Spar

SUPER FOOD MARKET
5300 W. Washington Blvd.
Los Angeles 16, Calif.
A Cert

LA-MO MARKET
5102 W. Washington Blvd.
Los Angeles 16, Calif.
C

SHIG'S GROCERY
5005 W. Washington Blvd.
Los Angeles 16, Calif.
C

ALEXANDER MARKET
4815 W. Washington Blvd.
Los Angeles 16, Calif.
S CH Cert

JOE'S MARKET
4607 W. Washington Blvd.
Los Angeles 16, Calif.
B Spar

PICKFORD MARKET
4566 Pickford St.
Los Angeles 19, Calif.
C Spar

WHITE'S MARKET
4600 St. Elmo Dr.
Los Angeles 19, Calif.
C Spar

VETERAN MARKET
1641 Longwood Ave.
Los Angeles 19, Calif.
C Spar

HARRY'S MARKET
4500 W. Washington Blvd.
Los Angeles 16, Calif.
C

OPPEN'S MARKET
4123 W. Washington Blvd.
Los Angeles 16, Calif.
A CH Spar

SCHWAB MARKET
4111 Venice Blvd.
Los Angeles 19, Calif.
A Cert

RALPHS MARKET
3617 W. Washington Blvd.
Los Angeles 18, Calif.
S CH

I & I FOOD MART
3101 Venice Blvd.
Los Angeles 19, Calif.
C

SUNFAIR MARKET
2461 W. Washington Blvd.
Los Angeles 18, Calif.
S CH Mar OEm

IOLA MARKET
2360 W. Washington Blvd.
Los Angeles 18, Calif.
C

REGAL MARKET
2240 Venice Blvd.
Los Angeles 6, Calif.
C

VENICE HOBART MARKET
2168 Venice Blvd
Los Angeles 6, Calif.
C Spar

TOY JUNG MARKET
2151 Venice Blvd.
Los Angeles 6, Calif.
C Spar

L. C. MARKET
2093 W. Washington Blvd.
Los Angeles 18, Calif.
A Cert

LA SALLE MARKET
1900 W. Washington Blvd.
Los Angeles 18, Calif.
A Spar

FRIENDLY MARKET
1972 So. Normandie Ave.
Los Angeles 7, Calif.
C

KAY'S MARKET
1833 W. 20th St.
Los Angeles 7, Calif.
C

MARIPOSA MARKET
1735 W. 22nd St.
Los Angeles 7, Calif.
B

SERVE-WELL MARKET
1924 So. Budlong Ave.
Los Angeles 7, Calif.
B Spar

PAUL'S MARKET
1728 Venice Blvd.
Los Angeles 6, Calif.
C Spar

MACROY'S MARKET
1600 So. Vermont Ave.
Los Angeles 6, Calif.
B Spar

HAYASHI MARKET
1563 Venice Blvd.
Los Angeles 6, Calif.
C Spar

MORRIS MARKET
1408 Venice Blvd.
Los Angeles 6, Calif.
C Spar

BOGAD'S MARKET
1729 So. Hoover
Los Angeles 6, Calif.
C

YOR-WAY MARKET
1441 W. Washington Blvd.
Los Angeles 7, Calif.
S CH Cert Mar OEm

DONG'S GROCERY
1273 W. 22nd St.
Los Angeles 7, Calif.
C Spar

JOE'S MARKET
1191 W. 24th St.
Los Angeles 7, Calif.
C Spar OEm

DON HANG'S GROCERY
1304 W. 24th St.
Los Angeles 7, Calif.
C

STEELL'S MARKET
2311 So. Vermont Ave.
Los Angeles 7, Calif.
C

HENRY'S MARKET
1507 W. 24th St.
Los Angeles 7, Calif.
C Spar

ALBERT'S MARKET
2404 So. Vermont Ave.
Los Angeles 7, Calif.
C

MARKET
2516 So. Vermont Ave.
Los Angeles 7, Calif.
C

THRIFTIMART
2600 So. Vermont Ave.
Los Angeles 7, Calif.
S CH Cert

ADLONG MARKET
1550 W. Adams Blvd.
Los Angeles 7, Calif.
S CH Cert

HENDERSON'S DELICATESSEN
1650 W. Adams Blvd.
Los Angeles 7, Calif.
C

AMATE'S MARKET
2608 So. Normandie Ave.
Los Angeles 7, Calif.
C Spar

ARA'S MARKET
1705 W. Adams Blvd.
Los Angeles 18, Calif.
B

MARKET
1779 W. Adams Blvd.
Los Angeles 18, Calif.
C

DON RE MARKET
1985 W. Adams Blvd.
Los Angeles 18, Calif.
S Cert

YOR-WAY MARKET
2615 So. Western Ave.
Los Angeles 18, Calif.
S CH Cert Mar OEm

CIMARRON MARKET
2679 Cimarron St.
Los Angeles 18, Calif.
C Spar

TANNER'S MARKET
4202 Montclair St.
Los Angeles 18, Calif.
B Cert

ADAMS-CRENSHAW MARKET
4380 W. Adams Blvd.
Los Angeles 18, Calif.
A Cert

GOMBY'S MARKET
4494 W. Adams Blvd.
Los Angeles 16, Calif.
C

NORM'S & MAC'S DELICATESSEN
4568 W. Adams Blvd.
Los Angeles 16, Calif.
C

MITCHELL'S DELICATESSEN
4600 W. Adams Blvd.
Los Angeles 16, Calif.
C

CREST-ADAMS MARKET
4660 W. Adams Blvd.
Los Angeles 16, Calif.
B Mar

LEDERMAN'S MARKET
4772 W. Adams
Los Angeles 16, Calif.
C

LONG'S MARKET
4876 W. Adams Blvd.
Los Angeles 16, Calif.
B Cert

RELIABLE MARKET
4966 W. Adams Blvd.
Los Angeles 16, Calif.
B Cert

TROY MARKET
2406 So. La Brea Ave.
Los Angeles 16, Calif.
C Spar

FOODHOUSE MARKET
5181 W. Adams Blvd.
Los Angeles 16, Calif.
S CH Cert

WEST ADAMS MARKET
5252 W. Adams Blvd.
Los Angeles 16, Calif.
B Spar

CLOVERDALE MARKET
5250 Westhaven St.
Los Angeles 16, Calif.
C

BALIAN'S MARKET
5469 W. Adams Blvd.
Los Angeles 16, Calif.
A CH Cert

TUCKER'S GROCERY
2714 Hauser Blvd.
Los Angeles 16, Calif.
C

KAMEL'S MARKET
5530 W. Adams Blvd.
Los Angeles 16, Calif.
A Spar

YOR-WAY MARKET
5770 Rodeo Rd.
Los Angeles 16, Calif.
S CH Cert Mar OEm

ALPHA BETA MARKET
5071 Rodeo Rd.
Los Angeles 16, Calif.
S CH Cert

THRIFTIMART
3621 So. La Brea Ave.
Los Angeles 16, Calif.
S CH Cert

J & R MARKET
5211 W. Jefferson Blvd.
Los Angeles 16, Calif.
C Cert

STERN'S MARKET
5267 W. Jefferson Blvd.
Los Angeles 16, Calif.
C

L & H MARKET
3433 Farmdale Ave.
Los Angeles 16, Calif.
C Spar

QUAN'S FAMILY MARKET
4405 W. Jefferson Blvd.
Los Angeles 16, Calif.
C

HENRY'S MARKET
4128 W. Jefferson Blvd.
Los Angeles 16, Calif.
C Mar

BARON'S MARKET
4028 W. Jefferson Blvd.
Los Angeles 16, Calif.
C Spar

RALPHS MARKET
3633 Crenshaw Blvd.
Los Angeles 16, Calif.
S CH

THE BOY'S MARKET
3670 Crenshaw Blvd.
Los Angeles 16, Calif.
S CH Cert

J. A. SUPER MARKET
3514 W. Jefferson Blvd.
Los Angeles 18, Calif.
B

KUDOW'S MARKET
3302 W. Jefferson Blvd.
Los Angeles 18, Calif.
C Spar

JUNG'S MARKET
2824 W. Jefferson Blvd.
Los Angeles 18, Calif.
C Spar

LOUISE MARKET
2803 W. Jefferson Blvd.
Los Angeles 18, Calif.
C Mar

GINZA FOOD MARKET
2600 W. Jefferson Blvd.
Los Angeles 18, Calif.
C Spar

NEW STAR MARKET
2505 W. Jefferson Blvd.
Los Angeles 18, Calif.
C Spar

GILBERT GROCERY
2322 W. Jefferson Blvd.
Los Angeles 18, Calif.
C Spar

ENBUN MARKET
2313 W. Jefferson Blvd.
Los Angeles 18, Calif.
B CH Spar

KONDOS MARKET
2137 W. Jefferson Blvd.
Los Angeles 18, Calif.
C Spar

GEORGE'S MARKET
2102 W. Jefferson Blvd.
Los Angeles 18, Calif.
C Spar

HOME MARKET
3121 Arlington Ave.
Los Angeles 18, Calif.
C Mar

ROY'S MARKET
2070 W. Jefferson Blvd.
Los Angeles 18, Calif.
A

SAFETY MARKET
1897 W. Jefferson Blvd.
Los Angeles 18, Calif.
B Spar Mar

JEFFERSON MARKET
1886 W. Jefferson Blvd.
Los Angeles 18, Calif.
C Spar

WESTERN MIDNIGHT MARKET
3601 So. Western Ave.
Los Angeles 18, Calif.
B Spar

BUSY BEE MARKET
3617 So. Western Ave.
Los Angeles 18, Calif.
C

WESTERN GROCERY
3725 So. Western Ave.
Los Angeles 18, Calif.
C Mar

DENKER & 35TH ST. MARKET
1358 W. 35th St.
Los Angeles 18, Calif.
C

JESSE'S MARKET
1661 W. Jefferson Blvd.
Los Angeles 18, Calif.
C Spar

GEORGE'S GROCERY
3550 So. Normandie Ave.
Los Angeles 7, Calif.
C

SEINAN MARKET
3563 So. Normandie Ave.
Los Angeles 7, Calif.
C

DON'S MARKET
3600 So. Normandie Ave.
Los Angeles 7, Calif.
C Spar

TOM'S MARKET
1302 W. 35th Pl.
Los Angeles 7, Calif.
C Mar

J. & R. FOOD MART
1471 W. Jefferson Blvd.
Los Angeles 7, Calif.
A Cert

PAUL'S MARKET
1331 W. Jefferson Blvd.
Los Angeles 7, Calif.
C Spar

ALEXANDER'S MARKET
3029 So. Vermont Ave.
Los Angeles 7, Calif.
S CH Cert

DELICATESSEN
926 W. Jefferson Blvd.
Los Angeles 7, Calif.
C Spar

CANNER'S OUTLET
3540 So. Vermont Ave.
Los Angeles 7, Calif.
B

YOR-WAY MARKET
3550 So. Vermont Ave.
Los Angeles 7, Calif.
S CH Cert Mar OEM

ROSEN'S MARKET
3721 So. Vermont Ave.
Los Angeles 7, Calif.
C Spar

LIM'S MARKET
3724 McClintock Ave.
Los Angeles 7, Calif.
C

TRETHEWEY MARKET
3803 So. Vermont Ave.
Los Angeles 37, Calif.

BUD'S MARKET
1150 W. 38th St.
Los Angeles 37, Calif.

D. TOM'S MARKET
3874 So. Normandie Ave.
Los Angeles 37, Calif.

ROY'S MARKET
3901 So. Normandie Ave.
Los Angeles 37, Calif.

TOUPAL'S MARKET
3765 So. Normandie Ave.
Los Angeles 7, Calif.

RED & WHITE MARKET
3740 So. Normandie Ave.
Los Angeles 7, Calif.

HALLDALE MARKET
3733 So. Halldale Ave.
Los Angeles 18, Calif.

HANDY MARKET
1438 W. 38th St.
Los Angeles 62, Calif.

JIM'S MARKET
1435 W. 39th St.
Los Angeles 62, Calif.

LEE'S MARKET
3891 So. Denker St.
Los Angeles 62, Calif.

WESTERN FOOD MART
3885 So. Western Ave.
Los Angeles 62, Calif.

CALER'S FOOD CENTER
3775 So. Western Ave.
Los Angeles 18, Calif.

SAM NEWMAN'S MARKET
3793 So. Arlington Ave.
Los Angeles 18, Calif.

BARBARA MARKET
2104 W. Santa Barbara Ave.
Los Angeles 8, Calif.

BETTER FOODS MARKET
3993 So. Western Ave.
Los Angeles 62, Calif.

GOOD MARKET
1436 W. Santa Barbara Ave.
Los Angeles 62, Calif.

QUALITY MARKET
1424 W. Santa Barbara Ave.
Los Angeles 62, Calif.

FOODS CO. MARKET
910 W. Santa Barbara Ave.
Los Angeles 37, Calif.

...W ST. MARKET
...W. 30th St.
...Angeles 37, Calif.
C Spar

...RLES & MARY'S MARKET
...W. 39th St.
...Angeles 37, Calif.
C

...ERAL FOOD CENTER
...0 So. Broadway
...Angeles 37, Calif.
B CH Spar

...TIONAL MARKET
...0 So. Broadway
...Angeles 37, Calif.
C Spar

...HT'S GROCERY
...½ So. Broadway
...Angeles 37, Calif.
C

...ADWAY-VERNON MARKET
...0 So. Broadway
...Angeles 37, Calif.
B Spar

...Y'S MARKET
...0 So. Broadway
...Angeles 37, Calif.
S CH Cert

...NHOOD MARKET
...0 So. Broadway
...Angeles 37, Calif.
C Spar

...D STREET MARKET
...0 So. Broadway
...Angeles 37, Calif.
C CH Spar

...R MARKET
...0 So. Broadway
...Angeles 37, Calif.
C

...S MARKET
...0 So. Broadway
...Angeles 37, Calif.
B Spar

...ECK'S MARKET
...0 So. Broadway
...Angeles 37, Calif.
S Spar

...DWAY MARKET
...0 So. Broadway
...Angeles 3, Calif.
C Spar

...ST. PUBLIC MARKET
...0 So. Broadway
...Angeles 3, Calif.
A Cert

...INAL MARKET
...0 So. Broadway
...Angeles 3, Calif.
C

...MKT
...0 So. Broadway
...Angeles 3, Calif.
C Spar

...ST. & BROADWAY MARKET
...0 So. Broadway
...Angeles 3, Calif.
B Cert

...'S MARKET
...0 So. Broadway
...Angeles 3, Calif.
C

...FRESH MARKET
...0 So. Broadway
...Angeles 3, Calif.
B Spar Mar

...ILLE MARKET
...0 So. Broadway
...Angeles 3, Calif.
B Cert

...S MARKET
...0 So. Broadway
...Angeles 3, Calif.
B Spar

BO'S MARKET
8103 So. Broadway
Los Angeles 3, Calif.
C Spar

JUANITA'S GROCERY
8209 So. Broadway
Los Angeles 3, Calif.
C

OUTLET MARKET
256 W. Manchester
Los Angeles 3, Calif.
A CH Spar

PETRICEK'S MARKET
8400 So. Figueroa St.
Los Angeles 3, Calif.
C Spar

REDMAN'S COUNTRY STORE
8823 So. Figueroa St.
Los Angeles 3, Calif.
A Cert

CAPUANO FOOD MARKET
9130 So. Figueroa St.
Los Angeles 3, Calif.
B Cert Spar

ALLEN'S MARKET
9141 So. Hoover St.
Los Angeles 44, Calif.
C Spar

ALEX'S MARKET
9401 So. Hoover St.
Los Angeles 44, Calif.
B

STANLEY'S MARKET
9516 So. Figueroa St.
Los Angeles 3, Calif.
C

CENTURY FOODS
10001 So. Figueroa St.
Los Angeles 3, Calif.
A CH Cert

DELICATESSEN
9911 So. Hoover St.
Los Angeles 44, Calif.
C

LINDA'S MARKET
10029 So. Hoover St.
Los Angeles 44, Calif.
C Spar

BING'S MARKET
10401 So. Hoover St.
Los Angeles 44, Calif.
C

SECHTEM'S MARKET
10712 So. Hoover St.
Los Angeles 44, Calif.
C Spar

THOR'S MARKET
11001 So. Figueroa St.
Los Angeles 3, Calif.
A Spar

MEALTIME SUPER MARKET
11203 So. Figueroa St.
Los Angeles 3, Calif.
A Cert

FOODWAY
11412 So. Figueroa St.
Los Angeles 3, Calif.
A

HAPPY MARKET
11810 So. Figueroa St.
Los Angeles 3, Calif.
C Spar

CREST MARKET
444 W. 120th St.
Los Angeles 61, Calif.
B

WEST ATHENS MARKET
11965 So. Vermont Ave.
Los Angeles 44, Calif.
B Spar

BOYS MARKET
11922 So. Vermont Ave
Los Angeles 44, Calif.
S CH Cert

DAYLITE MARKET
11026 So. Vermont Ave.
Los Angeles 44, Calif.
S CH Cert

TOM'S MARKET
10223 So. Vermont Ave
Los Angeles 44, Calif.
B Spar

MARKET
9611 So. Vermont Ave
Los Angeles 44, Calif
C

GONCHER'S MARKET
801 W. 95th St.
Los Angeles 44, Calif.
C Spar

SERVE-RITE MARKET
9333 So. Vermont Ave
Los Angeles 44, Calif.
A

PALAZZOLO'S MARKET
9018 So. Vermont Ave.
Los Angeles 44, Calif.
B Mar

GARDEN CITY MARKET
1027 W. Manchester Ave.
Los Angeles 44, Calif.
A CH Cert

ROSSINI MARKET
8301 So. Hoover St.
Los Angeles 44, Calif.
C

HONORO'S MARKET
8247 So. Hoover St.
Los Angeles 44, Calif.
C

CONNIE'S MARKET
8001 So. Figueroa St.
Los Angeles 3, Calif.
C Spar

DOMENICK MARKET
7911 So. Figueroa St.
Los Angeles 3, Calif.
C

PEOPLE'S MARKET
7727 So. Hoover St.
Los Angeles 44, Calif.
C Spar

BOB'S MARKET
7512 So. Hoover St.
Los Angeles 44, Calif.
C

KORY'S MARKET
7209 So. Figueroa St.
Los Angeles 3, Calif.
S CH Cert

TONY'S MARKET
6901 So. Figueroa St.
Los Angeles 3, Calif.
C

FLEMMING GROCERY
524 W. 65th St.
Los Angeles 44, Calif.
C

GEORGE'S MARKET
6632 So. Hoover St.
Los Angeles 44, Calif.
B Spar

LYTLE'S MARKET
6418 So. Hoover St.
Los Angeles 44, Calif.
C Spar

MACON'S MARKET
6103 So. Hoover St.
Los Angeles 44, Calif.
C Mar

WHITEHEAD'S MARKET
5945 So. Figueroa St.
Los Angeles 3, Calif.
C

DELICATESSEN
5879 So. Figueroa St.
Los Angeles 3, Calif.
C

PARK 'N SHOP MARKET
518 W. Slauson
Los Angeles 3, Calif.
A CH Cert

YOUNG'S GENERAL MARKET
5421 So. Hoover St.
Los Angeles 37, Calif.
B CH Cert

KOSHER DELICATESSEN
5404 So. Hoover St.
Los Angeles 37, Calif.
C

CHARLIE'S MARKET
5511½ So. Figueroa St.
Los Angeles 37, Calif.
C CH Spar

BEST BUY MARKET
5201 So. Figueroa St.
Los Angeles 37, Calif.
B Cert

JOE'S MARKET
5220 So. Hoover St.
Los Angeles 37, Calif.
C

SAFE & SAVE MARKET
4901 So. Hoover St.
Los Angeles 37, Calif.
C

JOHN'S MARKET
4700 So. Hoover St.
Los Angeles 37, Calif.
C

HANDY MARKET
4514 So. Hoover St.
Los Angeles 37, Calif.
C

B & N DELICATESSEN
4426 So. Figueroa St.
Los Angeles 37, Calif.
C Spar

RALPHS MARKET
4360 So. Figueroa St.
Los Angeles 37, Calif.
S CH

FIGUEROA RANCH MARKET
4201 So. Figueroa St.
Los Angeles 37, Calif.
A Cert

BEN'S MARKET
4117 So. Hoover St.
Los Angeles 37, Calif.
C

KEN'S MARKET
4275 So. Hoover St.
Los Angeles 37, Calif.
C

WONDER MARKET
4301 So. Vermont Ave.
Los Angeles 37, Calif.
B Spar

VERMONT MARKET
4379 So. Vermont Ave.
Los Angeles 37, Calif.
A Cert

FORD MARKET
1201 W. Vernon Ave.
Los Angeles 37, Calif.
B Spar

VON'S MARKET
5029 So. Vermont Ave.
Los Angeles 37, Calif.
S CH Cert

DELICATESSEN
5066 So. Vermont Ave.
Los Angeles 37, Calif.
C

HUBBARD & PINGLE MARKET
5321 So. Vermont Ave.
Los Angeles 37, Calif.
A Cert

SIPES FOOD MART
5701 So. Vermont Ave.
Los Angeles 37, Calif.
S Cert OEm

KORY'S MARKET
5801 So. Vermont Ave.
Los Angeles 44, Calif.
S CH Cert

WOO'S MARKET
5966 So. Vermont Ave.
Los Angeles 44, Calif.
C

DOROTHY'S MARKET
1148 W. 60th St.
Los Angeles 44, Calif.
C Mar

LEE'S MARKET
6012 Budlong Ave.
Los Angeles 44, Calif.
C Cert

PANTRY KING
6221 So. Vermont Ave.
Los Angeles 44, Calif.
S Cert

ITAL. AMER. FOOD MART
6424 So. Vermont Ave.
Los Angeles 44, Calif.
C Spar

THRIFTY FOODS
6501 So. Vermont Ave.
Los Angeles 44, Calif.
C Spar

MARTY'S FOOD CENTER
6601 So. Vermont Ave.
Los Angeles 44, Calif.
A Cert

V. & F. MARKET
7117 So. Vermont Ave.
Los Angeles 44, Calif.
B Spar

GRAGG'S MARKET
7305 So. Raymond Ave.
Los Angeles 44, Calif.
C Spar

CLEM'S MARKET
7529 So. Normandie Ave.
Los Angeles 44, Calif.
B CH

RALPHS MARKET
7813 So. Vermont Ave.
Los Angeles 44, Calif.
S CH

STAR MARKET
7853 So. Normandie Ave.
Los Angeles 44, Calif.
C

VICTORY MART
8225 So. Normandie Ave
Los Angeles 44, Calif.
C Cert

GOLDEN MARKET
1459 W. 83rd St.
Los Angeles 47, Calif.
C

OUSBYE'S GROCERY
1654 W. Manchester Ave
Los Angeles 47, Calif.
C

MAJORS MARKET
8869 So. Normandie Ave.
Los Angeles 44, Calif.
C Spar

LUCKY MARKET
9069 So. Normandie Ave.
Los Angeles 44, Calif.
B Spar

HOMMES MARKET
9101 So. Normandie Ave.
Los Angeles 44, Calif.
C

KEMPSTER MARKET
9459 So. Normandie Ave.
Los Angeles 44, Calif.
B Spar

GEORGE'S MARKET
9505 So. Normandie Ave
Los Angeles 44, Calif.
B Spar

SUN-E-SIDE MARKET
9621 So. Normandie Ave.
Los Angeles 44, Calif.
B Cert

HILL TOP FOOD CENTER
10526 So. Western Ave.
Los Angeles 47, Calif.
A CH Cert

KARG'S MARKET
9800 So. Western Ave.
Los Angeles 47, Calif.
A Cert

BIG CITY MARKET
9149 So. Western Ave.
Los Angeles 47, Calif.
S CH Cert

VON'S MARKET
8851 So. Western Ave.
Los Angeles 47, Calif.
S CH Cert

BARNE'S GROCERY
7708 So. Western Ave.
Los Angeles 47, Calif.
C

FUCCI & SON MARKET
7519 So. Western Ave.
Los Angeles 47, Calif.
B Spar

TOWER MARKET
7205 So. Western Ave.
Los Angeles 47, Calif.
A Cert

FLORENTINE FOOD MARKET
6815 So. Western Ave.
Los Angeles 47, Calif.
B Cert

PARK MARKET
6925 So. Normandie Ave.
Los Angeles 44, Calif.
C

NOR-MART
6709 So. Normandie Ave.
Los Angeles 44, Calif.
B

PINGLE'S MARKET
6613 So. Normandie Ave.
Los Angeles 44, Calif.
B Cert

MILLER'S FOODS
6553 So. Normandie Ave.
Los Angeles 44, Calif.
B Cert

YOUR MARKET
6127 So. Normandie Ave
Los Angeles 44, Calif.
B Spar

YVETTE'S MARKET
5900 So. Normandie Ave.
Los Angeles 44, Calif.
C Spar

SAV-MOR MARKET
6120 So. Western Ave.
Los Angeles 47, Calif.
S CH Cert

BETTER FOOD MARKET
5817 So. Western Ave.
Los Angeles 44, Calif.
S CH Cert

GEORGE'S MARKET
5501 So. Normandie Ave.
Los Angeles 37, Calif.
C

LEM'S MARKET
1202 W. 54th St.
Los Angeles 37, Calif.
C

HAROLD'S MARKET
1347 W. 54th St.
Los Angeles 37, Calif.
A Cert Spar

DENKER FOOD MARKET
5325 So. Denker Ave.
Los Angeles 62, Calif.
B

NEW STAR MARKET
5300 So. Normandie Ave.
Los Angeles 37, Calif.
B

LIEBERMAN'S GROCERY
5043 So. Normandie Ave.
Los Angeles 37, Calif.
C

NEW NORMANDIE MARKET
5028 So. Normandie Ave.
Los Angeles 37, Calif.
C

PHIL SMITH GROCERY
4927 So. Normandie Ave.
Los Angeles 37, Calif.
C

ARCHIE'S FOOD STORE
4701 So. Normandie Ave.
Los Angeles 37, Calif.
C

KRUGER BROS. COMPLETE MKT.
1401 W. Vernon Ave.
Los Angeles 62, Calif.
B Spar

EGERTON MARKET
1431 W. Vernon Ave.
Los Angeles 62, Calif.
C

HARRY'S MARKET
4331 So. Dalton Ave.
Los Angeles 62, Calif.
C Spar

VERNON DENKER MARKET
1536 W. Vernon Ave.
Los Angeles 62, Calif.
C Spar

LIL' SUPER MARKET
1582½ W. Vernon Ave.
Los Angeles 62, Calif.
C

TED'S MARKET
1767 W. Vernon Ave.
Los Angeles 62, Calif.
C

DOLLAR WAY
4607 So. Western Ave
Los Angeles 62, Calif.
A Cert

VERNON & WESTERN MARKET
4404 So. Western Ave.
Los Angeles 62, Calif.
S Cert Mar

BUONARIGO GROCERY
5011 So. Western Ave.
Los Angeles 62, Calif.
C

TONY'S MARKET
5156 So. Western Ave.
Los Angeles 62, Calif.
B Spar

PAGE'S MARKET
1709 W. 48th St.
Los Angeles 62, Calif.
C Spar

BILL'S MARKET
1712 W. 48th St.
Los Angeles 62, Calif.
C

NICK'S FOOD MARKET
1906 W. 48th St.
Los Angeles 62, Calif.
B

L. Y. MARKET
2020 W. 48th St.
Los Angeles 62, Calif.
C Spar

CLARK'S MARKET
2373 W. 48th St.
Los Angeles 43, Calif.
B Spar

JOHN'S MARKET
2419 W. 48th St.
Los Angeles 43, Calif.
B Spar

DELICATESSEN
4355 So. Arlington Ave.
Los Angeles 8, Calif.

E-Z WAY MARKET
2109 W. Vernon Ave.
Los Angeles 8, Calif.

BLUE STAR MARKET
2701 W. Vernon Ave.
Los Angeles 8, Calif.

BEVILLE'S MARKET
2805 W. Vernon Ave.
Los Angeles 8, Calif.

LEE'S FOOD MARKET
3001 W. Vernon Ave.
Los Angeles 8, Calif.

PATTON'S MARKET
2701 W. Santa Barbara Ave.
Los Angeles 8, Calif.

BIXBY'S MARKET
3339 W. 43rd St.
Los Angeles 8, Calif.

DOBSON'S MARKET
4305 Degnan Blvd.
Los Angeles 8, Calif.

VON'S GROCERY
3644 W. Santa Barbara Ave.
Los Angeles 8, Calif.

DAYLITE MARKET
3800 W. Santa Barbara Ave.
Los Angeles 8, Calif.

FLIP'S DELICATESSEN
3923 Santa Rosalia Dr.
Los Angeles 8, Calif.

VIEW PARK MARKET
4425 So. Crenshaw Blvd.
Los Angeles 8, Calif.

CENTRAL MARKET
3104 W. 48th St.
Los Angeles 43, Calif.

FOX MARKET
5470 Crenshaw Blvd.
Los Angeles 43, Calif.
S CH

6TH AVENUE MARKET
2724 W. 54th St.
Los Angeles 43, Calif.

DIVISION MARKET
2401 W. 54th St.
Los Angeles 43, Calif.

54TH & VAN NESS MKT.
2211 W. 54th St.
Los Angeles 43, Calif.

MANHATTAN MARKET
1850 W. 54th St.
Los Angeles 62, Calif.

GUS'S FOOD MARKET
2127 W. Slauson Ave.
Los Angeles 47, Calif.

TAM'S MARKET
5806-2nd Ave.
Los Angeles 43, Calif.

WHITELY DELICATESSEN
2900 W. Slauson Ave.
Los Angeles 43, Calif.

D PANTRY
0 W. Slauson Ave
Angeles 43, Calif.
B Spar

STER BROWN MARKET
4 W. Slauson Ave.
Angeles 43, Calif.
B Spar

FAIR MARKET
0 W Slauson Ave
Angeles 43, Calif.
S CH Mar OEm

R MARKET
2 Alviso Ave.
Angeles 43, Calif.
B Spar

MARKET
8 W. Slauson Ave.
Angeles 43, Calif.
S CH Cert OEm

FAIR MARKET
7 Sepulveda Blvd.
er City, Calif.
S CH OEm

DIO VILLAGE MARKET
9 Jefferson Blvd.
er City, Calif.
A Cert

K'S RANCH MARKET
Sepulveda Blvd.
er City, Calif.
S Cert

ORT VILLAGE GROC.
Sepulveda Blvd
er City, Calif.
S

DY'S MARKET
West Blvd.
Angeles 43, Calif.
S Cert

LEY'S MARKET
8th Ave.
ngeles 43, Calif.
C

DO'S GROCERY
6th Ave.
ngeles 43, Calif.
C

A'S MARKET
8th Ave.
ngeles 43, Calif.
B Spar

ARY'S FOOD MART
Southwest Dr.
ngeles 43, Calif.
C Spar

NESS FOOD MART
So. Van Ness Ave.
ngeles 47, Calif.
C Cert

S MARKET
So. Van Ness Ave.
ngeles 47, Calif.
B Cert

ITAL. AMER. GROC.
W. Florence Ave.
ngeles 47, Calif.
C

S MARKET
W. Florence Ave.
ngeles 43, Calif.
S Cert

S MARKET
W. Florence Ave.
ngeles 43, Calif.
B CH

O & CIOCHETTO
W. Florence Ave.
ngeles 43, Calif.
B

CENTURY MARKET
Crenshaw Blvd.
ngeles 43, Calif.
A Spar

GEORGE'S MARKET
7528 Crenshaw Blvd.
Los Angeles 43, Calif.
C

280

FAIRVIEW MARKET
1060 s. Hyde Park Blvd.
Inglewood 3, Calif.
C Spar

PARK AVENUE MARKET
746 E. Hyde Park Blvd.
Inglewood 3, Calif.
C Spar

CENTINELA FOOD CENTER
500 E. Hyde Park Blvd.
Inglewood 3, Calif.
C Spar

CHARLIE'S MARKET
611 E. Fairview Blvd.
Inglewood 3, Calif.
C Spar

JACK'S MARKET
1413 No. La Brea Ave.
Inglewood 3, Calif.
A Cert

PENNY FOOD MARKET
935 No. La Brea Ave.
Inglewood 3, Calif.
S Cert

MARTINI'S DELICATESSEN
925 No. La Brea Ave.
Inglewood 3, Calif.
C

VON'S MARKET
6917 La Tijera Blvd.
Los Angeles 45, Calif.
S CH Cert

THRIFTIMART
6840 La Tijera Blvd.
Los Angeles 45, Calif.
S CH Cert

TEEPLE'S MARKET
805 No. Inglewood Ave.
Inglewood 3, Calif.
C Spar

B & B MARKET
628 W. Hyde Park Blvd.
Inglewood 3, Calif.
C

FRANK'S FOOD MART
250 No. La Brea Ave.
Inglewood 3, Calif.
A Cert

HI-HO MARKET
428 W. Manchester Ave.
Inglewood 1, Calif.
A Cert

MANCHESTER FARMS MKT.
1117 W. Manchester Blvd.
Inglewood 1, Calif.
S Spar Mar

KELSO'S MARKET
601 W. Kelso St.
Inglewood 1, Calif.
C Spar

BERNHARD MARKET
234 W. Lime St.
Inglewood 1, Calif.
C Spar

DENNY'S MARKET
723 So. Inglewood Ave.
Inglewood 1, Calif.
C Spar

GALLOWAY MARKET
606 W. Arbor Vitae St.
Inglewood 1, Calif.
A Cert

SHOPPERS MARKET
825 W. Arbor Vitae St.
Inglewood 1, Calif.
S CH Cert Mar

MOY'S MARKET
9737 So. Inglewood Ave.
Inglewood 1, Calif.
C Spar

DORR'S MARKET
5050 Century Blvd.
Inglewood 2, Calif.
S CH OEm

DANDY MARKET
10021 So. Inglewood Ave.
Inglewood 2, Calif.
C

JAMES MARKET
10333 So. Inglewood Ave.
Inglewood 2, Calif.
C OEm

KART MART
10804 So. Inglewood Ave.
Inglewood 2, Calif.
B Spar

L & A MARKET
11048 So. Inglewood Ave.
Inglewood 2, Calif.
C Spar

FOOD HOUSE MARKET
5144 W. Imperial Hwy.
Inglewood 2, Calif.
S CH Cert

WRIGLEY'S MARKET
11914 Aviation Blvd.
Inglewood 2, Calif.
S CH Cert Mar

FELTON MARKET
11822 Felton Ave.
Hawthorne, Calif.
B Cert

RAY'S MARKET
11949 Felton Ave.
Hawthorne, Calif.
C

B & L MARKET
11941 Inglewood Ave.
Hawthorne, Calif.
A

MARVEL MARKET
11405 Inglewood Ave.
Hawthorne, Calif.
B Spar

AL SMITH MARKET
4700 W. Imperial Hwy.
Inglewood 2, Calif.
C

BOB'S MARKET
11049 Hawthorne Blvd.
Inglewood 2, Calif.
C Spar

FINER FOOD MARKET
10802 Hawthorne Blvd.
Inglewood 2, Calif.
B Cert

MICHAEL'S MARKET
10731 Hawthorne Blvd.
Inglewood 2, Calif.
B

BOULEVARD MARKET
10412 Hawthorne Blvd.
Inglewood 2, Calif.
A Cert

BAKER'S MARKET
4600 W. Century Blvd.
Inglewood 2, Calif.
B Cert

JOHNNIE'S MARKET
10334 So. Firmona
Inglewood 2, Calif.
C

BARHAM GROCERY
1141 Myrtle Ave.
Inglewood 1, Calif.
C

MIKE'S MARKET
537 E. Hardy St.
Inglewood 1, Calif.
C

LUCKY STORES
1001 So. La Brea Ave.
Inglewood 1, Calif.
S CH Cert OEm

BALIAN'S MARKET
907 So. La Brea Ave.
Inglewood 1, Calif.
B CH Spar

JOHNSON'S MARKET
308 W. Arbor Vitae St.
Inglewood 1, Calif.
C

INGLEWOOD FOOD FAIR
470 So. Market St.
Inglewood 1, Calif.
S CH Cert

LEONARD'S MARKET
4008 W. Century Blvd.
Inglewood 2, Calif.
C

DELICATESSEN
3814 W. Century Blvd.
Inglewood 2, Calif.
C

CARL & MOLLY'S MARKET
3638 W. Century Blvd.
Inglewood 2, Calif.
C Spar

M-N-O MARKET
10400 Prairie Ave.
Inglewood 2, Calif.
B

RAY'S MARKET
10500 Freeman Ave.
Inglewood 2, Calif.
C

TILLIE'S MARKET
3757 W. 107th St.
Inglewood 2, Calif.
C Spar

SULLIVAN'S GROCERY
3805-111th St.
Inglewood 2, Calif.
C

AL'S MARKET
4158-111th St.
Inglewood 2, Calif.
C Spar

AIR TURF MARKET
4011 W. Imperial Hwy.
Inglewood 2, Calif.
S Spar

IMPERIAL FARMS MARKET
4000 W. Imperial Hwy.
Inglewood 2, Calif.
S Cert

PALACE MARKET
11312 Prairie Ave.
Inglewood 2, Calif.
B Spar

S. & W. MARKET
801 No. Freeman Ave.
Hawthorne, Calif.
C

TOM'S MARKET
703 No. Freeman Ave.
Hawthorne, Calif.
C Spar

AL'S MARKET
615 E. 120th St.
Hawthorne, Calif.
C

V. MARKET
690 No. Hawthorne Blvd.
Hawthorne, Calif.
B Spar

BOYS MARKET
625 N. Hawthorne Blvd.
Hawthorne, Calif.
S CH Cert

O. K. GROCERY
403 E. El Segundo Blvd.
Hawthorne, Calif.
C Spar

MARKET TOWN
115 So. Hawthorne Blvd.
Hawthorne, Calif.
S

FOOD GIANT
423 So. Hawthorne Blvd.
Hawthorne, Calif.
S CH Cert

BARR'S MARKET
13101 Inglewood Ave.
Hawthorne, Calif.

RAPPE'S MARKET
13207 Inglewood Ave.
Hawthorne, Calif.

STELLING'S MARKET
13763 Inglewood Ave.
Hawthorne, Calif.

MARIE'S MARKET
642 So. Ramona Ave.
Hawthorne, Calif.

POUND PENNY MKT.
603 So. Prairie Ave.
Hawthorne, Calif.

SHILLING'S MARKET
850 So. Hawthorne Blvd.
Hawthorne, Calif.

SAMRA'S MARKET
1445 So. Hawthorne Blvd.
Hawthorne, Calif.

WHITE'S GROCERY
4552 Rosecrans Ave.
Hawthorne, Calif.

BALLAS MARKET
14623 So. Hawthorne Ave.
Lawndale, Calif.

LITTONS MARKET
15024 Firmona Ave.
Lawndale, Calif.

CARRANZA MARKET
4745 W. Compton Blvd.
Lawndale, Calif.

GEORGE'S MARKET
4108 W. Compton Blvd.
Lawndale, Calif.

ARICO'S MARKET
15202 So. Hawthorne Ave.
Lawndale, Calif.

B & G MARKET
15413 Hawthorne Blvd.
Lawndale, Calif.

MORALES DELICATESSEN
15711 Hawthorne Blvd.
Lawndale, Calif.

FRANK'S MARKET
15732 So. Hawthorne Ave.
Lawndale, Calif.

ANN'S GROCERY
15827 So. Hawthorne Blvd.
Lawndale, Calif.

BANANA LAND
15808 Inglewood Ave.
Lawndale, Calif.

SAPPE MARKET
16018 So. Inglewood Ave.
Lawndale, Calif.

YOUR QUALITY MARKET
16202 So. Inglewood Ave.
Lawndale, Calif.

LEE'S MARKET
16604 So. Hawthorne Ave.
Lawndale, Calif.

...S MARKET
...Hawthorne Blvd.
...Beach, Calif.
S CH

...ER'S CORNER
...Hawthorne Blvd.
...Beach, Calif.
A Mar OEm

...FOOD MART
...W. 190th St.
...Beach, Calif.
A Cert OEm

...GIANT MARKET
...190th St.
...ce, Calif.
S CH Cert

...'S MARKET
...glewood Blvd.
...Beach, Calif.
C

...MORE MARKET
...So. Prairie Ave.
...ce, Calif.
B

...ER'S MARKET
...So. Prairie Ave.
...ce, Calif.
S CH OEm

...RA MARKET
...Prairie Ave.
...le, Calif.
C Mar

...S MARKET
...Prairie Ave.
...le, Calif.
C

...RY & LIQUOR
...So. Prairie Ave.
...ne, Calif.
C Spar

...ERS MARKET
...So. Prairie Ave.
...ne, Calif.
C Cert

...S MARKET
...Rosecrans Ave.
...ne, Calif.
A CH

...'S MARKET
...Rosecrans Ave.
...ne, Calif.
C Spar

...ATESSEN
...So. Crenshaw Blvd.
..., Calif.
C Spar

...BORHOOD GROCERY
...Lemoli St.
...ne, Calif.
C Spar

...MARKET
...Yukon Ave.
...ne, Calif.
C Cert

...'S MARKET
...Yukon Ave.
...ne, Calif.
C Spar Mar

...Y STORE
...Segundo Blvd.
...ne, Calif.
C

...'S MARKET
...Imperial Hwy.
...d 2, Calif.
C Spar

...RANCH MARKET
...Imperial Hwy.
...d 2, Calif.
C

...MART
...Imperial Hwy.
...d 2, Calif.
S CH Cert

FOOD GIANT
11202 So. Crenshaw Blvd.
Inglewood 4, Calif.
S CH Cert

DELICATESSEN
10903 Crenshaw Blvd.
Inglewood, Calif.
C

McDANIELS MARKET
2208 W. Century Blvd.
Inglewood 4, Calif.
S CH Cert OEm

LYNN'S MARKET
8451 Crenshaw Blvd.
Inglewood 4, Calif.
S

RALPHS MARKET
3003 W. Manchester Ave.
Inglewood 4, Calif.
S CH

MORNINGSIDE MARKET
2610 W. Manchester Ave.
Inglewood 4, Calif.
A Cert

KERLEY'S FINER FOODS
7911 So. Van Ness Ave.
Inglewood 4, Calif.
A Spar

S & L FOODS MARKET
9301 So. Van Ness Ave.
Inglewood 4, Calif.
B Spar OEm

NORMAN'S MARKET
9000 So. Budlong Ave.
Los Angeles 44, Calif.
C

JIM'S MARKET
9136 So. Budlong Ave.
Los Angeles 44, Calif.
C Spar

COLLINS MARKET
9720 So. Budlong Ave.
Los Angeles 44, Calif.
C Spar

H. & J. MARKET
10117 So. Normandie Ave.
Los Angeles 44, Calif.
C Spar

GROH'S MARKET
10216 So. Budlong Ave.
Los Angeles 44, Calif.
C Spar

JOE'S MARKET
10536 So. Budlong Ave.
Los Angeles 44, Calif.
C

CLIFF'S MARKET
10608 So. Budlong Ave.
Los Angeles 44, Calif.
C

BAXTER'S MARKET
1206 W. 112th St.
Los Angeles 44, Calif.
C

FOOD GIANT MARKET
11208 So. Western Ave.
Los Angeles 47, Calif.
S CH Cert

RICE'S MARKET
1458 W. 135th St.
Gardena, Calif.
C

FOX MARKET
14206 So. Van Ness Ave.
Gardena, Calif.
S CH Cert OEm

RALPHS MARKET
2205 Rosecrans Ave.
Gardena, Calif.
S CH

SPOT MARKET
15212 Western Ave.
Gardena, Calif.
S OEm

LUCCI & REFICE MARKET
2004 W. Compton Blvd.
Gardena, Calif.
C Cert

GARDEN CITY MARKET
2207 W. Compton Blvd.
Gardena, Calif.
S CH Cert

FOOD GIANT MARKET
14990 Crenshaw Blvd.
Gardena, Calif.
S CH Cert

MARK DOWN FOODS
15017 Crenshaw Blvd.
Gardena, Calif.
S

VICKERY'S MARKET
15610 Crenshaw Blvd.
Gardena, Calif.
A Cert

LEON'S MARKET
15408 So. Van Ness Ave.
Gardena, Calif.
C Spar

MOTOYAMA MARKET
16135 So. Western Ave.
Gardena, Calif.
B

BEN'S MARKET
16427 So. Western Ave.
Gardena, Calif.
B Cert

SILVA'S MARKET
16822 So. Western Ave.
Gardena, Calif.
C

FOODS CO
17500 So. Crenshaw Blvd.
Torrance, Calif.
S CH Cert

MIDWAY MARKET
18727 Crenshaw Blvd.
Torrance, Calif.
B Cert

FOX MARKET
2321 W. 182nd St.
Torrance, Calif.
S CH Cert OEm

FAHY'S GROCERIES
1755 W. 182nd St.
Gardena, Calif.
C

DEL RANCHO SUPERETTE
18220 So. Western Ave.
Gardena, Calif.
C

JAY & BEE MARKET
18106 La Salle Ave.
Gardena, Calif.
C Mar

J. & M. FOOD CENTER
17518 So. Figueroa St.
Gardena, Calif.
C

ELM HAVEN MARKET
18630 So. Figueroa St.
Gardena, Calif.
C Spar

VICTORIA PARK MARKET
18409 Avalon Blvd.
Gardena, Calif.
A Cert

RAMOS MARKET
18820 So. Normandie Ave.
Gardena, Calif.
C

JENNIE'S MARKET
16601 So. Normandie Ave.
Gardena, Calif.
C

SANTA ANA MARKET
16529 So. Normandie Ave.
Gardena, Calif.
C

GUILIANO'S ITALIAN DELIC.
1138 Gardena Blvd.
Gardena, Calif.
C

GARDENA SUPER MARKET
1012 Gardena Blvd.
Gardena, Calif.
A Cert

THREE STAR MARKET
457-165th St.
Gardena, Calif.
C Spar

V-MARKET
15920 So. Vermont Ave.
Gardena, Calif.
B Spar

ROY'S MARKET
1104 Redondo Beach Blvd.
Gardena, Calif.
C Spar

VON'S MARKET
1260 Redondo Beach Blvd.
Gardena, Calif.
S CH Cert

MEIJI, INC.
1560 Redondo Beach Blvd.
Gardena, Calif.
A OEm

ALOHA MARKET
1624 Redondo Beach Blvd.
Gardena, Calif.
C Mar

OKUDA MARKET
1643 Redondo Beach Blvd.
Gardena, Calif.
C

SUNSHINE MARKET
14823 So. Vermont Ave.
Gardena, Calif.
A Spar

FARMERS MARKET
1353 W. Rosecrans Ave.
Gardena, Calif.
B OEm

KATO'S GROCERY
1420 Rosecrans Ave.
Gardena, Calif.
C

QUIGLEY'S MARKET
14015 So. Vermont Ave.
Gardena, Calif.
B Spar

SUNFAIR MARKET
14008 So. Vermont Ave.
Gardena, Calif.
S CH OEm

ALL AMERICAN MARKET
13111 So San Pedro St.
Los Angeles 61, Calif.
S CH OEm

HIGHWAY MARKET
12602 So. San Pedro St.
Los Angeles 61, Calif.
B CH Spar

ALVAREZ GROCERY
12822 Avalon Blvd.
Los Angeles 61, Calif.
C

SHOPPERS FOOD MART
12737 So Central Ave
Los Angeles 59, Calif
A Spar

COUNTRY FARM MARKET
14205 So. Central Ave.
Los Angeles 59, Calif.
S Cert

HI-GRADE MARKET
1035 E. Rosecrans Ave.
Compton, Calif.
C OEm

NEW TOWN MARKET
13514 So. Avalon Blvd.
Los Angeles 61, Calif.
B Mar

BURGENO MARKET
14916 Avalon Blvd.
Gardena, Calif.
C

DELICATESSEN
15631 Avalon Blvd.
Gardena, Calif
C Spar

COUNTRY MARKET
16028 Avalon Blvd.
Gardena, Calif.
B Mar

KINO'S MARKET
104 E Alondra Blvd.
Gardena, Calif.
C Mar

IOWA PORK SHOPS
909 So. Central Ave.
Compton, Calif.
S CH Cert

SUNFAIR MARKET
860 W. Alondra Blvd.
Compton, Calif.
S CH Mar OEm

BARGAIN TOWN
734 W Alondra Blvd
Compton, Calif.
A Cert OEm

TWIGG'S MARKET
344 W Alondra Blvd
Compton, Calif.
C

CURLEY'S MARKET
100 W Alondra Blvd
Compton, Calif.
C

EVERYBODY'S MARKET
901 So. Alameda St.
Compton, Calif.
A Spar

COLE'S MARKET
1320 E. Alondra Blvd.
Compton, Calif.
S CH Cert

GRIGSBY'S MARKET
1509 So. Long Beach Blvd.
Compton, Calif.
C

IOWA PORK SHOP
1900 E. Alondra Blvd.
Compton, Calif.
S CH Cert OEm

DUTCH UNCLE MARKET
1914 E. Alondra Blvd.
Compton, Calif.
C

DIAMOND MARKET
2516 E. Alondra Blvd.
Compton, Calif.
S Cert

FAMILY MARKET
16119 Atlantic Ave.
Compton, Calif.
C

IOWA PORK SHOP
15124 Atlantic Ave.
Compton, Calif.
S CH Cert

GREENE'S MARKET
15018 Atlantic Ave.
Compton, Calif.
B Spar

BROWNELL'S MARKET
6625 E. Compton Blvd.
Compton, Calif.
B

SIMM'S MARKET
6629 E. Compton Blvd.
Compton, Calif.
C

SPURLIN'S MARKET
7052 E. Compton Blvd.
Paramount, Calif.
C

GLENN'S MARKET
14720 Orange Ave.
Compton, Calif.
C

GUY'S MARKET
14309 Atlantic Ave.
Compton, Calif.
S OEm

JOHN'S MARKET
4015 E. Compton Blvd
Compton, Calif.
C

NANCY'S MARKET
1918 E. Compton Blvd
Compton, Calif.
C

BISHOP'S GROCERY
101 No Long Beach Blvd.
Compton, Calif.
C Spar

RALPH'S DELIC
1000 No. Long Beach Blvd.
Compton, Calif.
C

MARKET BASKET
1800 No. Long Beach Blvd.
Compton, Calif.
S CH

IOWA PORK SHOPS
1940 Bellis Road
Compton, Calif
S CH Cert

SNYDER'S SUPER MARKET
704 E. Rosecrans Ave.
Compton, Calif.
A Spar

M & L. MARKET
1746 No. Santa Fe Ave.
Compton, Calif.
B Mar

C. & J. COMPLETE MARKET
1709 No. Santa Fe Ave.
Compton, Calif.
C

LEWIS MARKET
816 E. Elm St.
Compton, Calif.
C Spar

BARNETT'S MARKET
317 So. Santa Fe Ave.
Compton, Calif.
C

COMPTON MARKET
545 E. Compton Blvd.
Compton, Calif.
B

COMPTON FOOD CENTER
134 E. Palm St.
Compton, Calif.
A Spar

YOR-WAY MARKET
401 So Alameda St
Compton, Calif.
S CH Cert Mar OEm

IOWA PORK SHOP
400 W Compton Blvd.
Compton, Calif
S CH Cert

M & A MARKET
667 W. Compton Blvd.
Compton, Calif.
B

POLLARD'S MARKET
1021 W. Compton Blvd.
Compton, Calif.
C

RUTH'S MARKET
1801 W. Compton Blvd.
Compton, Calif.
C

IOWA PORK SHOP
2008 W Compton Blvd.
Compton, Calif.
S CH Cert

YUEN'S MARKET
715 No. Wilmington Ave.
Compton, Calif.
B Spar

HARRY'S MARKET
636 W. Elm St.
Compton, Calif.
C

MORRISON'S MARKET
358 W. Poplar St.
Compton, Calif.
C

McCOWANS MARKET
514 No. Acacia St.
Compton, Calif.
B CH Spar

MERLIN'S MARKET
120 E. Rosecrans Ave.
Compton, Calif.
C

BOWERS MARKET
105 E. Rosecrans Ave.
Compton, Calif.
C

GLEN & JOE'S MARKET
348 W. Rosecrans Ave.
Compton, Calif.
C

QUALITY FOOD MARKET
451 W. Rosecrans Ave.
Compton, Calif.
B Spar

IOWA PORK SHOP
1055 W. Rosecrans Blvd.
Compton, Calif.
S CH Cert

J & P. MARKET
640 W. Peach St.
Compton, Calif.
C Spar

HOME MARKET
500 W. Peach St.
Compton, Calif.
C Spar

GUTIERREZ MARKET
1701 Willowbrook Ave.
Compton, Calif.
C

GONZALEZ MARKET
1709 Willowbrook Ave.
Compton, Calif.
C

JONNIE'S MARKET
1619 W. Acacia St.
Compton, Calif.
C

BAUER'S MARKET
2100 Hatchway St.
Compton, Calif.

J & J MARKET
2079 Stockwell St.
Compton, Calif.

McCORMICK'S MARKET
13306 Aranbe Ave.
Compton, Calif.

PEOPLE'S MARKET
13619 Wilmington Ave.
Compton, Calif.

PALMERO'S MARKET
1809 Wilmington Ave.
Compton, Calif.

BILL'S FOOD MART
2019 Wilmington Ave.
Compton, Calif.

STAR MARKET
2229 Wilmington Ave.
Compton, Calif.

HAPPY'S MARKET
2264 E. El Segundo Blvd.
Compton, Calif.

EL RANCHO MARKET
12927 Willowbrook Ave.
Compton, Calif.

JENNIE'S GROCERY
2319 E. El Segundo Blvd.
Compton, Calif.

BOONE'S MARKET
432 E. El Segundo Blvd.
Compton, Calif.

ED'S MARKET
600 E. El Segundo Blvd.
Compton, Calif.

ECONOMY MARKET
12723 Willowbrook Ave.
Compton, Calif.

WILLOWBROOK SUPER
12625 Willowbrook Ave.
Compton, Calif.

HENRY'S MARKET
12213 Willowbrook Ave.
Compton, Calif.

FULTON GROCERY
11901 Willowbrook Ave.
Los Angeles 59, Calif.

DON & PINKY MARKET
12313 Wilmington Ave.
Compton, Calif.

FAMILY MARKET
11926 Wilmington Ave.
Los Angeles 59, Calif.

LEDESMA'S MARKET
11900 Wilmington Ave.
Los Angeles 59, Calif.

WILMINGTON MARKET
11830 Wilmington Ave.
Los Angeles 59, Calif.

JOE'S PLACE
11752 Wilmington Ave.
Los Angeles 59, Calif.

...ND TRADING CO.
... Wilmington Ave.
...geles 59, Calif.
C Spar

...RIAL FOOD TOWN
... Imperial Hwy
...geles 59, Calif
A Spar

...RANDS MARKET
... Compton Ave
...geles 59, Calif.
C

...CO GROCERY
... Compton Ave.
...geles 59, Calif
C

...A'S MARKET
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...geles 59, Calif.
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..., Calif.
S CH Cert

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C Spar

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C Spar

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...eechwood Ave.
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C

... FOOD MARKET
...att Ave.
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B

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...ullis Road
..., Calif.
C Cert

... MARKET
...chool St.
..., Calif.
C Spar Mar

...ARKET
...ong Beach Blvd.
..., Calif.
S CH Cert

LOUISE ST. MARKET
3202 Louise Ave.
Lynwood, Calif.
C Spar

ALICE & TONY'S MARKET
12012 Long Beach Blvd.
Lynwood, Calif.
C

AIKEN GROCERY
12601 Harris Ave
Compton, Calif.
C Spar

GLEN RICE MARKET
12615 Atlantic Ave.
Compton, Calif.
A OEm

STOP 'N SHOP MARKET
12022 Atlantic Ave.
Compton, Calif.
B Cert

WOOLEY'S MARKET
11734 Atlantic Ave.
Compton, Calif.
C

LYNMART
11631 Atlantic Ave.
Lynwood, Calif.
S Spar

ATLANTIC FOOD CENTER
11202 Atlantic Ave.
Lynwood, Calif.
B

SUNFAIR MARKET
12010 Garfield Ave.
Hollydale, Calif.
S CH OEm

McCOY'S MARKET
12222 Garfield Ave.
Hollydale, Calif.
S CH Spar

MAIN ST MARKET
5840 Main St.
Hollydale, Calif.
C Spar

YOUNG'S MARKET
13308 Paramount Blvd.
Hollydale, Calif.
B Mar

MEADOW PARK MARKET
5869 Imperial Hwy.
South Gate, Calif.
B Cert

HERAM'S
10721 Atlantic Ave.
Lynwood, Calif.
S CH Cert

TRIPLE AAA MARKET
10211 Atlantic Ave.
South Gate, Calif.
B

BUDGET MART
9850 Atlantic Ave.
South Gate, Calif.
C Spar Mar

MILLER'S MARKET
9203 Otis St.
South Gate, Calif.
C

JONES MARKET
3926 E. Ardmore Ave.
South Gate, Calif.
C

RAY'S MARKET
4135 Santa Ana St.
Huntington Park, Calif.
B

THRIFTWAY MARKET
8101 California Ave.
South Gate, Calif.
A Spar

SHOPPING BASKET
8431 State St.
South Gate, Calif.
S CH Cert OEm

MARSH'S MARKET
2953 Independence Ave.
South Gate, Calif.
C Spar

SAV-MOR MARKET
8101 Seville Ave
South Gate, Calif.
A CH Cert

LANTOW MARKET
7854 Seville Ave.
Huntington Park, Calif.
B

WALNUT PARK MARKET
7803 Seville Ave.
Huntington Park, Calif.
C

SERBER'S FOODS
2616 Santa Ana St.
South Gate, Calif.
S CH Cert

HASLAM HOME MARKET
8317 Long Beach Blvd.
South Gate, Calif.
B Spar

FIRESTONE LIQUOR MART
2724 Firestone Blvd.
South Gate, Calif.
C

SOUTHERN MARKET
3224 Southern Ave.
South Gate, Calif.
C

LLOYD'S BETTER FOOD MARKET
3610 Firestone Blvd.
South Gate, Calif.
S CH OEm

ROY'S MARKET
9325 California Ave.
South Gate, Calif.
C

ART & MAE'S MARKET
9544 California Ave.
South Gate, Calif.
C

BETTER FOOD MARKET
4466 Tweedy Blvd.
South Gate, Calif.
S CH Cert

PETE'S PENNY MARKET
4401 Tweedy Blvd.
South Gate, Calif.
S Cert

SHOPPING BASKET MARKET
4370 Tweedy Blvd.
South Gate, Calif.
A CH Cert OEm

BELL'S GROCERY
4155 Tweedy Blvd.
South Gate, Calif.
C

ACKERMAN'S MARKET
4055 Tweedy Blvd.
South Gate, Calif.
C

LLOYD'S MARKET
3476 Tweedy Blvd.
South Gate, Calif.
A CH OEm

ALPHA BETA MARKET
3351 Tweedy Blvd.
South Gate, Calif.
S CH Cert

PATTON'S MARKET
9607 Long Beach Blvd.
South Gate, Calif.
A CH Mar

RAY & RUPE'S MARKET
3050 Tweedy Blvd.
South Gate, Calif.
B Spar

LOGE'S MARKET
2737 Tweedy Blvd.
South Gate, Calif.
C

TRADING POST MARKET
2303 E. 97th St.
Los Angeles 2, Calif.
C

GRAPE ST. MARKET
1964 E. 97th St.
Los Angeles 2, Calif.
C

ANZAC GROCERY
9502 Anzac Ave.
Los Angeles 2, Calif.
C

NEIGHBORHOOD GROC
1895 E. 97th St.
Los Angeles 2, Calif.
C

UNITED MARKET CO.
1865 E. 97th St.
Los Angeles 2, Calif.
B Cert

L. & N. MARKET
9702 Holmes Ave.
Los Angeles 2, Calif.
C Spar

BILL'S MARKET
1701 E. 97th St.
Los Angeles 2, Calif.
B

95TH ST. MARKET
9431 Compton Ave.
Los Angeles 2, Calif.
C Spar

COMPTON AVE. MARKET
9700 Compton Ave.
Los Angeles 2, Calif.
B Cert

OLYMPIC MARKET
9824 Compton Ave.
Los Angeles 2, Calif.
C

S. & R. SALVAGE OUTLET
1516 E. 103rd St.
Los Angeles 2, Calif.
B

FRANK'S MARKET
1559 E. 103rd St.
Los Angeles 2, Calif.
S CH Cert

WATTS FOOD MARKET
1692 E. 103rd St.
Los Angeles 2, Calif.
A Cert

GIANT FOOD MARKET
1710 E. 103rd St.
Los Angeles 2, Calif.
A CH Spar

A C & L MARKET
1756 E. 103rd St.
Los Angeles 2, Calif.
C Cert

OUTLET MARKET
1807 E. 103rd St.
Los Angeles 2, Calif.
B

GEORGE'S MARKET
1956 E. 103rd St.
Los Angeles 2, Calif.
C Spar

HICKORY MARKET
2026 E. 103rd St.
Los Angeles 2, Calif.
C

JOHN'S MARKET
2056 E. 103rd St.
Los Angeles 2, Calif.
C

SAM'S MARKET
2124 E. 103rd St.
Los Angeles 2, Calif.
C

STAMATIS MARKET
2326 E. 103rd St.
Los Angeles 2, Calif.
C

STURDIVANT MARKET
10626 Weigand Ave.
Los Angeles 2, Calif.
C

GORMAN MARKET
10621 Gorman Ave.
Los Angeles 2, Calif.
C

JUNIPER CASH MARKET
10807 Juniper St.
Los Angeles 2, Calif.
C

MORALES BROS. MARKET
10800 Juniper St.
Los Angeles 2, Calif.
C

B B B MARKET
10624 Juniper St.
Los Angeles 2, Calif.
C

AGUILARA GROCERY
10715 Croesus Ave.
Los Angeles 2, Calif.
C

LA PALOMA GROCERY
2026 E. 105th St.
Los Angeles 2, Calif.
C

LA CASA BLANCA GROCERY
10525 Wilmington Ave.
Los Angeles 2, Calif.
C

GUERRA'S GROCERY
10609 Wilmington Ave.
Los Angeles 2, Calif.
C

LA MONTANA MARKET
10706 Wilmington Ave.
Los Angeles 2, Calif.
C

GEORGE'S CORNER
10711 Wilmington Ave.
Los Angeles 59, Calif.
C

EL MIRADOR MARKET
10806 Wilmington Ave.
Los Angeles 2, Calif.
B

CHUCK'S MARKET
11105 Compton Ave.
Los Angeles 59, Calif.
C

SPILLER'S MARKET
11126 Wilmington Ave.
Los Angeles 2, Calif.
C

L. DAVID GROCERY
11208 So. Wilmington Ave.
Los Angeles 59, Calif.
C

113TH ST. MARKET
2333 E. 113th St.
Los Angeles 59, Calif.
C Spar

SUNSHINE MARKET
11330 Mona Blvd.
Los Angeles 59, Calif.
C Spar

ED'S DELICATESSEN
11508 Wilmington Ave.
Los Angeles 59, Calif.
C

TODD'S MARKET
11218 Wilmington Ave.
Los Angeles 59, Calif.
C

LEE'S GROCERY
10360 Compton Ave.
Los Angeles 2, Calif.
C

VILLAGE MARKET
10507 Compton Ave.
Los Angeles 2, Calif.
C Spar

DANIEL'S MARKET
10801 Compton Ave.
Los Angeles 59, Calif.
C

BERSON'S MARKET
10912 Compton Ave.
Los Angeles 59, Calif.
C

OKI'S GROCERY
11030 Compton Ave.
Los Angeles 59, Calif.
C

COLLINS MARKET
11200 Compton Ave.
Los Angeles 59, Calif.
C

ALLEN & GRANT MARKET
1502 E. Imperial Hwy.
Los Angeles 59, Calif.
C Mar

HIGHWAY MARKET
1306 E. Imperial Hwy.
Los Angeles 59, Calif.
C

B & J DELICATESSEN
1242 E. Imperial Hwy.
Los Angeles 59, Calif.
C Spar

SHOPRITE MARKET
11919 So. Central Ave.
Los Angeles 59, Calif.
S OEm

CAMPBELL'S MARKET
11408 So. Central Ave.
Los Angeles 59, Calif.
C Spar

COMMUNITY MARKET
11304 So. Central Ave.
Los Angeles 59, Calif.
B

BURNE'S MARKET
11157 So. Central Ave.
Los Angeles 59, Calif.
C

INTERNATIONAL FAMILY MARKET
11190 Wadsworth Ave.
Los Angeles 59, Calif.
C Spar

CENTRAL RANCH MARKET
10716 So. Central Ave.
Los Angeles 59, Calif.
C

BEST ONE MARKET
10707 So. Central Ave.
Los Angeles 59, Calif.
B Cert

WHIZ BOY'S MARKET
10331 So. Central Ave.
Los Angeles 2, Calif.
S Cert

SIKES MARKET
10004 So. Central Ave.
Los Angeles 2, Calif.
B Spar

OKADA MARKET
9752 Wadsworth Ave.
Los Angeles 2, Calif.
C Spar

RUBY'S MARKET
853 E. 91st St.
Los Angeles 2, Calif.
C

CLARA'S MARKET
915 E. 91st St.
Los Angeles 2, Calif.
C

C. & E. MARKET
8922 So. Central Ave.
Los Angeles 2, Calif.
C Spar

CASTRO'S FOOD MARKET
8867 So. Central Ave.
Los Angeles 2, Calif.
C

CENTRAL FARMS
8515 So. Central Ave.
Los Angeles 1, Calif.

VOLUME FOOD CENTER
1158 E. Firestone Blvd.
Los Angeles 1, Calif.

OTTO'S DELICATESSEN
852 E. Manchester Ave.
Los Angeles 1, Calif.

CENTURY FOODS
603 E. Manchester Ave.
Los Angeles 1, Calif.

JACK'S MARKET
8918 Avalon Blvd.
Los Angeles 3, Calif.

M. & E. MARKET
9109 Avalon Blvd.
Los Angeles 3, Calif.

FOOD SPOT MARKET
9315 Avalon Blvd.
Los Angeles 3, Calif.

GREATER AVALON
9419 Avalon Blvd.
Los Angeles 3, Calif.

DIXIE MARKET
9601 Avalon Blvd.
Los Angeles 3, Calif.

E. & M. MARKET
9714 Avalon Blvd.
Los Angeles 3, Calif.

SUNNY MART
9911 Avalon Blvd.
Los Angeles 3, Calif.

VICTORIA MARKET
10305 Avalon Blvd.
Los Angeles 3, Calif.

KORY'S MARKET
10807 Avalon Blvd.
Los Angeles 61, Calif.

McCOY'S LIQ. & GROC
10825 Avalon Blvd.
Los Angeles 61, Calif.

GRACE'S GROCERY
642 E. 109th Pl.
Los Angeles 59, Calif.

NORRIS MARKET
11108 Avalon Blvd.
Los Angeles 61, Calif.

V. & F. MARKET
11322 Avalon Blvd.
Los Angeles 61, Calif.

BING & YET MARKET
11430 Avalon Blvd.
Los Angeles 61, Calif.

FOX'S MARKET
11701 Avalon Blvd.
Los Angeles 61, Calif.

A & J MARKET
11860 Avalon Blvd.
Los Angeles 61, Calif.

CARL'S MARKET
12005 Avalon Blvd.
Los Angeles 61, Calif.

...'S MARKET
...So San Pedro St
...eles 61, Calif.
C

...MARKET
...So. San Pedro St.
...eles 61, Calif.
C Spar

...MARKET
...So San Pedro St
...eles 61, Calif
C Spar

...LIQUOR & GROCERY
...So San Pedro St.
...eles 3, Calif.
C Spar

...ITE MARKET
...So San Pedro St.
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S CH OEm

...S GROCERY
...So San Pedro St
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...ATER GROCERY
...Main St.
...eles 3, Calif.
C

...FOOD MARKET
...Main St.
...eles 3, Calif.
B

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...Main St
...eles 3, Calif
C

...MARKET
...Main St.
...eles 3, Calif.
C

...SHOP MARKET
...Main St.
...eles 3, Calif.
C

...ARKET
...Main St.
...eles 3, Calif.
C Spar

...MARKET
...Main St.
...eles 3, Calif.
C

...ARKET
...Main St.
...eles 3, Calif.
C Mar

J. B HULS GROCERY
10319 So. Main St.
Los Angeles 3, Calif.
C

V-MARKET
10420 So Main St.
Los Angeles 3, Calif.
B Spar

A B C MARKET
10811 So Main St.
Los Angeles 61, Calif.
S CH Cert

C & C MARKET
11153 So. Main St.
Los Angeles 61, Calif.
B Cert

SOUTH END MARKET
11652 So Main St.
Los Angeles 61, Calif.
B Spar

EDDIE'S DELICATESSEN
11869½ So. Main St.
Los Angeles 61, Calif.
C

JIM'S MARKET
11875 So. Main St.
Los Angeles 61, Calif.
C

HOLLY MARKET
11914 So. Main St.
Los Angeles 61, Calif.
B

AL'S MARKET
12118 So. Main St.
Los Angeles 61, Calif.
A Cert

LEWIS MARKET
11551 Athens Way
Los Angeles 61, Calif.
C

NOBBY'S MARKET
11313 Athens Way
Los Angeles 61, Calif.
C

PARK'S MARKET
11000 So. Broadway
Los Angeles 61, Calif.
C Spar

MILLS MARKET
10953 So. Broadway
Los Angeles 61, Calif.
C

CURRY'S MARKET
10313 So. Broadway
Los Angeles 3, Calif.
C Spar

MARKET
9824 So. Broadway
Los Angeles 3, Calif.
C

QUALITY MARKET
9722 So. Broadway
Los Angeles 3, Calif.
C

BEE HIVE MARKET
9028 So. Broadway
Los Angeles 3, Calif.
B Spar Mar

MAYFAIR MARKET
8725 So. Broadway
Los Angeles 3, Calif.
S CH Cert OEm

LEE'S MARKET
8414 So. Main St.
Los Angeles 3, Calif.
C Spar

WONG & LAU MARKET
8403 So. Main St.
Los Angeles 3, Calif.
C Spar

J. & R. MARKET
8203 So. Main St.
Los Angeles 3, Calif.
C Spar

B & J DELICATESSEN
8025 So. Main St
Los Angeles 3, Calif.
C Mar

D B MARKET
7927 So Main St
Los Angeles 3, Calif.
C Mar

BUNGALOW GROCERY
7800 So. Main St.
Los Angeles 3, Calif.
C

LOW'S MARKET
7724 So. Main St.
Los Angeles 3, Calif.
C

LOUIE'S MARKET
7601 So. Main St.
Los Angeles 3, Calif.
C

BERNARD'S MARKET
7506 So. Main St.
Los Angeles 3, Calif.
C

FREMONT FOOD SPOT
7625 So. San Pedro St.
Los Angeles 3, Calif.
B

SAV-RITE MARKET
7823 So. San Pedro St.
Los Angeles 3, Calif.
C Spar

LINCOLN MARKET
8001 So San Pedro St
Los Angeles 3, Calif.
C Spar

BEN EDWARDS MARKET
8101 So. San Pedro St.
Los Angeles 3, Calif.
C Spar

DO RITE MARKET
8201 So. San Pedro St.
Los Angeles 3, Calif.
C Cert

KAY'S MARKET
8277 So. San Pedro St.
Los Angeles 3, Calif.
C Spar

PIC 'N SAVE MARKET
8103 So. Avalon Blvd.
Los Angeles 3, Calif.
A CH Cert Spar

JOE'S AVALON MARKET
7516 Avalon Blvd.
Los Angeles 3, Calif.
C Cert

MEAT-O-RAMA
7400 Avalon Blvd
Los Angeles 3, Calif.
A CH Cert

AVALON FOOD CENTER
7207 Avalon Blvd.
Los Angeles 3, Calif.
S Spar

UNIVERSAL GROCERY
7511 So. Central Ave.
Los Angeles 1, Calif.
C Spar

AMERICAN SUPER MARKET
7915 So. Central Ave.
Los Angeles 1, Calif.
A Spar

YEE'S MARKET
8012 McKinley Ave.
Los Angeles 1, Calif.
C

DOMINGUEZ MARKET
758 E. 79th St.
Los Angeles 1, Calif.
C Mar

FAMILY MARKET
706 E. 79th St.
Los Angeles 1, Calif.
C

STEVE'S LIQ & GROC.
6910 So Central Ave
Los Angeles 1, Calif.
C

MARKET
6804 So. Central Ave.
Los Angeles 1, Calif.
B

FRANK'S MARKET
6708 So Central Ave.
Los Angeles 1, Calif.
C Spar

SOL'S MARKET
6702 So Central Ave.
Los Angeles 1, Calif.
C

NIMS MARKET
6412 So. Central Ave.
Los Angeles 1, Calif.
B Cert

MIKE'S MARKET
6100 So. Central Ave.
Los Angeles 1, Calif.
C Spar

E. & M. MARKET
5902 So. Central Ave.
Los Angeles 1, Calif.
C Spar

WISE OWL MARKET
5951 So. San Pedro St.
Los Angeles 3, Calif.
C Spar

SASAKI MARKET
6127 So. San Pedro St.
Los Angeles 3, Calif.
C Spar

ROYALTY MARKET
6200 So. San Pedro St.
Los Angeles 3, Calif.
B

MONARCH MARKET
6101 Avalon Blvd.
Los Angeles 3, Calif.
C Spar

MARKET
6401 Avalon Blvd.
Los Angeles 3, Calif.
C

GEORGE'S MARKET
6404 So. San Pedro St.
Los Angeles 3, Calif.
C

K. & I. MARKET
6728 So. San Pedro St.
Los Angeles 3, Calif.
B

71ST & MAIN FOOD MARKET
7025 So. Main St.
Los Angeles 3, Calif.
C

LEW'S MARKET
6603 So. Main St.
Los Angeles 3, Calif.
C

65TH ST. MARKET
6500 So. Main St.
Los Angeles 3, Calif.
B Spar

R. & M. MARKET
6301 So Main St.
Los Angeles 3, Calif.
C Spar

VETERAN'S MARKET
6226 So. Main St.
Los Angeles 3, Calif.
C

PACIFIC MARKET
5946 So. Main St.
Los Angeles 3, Calif.
B Spar

FADELL BROS. MARKET
5529 So. Main St.
Los Angeles 37, Calif.
C

2850

F & S MARKET
5424 So. Main St.
Los Angeles 37, Calif.
C

GOLPHIN GROCERY
5407 So. Main St.
Los Angeles 37, Calif.
C

B & M MARKET
5305 So. Main St.
Los Angeles 37, Calif.
C Spar

BORINQUEN MARKET
5225 So. Main St.
Los Angeles 37, Calif.
C

SUPERIOR MARKET
5100 So. Main St.
Los Angeles 37, Calif.
C

FOOD CAPITAL
4900 So. Main St.
Los Angeles 37, Calif.
B CH Spar

LINCOLN MARKET
4809 Wall St.
Los Angeles 11, Calif.
C Spar

VETERAN'S MARKET
4403 So. Main St.
Los Angeles 37, Calif.
B Spar

MAIN FOOD CENTER
4331 So. Main St.
Los Angeles 37, Calif.
C

JIM'S MARKET
4221 So. Main St.
Los Angeles 37, Calif.
C Spar

NANCY'S MARKET
4177 So. Main St.
Los Angeles 37, Calif.
C

SAM'S MARKET
120 E. Santa Barbara Ave.
Los Angeles 11, Calif.
B Spar

AVENUE FOODS
3865 Woodlawn Ave.
Los Angeles 11, Calif.
C Spar

FOLB'S MARKET
160 E. Santa Barbara Ave.
Los Angeles 11, Calif.
B Spar

BARGAIN SPOT MARKET
203 E. Santa Barbara Ave.
Los Angeles 11, Calif.
C

RIVERO'S GROCERY
3825 Mettler St.
Los Angeles 11, Calif.
C

NEW SAN PEDRO MARKET
3603 So. San Pedro St.
Los Angeles 3, Calif.
C

ADAIR MARKET
3600 E. Adair St.
Los Angeles 11, Calif.
C

TRINITY CASH MARKET
416 E. 36th St.
Los Angeles 11, Calif.
C

NEW TRINITY MARKET
501 E. Jefferson Blvd.
Los Angeles 11, Calif.
C Spar

MITCHELL'S MARKET
186 E. Jefferson Blvd.
Los Angeles 11, Calif.
C Mar

SMITH & SON MARKET
3431 So. Maple Ave.
Los Angeles 11, Calif.
C Mar

MAPLE FOOD MARKET
3621 So. Maple Ave.
Los Angeles 11, Calif.
C Spar

BUDDY MARKET
301 E. 37th St.
Los Angeles 11, Calif.
C Spar

HAPPY FAMILY MARKET
244 E. 37th St.
Los Angeles 11, Calif.
C Spar

LIM'S MARKET
3772 Wall St.
Los Angeles 11, Calif.
C

LOUIS MARKET
3801 So. Main St.
Los Angeles 37, Calif.
C Spar

MEJIA GROCERY
400 E. 41st St.
Los Angeles 11, Calif.
C

BURT'S MARKET
4101 So. San Pedro St.
Los Angeles 11, Calif.
C

A. & J. MARKET
4230 So. San Pedro Pl.
Los Angeles 11, Calif.
C Spar

KANEKO MARKET
4128 So. Wall St.
Los Angeles 11, Calif.
C

FOOD KING MARKET
4312 So. Wall St.
Los Angeles 11, Calif.
A Spar

VENTRESS MARKET
200 E. Vernon Ave.
Los Angeles 11, Calif.
B

HARRY'S MARKET
270 E. Vernon Ave.
Los Angeles 11, Calif.
C Spar

FILES NEIGHBORHOOD MARKET
4800 So. San Pedro St.
Los Angeles 11, Calif.
B Spar

HOEY'S MARKET
243 E. 53rd St.
Los Angeles 11, Calif.
C Spar

EDWARD'S MARKET
305 E. 53rd St.
Los Angeles 11, Calif.
C

HERMAN'S MARKET
5505 So. San Pedro St.
Los Angeles 11, Calif.
B Cert

SUPREME MARKET
5600 So. San Pedro St.
Los Angeles 11, Calif.
C

LEE'S MARKET
5400 Avalon Blvd.
Los Angeles 11, Calif.
C Mar

B. & B. MARKET
785 E. 54th St.
Los Angeles 11, Calif.
C CH Mar

P. & B. MARKET
5224 Avalon Blvd.
Los Angeles 11, Calif.
B Spar

QUAN MARKET
5114 Avalon Blvd.
Los Angeles 11, Calif.
C Spar

BUDDHA MARKET
4801 Avalon Blvd.
Los Angeles 11, Calif.
A Cert

ALLEN'S GROCERY
4609 So. McKinley Ave.
Los Angeles 11, Calif.
C

N. B. MARKET
835 E. Vernon Ave.
Los Angeles 11, Calif.
C Spar

J. S. MARKET
4610 Avalon Blvd.
Los Angeles 11, Calif.
C

DUKE'S DELICATESSEN
4406 So. Avalon Blvd.
Los Angeles 11, Calif.
C CH Spar

LOUISIANA A & V MARKET
4375 Avalon Blvd.
Los Angeles 11, Calif.
C Cert

GREAT AVALON MARKET
4368 Avalon Blvd.
Los Angeles 11, Calif.
A Cert Mar

ALOHA MARKET
4307 Avalon Blvd.
Los Angeles 11, Calif.
B Cert

McKINLEY MARKET
821 E. 42nd St.
Los Angeles 11, Calif.
C

DUBKIN FOOD MARKET
820 E. 41st Pl.
Los Angeles 11, Calif.
C Spar

PHELPS MARKET
943 E. 41st St.
Los Angeles 11, Calif.
C

SANTA BARBARA MARKET
859 E. Santa Barbara Ave.
Los Angeles 11, Calif.
C

MANILA MARKET
672 E. 38th St.
Los Angeles 11, Calif.
C

HATEM'S MARKET
842 E. Jefferson Blvd.
Los Angeles 11, Calif.
C

LOUIE'S MARKET
908 E. Jefferson Blvd.
Los Angeles 11, Calif.
C Spar

LIBERTY MARKET
4064 So. Central Ave.
Los Angeles 11, Calif.
C

BAILEY'S MARKET
4163 So. Central Ave.
Los Angeles 11, Calif.
C

CIVIC MEAT CO.
4308 So. Central Ave.
Los Angeles 11, Calif.
C Spar

SUPER RANCH MARKET
4819 So. Central Ave.
Los Angeles 11, Calif.
A Cert Spar

KWAN'S MARKET
856 E. 51st St.
Los Angeles 11, Calif.
C Spar

ROY'S GROCERY
5114 So. Central Ave.
Los Angeles 11, Calif.

FOOD SPECIALTIES
5107 So. Central Ave.
Los Angeles 11, Calif.

AL'S SAVOY MARKET
5269 So. Central Ave.
Los Angeles 11, Calif.

RITE-ONE MARKET
5303 So. Central Ave.
Los Angeles 11, Calif.

C & W. MARKET
1300 E. 58th Dr.
Los Angeles 1, Calif.

PERA'S MARKET
5625 So. Hooper Ave.
Los Angeles 11, Calif.

BALDERRAMA MARKET
1284 E. 56th St.
Los Angeles 11, Calif.

GOOD DEAL MARKET
5528 So. Hooper Ave.
Los Angeles 11, Calif.

55TH ST. MARKET
5426 So. Hooper Ave.
Los Angeles 11, Calif.

TYLER'S GROCERY
5201 So. Hooper Ave.
Los Angeles 11, Calif.

A & H. MARKET
4925 So. Hooper Ave.
Los Angeles 11, Calif.

J. & C. MARKET
4810 So. Hooper Ave.
Los Angeles 11, Calif.

DICK'S MARKET
4715 So. Hooper Ave.
Los Angeles 11, Calif.

WILLIAM'S GROCERY
4501 So. Hooper Ave.
Los Angeles 11, Calif.

VERNON HOOPER
1301 E. Vernon Ave.
Los Angeles 11, Calif.

NEIGHBORHOOD MARKET
4225 So. Hooper Ave.
Los Angeles 11, Calif.

BEST-BUY MARKET
4122 So. Hooper Ave.
Los Angeles 11, Calif.

SAM'S MARKET
3323 So. Hooper Ave.
Los Angeles 11, Calif.

RAINBOW MARKET
2701 So. Hooper Ave.
Los Angeles 11, Calif.

G. M. MARKET
2700 So. Hooper Ave.
Los Angeles 11, Calif.

HAYASE MARKET
1449 E. Adams Blvd.
Los Angeles 11, Calif.

S MARKET
Adams Blvd.
geles 11, Calif.
C

Y MARKET
Compton Ave.
geles 11, Calif.
C Spar

MARKET
cot Ave.
geles 11, Calif.
C Spar

'S MARKET
cot Ave.
geles 11, Calif.
C Spar Mar

N MARKET
Vernon Ave.
geles 11, Calif.
B Spar

WOOD MARKET
Vernon Ave.
geles 11, Calif.
C

S GROCERY
Vernon Ave.
geles 11, Calif.
C

MARKET
46th St.
les 11, Calif.
C

ARKET
cot Ave.
les 11, Calif.
C Spar

'S MARKET
ot Ave.
les 11, Calif.
C

MARKET
50th St.
les 11, Calif.
C

ARKET
ot Ave.
es 11, Calif.
C Spar

ARKET
51st St.
es 11, Calif.
C Spar

ROCERY
ot Ave.
es 11, Calif.
C Spar

MARKET
pton Ave.
s 11, Calif.
C

E MARKET
pton Ave.
s 11, Calif.
C Spar

ARKET
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s 11, Calif.
C Spar

ARKET
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s 11, Calif.
B Spar

ARKET
ton Ave.
s 11, Calif.
C

MARKET
ton Ave.
s 11, Calif.
C Spar

ARKET
rnon Ave.
s 11, Calif.
C

ACME MARKET
1610 E. Vernon Ave.
Los Angeles 11, Calif.
C Spar

DOLL'S MARKET
1637 E. Vernon Ave.
Los Angeles 11, Calif.
C

VERNON FOOD MART
1663 E. Vernon Ave.
Los Angeles 11, Calif.
C Spar

DAWSON'S MARKET
4351 Compton Ave.
Los Angeles 11, Calif.
C

COMPTON MARKET
4187 Compton Ave.
Los Angeles 11, Calif.
C Spar

WILLIAMS MARKET
4164 Compton Ave.
Los Angeles 11, Calif.
C

FRANK'S MARK..T
1478 E. 41st St.
Los Angeles 11, Calif.
B Spar

CHAPPY'S FOOD MART
1632 E. 33rd St.
Los Angeles 11, Calif.
C

C & C FOOD MARKET
2541 Long Beach Ave.
Los Angeles 58, Calif.
C

JACK'S HANDY MART
1693 E. Santa Barbara Ave.
Los Angeles 11, Calif.
C Spar

C. & S. MARKET
1683 E. 41st St.
Los Angeles 11, Calif.
C Spar

CHARLIE'S MARKET
1745 E. 41st St.
Los Angeles 58, Calif.
C Spar

FREGOSO MARKET
4219 Alameda St.
Los Angeles 58, Calif.
C Spar

JIMMIE'S MARKET
4165 Long Beach Ave.
Los Angeles 58, Calif.
B

MINIFEE MARKET
4329 Long Beach Ave.
Los Angeles 58, Calif.
C

MEXICO MARKET
1719 E. Vernon Ave.
Los Angeles 58, Calif.
C Spar

KAY'S MARKET
4851 Long Beach Ave.
Los Angeles 58, Calif.
C Spar

D. & B. MARKET
5119 Long Beach Ave.
Los Angeles 58, Calif.
B Cert

CITIZEN'S MARKET
5501 Long Beach Ave.
Los Angeles 58, Calif.
C Spar

HARRY'S MARKET
5555 Morgan Ave.
Los Angeles 11, Calif.
C Spar

PIERCE'S MARKET
1714 E. 55th St.
Los Angeles 58, Calif.
B Spar OEm

A & D MARKET
5501 Holmes Ave.
Los Angeles 58, Calif.
A

ALVAREZ MARKET
5553 Holmes Ave.
Los Angeles 58, Calif.
C

FRANK'S MARKET
5827 So. Compton Ave.
Los Angeles 1, Calif.
S CH Spar OEm

EVERYBODY'S MARKET
5897 So. Compton Ave
Los Angeles 1, Calif.
C Spar

FOOD MARKET
6115 So. Compton Ave.
Los Angeles 1, Calif.
C

ROSABEE MARKET
5959 So. Hooper Ave.
Los Angeles 1, Calif.
S Cert OEm

SANG-LUNG MARKET
6009 So. Hooper Ave.
Los Angeles 1, Calif.
C

HARRY'S FOOD MART
1234 E. 64th St.
Los Angeles 1, Calif.
C Spar

GENTRY MARKET
6511 So. Compton Ave.
Los Angeles 1, Calif.
B Spar

PHIL'S GROCERY
6725 So. Compton Ave.
Los Angeles 1, Calif.
C

DOUG'S MARKET
6738 Compton Ave.
Los Angeles 1, Calif.
C Spar

HEE'S MARKET
7258 E. 68th St.
Los Angeles 1, Calif.
C Spar

BEST BUY SUPER MARKET
1526 E. Florence Ave.
Los Angeles 1, Calif.
S CH Cert

IMPORTED GROCERY
7319 So. Compton Ave.
Los Angeles 1, Calif.
C

CRAWLEY'S MARKET
7315 So. Parmalee Ave.
Los Angeles 1, Calif.
C

BUY-RITE MARKET
1436 E. Florence Ave.
Los Angeles 1, Calif.
S Cert

FINES FOOD CENTER
1300 E. Florence Ave.
Los Angeles 1, Calif.
S CH Cert OEm

LARA'S MARKET
7414 So. Hooper Ave.
Los Angeles 1, Calif.
C Mar

LOUIE'S MARKET
7752 So. Compton Ave.
Los Angeles 1, Calif.
B Spar

JOE'S FOOD MARKET
1262 E. 77th Pl.
Los Angeles 1, Calif.
C

SONNY'S MARKET
1245 Nadeau St.
Los Angeles 1, Calif.
C

HOOPER MARKET
8301 So. Hooper Ave.
Los Angeles 1, Calif.
B Cert

WONG'S MARKET
8851 So. Hooper Ave.
Los Angeles 2, Calif.
C Spar

RIGA'S MARKET
1300 E. 89th St.
Los Angeles 2, Calif.
C

A. & D. MARKET
1260 E. 92nd St.
Los Angeles 2, Calif.
C

EDDIE'S MARKET
9802 Success Ave.
Los Angeles 2, Calif.
C

BRYANT'S MARKET
9011 So. Compton Ave
Los Angeles 2, Calif.
C

HARRY'S MARKET
8751 So. Compton Ave.
Los Angeles 2, Calif.
B Cert

HOFFMAN'S MARKET
8750 So. Compton Ave.
Los Angeles 2, Calif.
A CH

M. & I. MARKET
8305 So. Compton Ave.
Los Angeles 1, Calif.
C

MITCHELL'S MARKET
1644 E. 83rd St.
Los Angeles 1, Calif.
C

GAM'S MARKET
1838 E. 83rd St.
Los Angeles 1, Calif.
C Spar

DEL'S GROCERY
8128 Bell Ave.
Los Angeles 1, Calif.
C

FIRESTONE MEATS & GROC.
1460 Firestone Blvd.
Los Angeles 1, Calif.
C Spar

WALDER'S MARKET
1768 E. Firestone Blvd.
Los Angeles 1, Calif.
A Cert Mar

FIR MARKET
8741 Fir Ave.
Los Angeles 2, Calif.
C Spar

LOU'S MARKET
8737 Bandera St.
Los Angeles 2, Calif.
C

MIYA'S MARKET
8823 Elm St.
Los Angeles 2, Calif.
C

92ND ST. MARKET
1731 E. 92nd St.
Los Angeles 2, Calif.
B Mar

CARTER'S MARKET
1734 E. 92nd St.
Los Angeles 2, Calif.
C

MILLER'S GROCERY
1755 E. 92nd St.
Los Angeles 2, Calif.
C

H. & G. MARKET
2112 E. 92nd St.
Los Angeles 2, Calif.
C

FLO'S MARKET
2168 E. 92nd St.
Los Angeles 2, Calif.
C

BEN'S MARKET
2162 E. 95th St.
Los Angeles 2, Calif.
C Spar

KALMIA MARKET
9409 Kalmia St.
Los Angeles 2, Calif.
C Spar

MENDOSA GROCERY
9512 Laurel St.
Los Angeles 2, Calif.
C

MUN'S MARKET
8741 Hickory St.
Los Angeles 2, Calif.
C

JERRY'S MARKET
8300 Grape St.
Los Angeles 1, Calif.
C Spar

DICK'S MARKET
8103 Alla Ave.
Los Angeles 1, Calif.
C

FOOD KING MARKET
1876 Nadeau St.
Los Angeles 1, Calif.
B OEm

BELLOMO MARKET
1955 Nadeau St.
Los Angeles 1, Calif.
C

LEO'S MARKET
2059 Nadeau St.
Los Angeles 1, Calif.
C

C. & G. SUPER MARKET
2124 Nadeau St.
Los Angeles 1, Calif.
B Spar

RIVERA GROCERY
8131 Santa Fe Ave
Huntington Park, Calif.
C

BARRETT'S MARKET
8506 Santa Fe Ave.
Huntington Park, Calif.
C Spar

LEOTA MARKET
7803 Santa Fe Ave.
Huntington Park, Calif.
A Spar

WHITESIDE MARKET
1950 E. 76th Pl.
Los Angeles 1, Calif.
C

WALNUT GROCERY
7650 Walnut Drive
Los Angeles 1, Calif.
C

POLITO'S MARKET
7411 Crockett Blvd.
Los Angeles 1, Calif.
C Spar

HELEN'S MARKET
1934 E. Florence Ave.
Los Angeles 1, Calif.
C

ROY'S MARKET
1757 E. Florence Ave.
Los Angeles 1, Calif.
C Spar

BIDE-A-WEE GROCERY
6618 Holmes Ave.
Los Angeles 1, Calif.
C

H. & K. MARKET
6600 Holmes Ave.
Los Angeles 1, Calif.
C Spar

IDO'S MARKET
6525 Holmes Ave.
Los Angeles 1, Calif.
B Spar

MONTY'S NEW MARKET
6411 Holmes Ave.
Los Angeles 1, Calif.
C

TIME OUT MARKET
6363 Holmes Ave.
Los Angeles 1, Calif.

CORNER GROCERY
1630 E. Gage Ave.
Los Angeles 1, Calif.

DELGADO GROCERY
1659 E. 68th St.
Los Angeles 1, Calif.

RITE WAY MARKET
6224 Holmes Ave.
Los Angeles 1, Calif.

ROBBINS MARKET
6126 Holmes Ave.
Los Angeles 1, Calif.

NU-WAY MARKET
6009 Holmes Ave.
Los Angeles 1, Calif.

JOSE'S MARKET
2204 Randolph St.
Huntington Park, Calif.

HARRY'S MARKET
6204 Santa Fe Ave.
Huntington Park, Calif.

AL'S MARKET
5978 Santa Fe Ave.
Huntington Park, Calif.

FIMBRES MARKET
2447 E. 53rd St.
Los Angeles 11, Calif.

NEW PACIFIC MARKET
5227 Pacific Blvd.
Huntington Park, Calif.

SPARTAN FOOD MART
5512 Pacific Blvd.
Huntington Park, Calif.

WILLIAMS MARKET
5526 Pacific Blvd.
Huntington Park, Calif.

SIMON'S MARKET
2662 E. Slauson Ave.
Huntington Park, Calif.

CITY FOOD MART
6054 Pacific Blvd.
Huntington Park, Calif.

TONY'S MARKET
2806 Belgrave Ave.
Huntington Park, Calif.

FOSTER'S MARKET
3073 Randolph St.
Huntington Park, Calif.

FOSTER'S MARKET
2908 Randolph St.
Huntington Park, Calif.

COCHRANE'S MARKET
3058 Randolph St.
Huntington Park, Calif.

CHAVER'S MARKET
3224 E. Gage Ave.
Huntington Park, Calif.

GAGE MARKET
3114 E. Gage Ave.
Huntington Park, Calif.

...D'S MARKET
...E Gage Ave
...Park, Calif.
A CH Cert OEm

...CATESSEN & LIQUOR
...E Gage Ave
...ington Park, Calif.
C Spar

...'S MARKET
...E Gage Ave
...ington Park, Calif.
C

...RANCHO MARKET
...E Gage Ave
...ington Park, Calif.
S CH Cert OEm

...ELL'S MARKET
...E Gage Ave
...ington Park, Calif.
C

...ITE MARKET
...Santa Fe Ave
...ington Park, Calif.
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...TA FE MARKET
...Santa Fe Ave
...ington Park, Calif.
C

... MARKET
...E. Florence Ave.
...ington Park, Calif.
A Cert

...RSON'S MARKET
...E. Florence Ave.
...ington Park, Calif.
S Cert

...HS MARKET
...Rita Ave
...ington Park, Calif.
S CH
C

...Y MART
...Saturn St.
...ington Park, Calif.
C

...N'S MARKET
...Saturn St.
...ington Park, Calif.
C

...IN'S MARKET
...E. Florence Ave.
...ington Park, Calif.
C

...LD'S BETTER FOODS MKT.
...E. Florence Ave.
...ington Park, Calif.
A Spar Mar

...MART
...State St.
...ington Park, Calif.
A Cert

...ST MARKET
...California Ave
...ington Park, Calif.
B Spar

...N STAR MARKET
...California Ave
...ington Park, Calif.
C Spar

...R FRED'S MARKET
...E. Florence Ave
...alif.
S Cert Mar

...LAKE MARKET
...ver Oak St.
...alif.
C Spar

...S MARKET
...ght Lake Ave
...alif.
C Spar

...R GROCERY
...ell Ave.
...alif.
C

RUSSELL'S MARKET
3910 E. Florence Ave.
Bell, Calif.
C

FLORENCE RANCH MARKET
4200 E. Florence Ave.
Bell, Calif.
C

BEDNARSKI MARKET
7601 Otis Ave
Bell, Calif.
C

NIETO MARKET
7700 Otis Ave.
Bell, Calif.
C

RAINBOW MARKET
8301 Atlantic Ave.
Bell, Calif.
C

A & B MARKET
8110 Atlantic Ave.
Bell, Calif.
C Spar

PARROTT'S MARKET
7806 So. Atlantic Ave.
Bell, Calif.
C

MARKET
7501 Atlantic Ave.
Bell, Calif.
B

CLARA MARKET
4804 Clara St.
Bell, Calif.
C Spar

EWING'S GROCERY
4950 Clara St.
Bell, Calif.
C

WILCOX MARKET
7334 Wilcox Ave.
Bell, Calif.
C Mar

PANICACCI DELICATESSEN
4741 E. Florence Ave.
Bell, Calif.
C Spar

SAM'S MARKET
5026 E. Florence Ave.
Bell, Calif.
C Spar

STOP & SHOP MARKET
5209 E. Florence Ave.
Bell, Calif.
A OEm

FOODLAND MARKET
6932 Eastern Ave.
Bell, Calif.
S Mar OEM

BELL GARDENS FOOD CENTER
5701 E. Florence Ave.
Bell, Calif.
S Cert Mar OEm

JOE'S MARKET
7529 So. Eastern Ave.
Bell, Calif.
B Spar

DOYLE'S MARKET
7829 So. Eastern Ave.
Bell, Calif.
C

RAY'S MARKET
8044 So. Eastern Ave.
Bell, Calif.
C

BARGAIN SPOT MARKET
8100 So. Eastern Ave.
Bell, Calif.
B Spar

EASTERN MARKET
8224 Eastern Ave.
Bell, Calif.
C Spar

GARFIELD FOOD MART
8045 Garfield Ave
Bell, Calif.
B Cert

MARCO MARKET
6325 Clara St.
Bell, Calif.
C Mar

YOUNG COMPANION MARKET
5972 Clara St.
Bell, Calif.
B Cert

BOB'S MARKET
6045 E. Florence Ave
Bell, Calif.
C

JOLLY MARKET
6600 E. Florence Ave
Bell, Calif.
C Spar Mar

MARK'S GROCERY
6834 Live Oak St.
Bell, Calif.
C

JOE'S MARKET
7129 Perry Road
Bell, Calif.
B

BONHAM MARKET
6481 Foster Bridge Blvd.
Bell, Calif.
C Spar

WILCH BROS. MARKET
6702 Foster Bridge Blvd.
Bell, Calif.
B OEm

CURLEY'S MARKET
7158 E. Gage Ave.
Bell, Calif.
C

REPPERT'S MARKET
6923 E. Gage Ave.
Bell, Calif.
C

ITAL. AMERICAN MARKET
6731 E. Gage Ave.
Bell, Calif.
C

GAGE LIQ & GROCERY
6700 E. Gage Ave.
Bell, Calif.
C Spar

SWOFFORD'S MARKET
6626 E. Gage Ave.
Bell, Calif.
C

MERRY-MART
6301 E. Gage Ave.
Bell, Calif.
B

THOMPSON'S GROCERY
6000 E. Gage Ave
Bell, Calif.
C

GAGE AVE. MARKET
5956 E. Gage Ave.
Bell, Calif.
B Cert

TANI'S MARKET
6505 Purdy Ave.
Bell, Calif.
C Cert

VIC'S MARKET
5822 E. Gage Ave.
Bell, Calif.
C

LUCKY MARKET
6416 Eastern Ave.
Bell, Calif.
C

DIXIE FARMS
5605 Gage Ave.
Bell, Calif.
B

WHITE'S MARKET
6254 Home Ave.
Bell, Calif.
C

BILL'S GROCERY
5075 Randolph St.
Maywood, Calif.
C

THOMPSON'S FOOD SHOP
5000 E. 59th Pl.
Maywood, Calif.
C

FREEDMAN'S HELIOTROPE MKT
6033 Heliotrope Ave.
Maywood, Calif.
B

J. & M. MARKET
6155 Heliotrope Ave.
Maywood, Calif.
B Spar

JIMMIE'S RANCH MARKET
5120 E. Gage Ave.
Bell, Calif.
B Cert

ARVO'S MARKET
5003 E. Gage Ave.
Bell, Calif.
S CH Cert

K. & K. MARKET
4823 E. Gage Ave.
Bell, Calif.
B Cert

THE LITTLE MARKET
4634 E. Gage Ave.
Bell, Calif.
C Spar

VON'S MARKET
6607 Atlantic Ave.
Bell, Calif.
S CH Cert

LUCKY STORES
6801 Atlantic Ave.
Bell, Calif.
S CH Cert

McDANIEL'S SHOP 'N SAVE
6135 Atlantic Blvd.
Maywood, Calif.
S CH Cert OEm

IDEAL FOOD MARKET
4131 E. Gage Ave.
Bell, Calif.
B Cert

JEPSON MARKET
4016 E. Gage Ave.
Bell, Calif.
A

AFTON MARKET
3718 E. Gage Ave
Bell, Calif.
C Spar

G. & C. MARKET
3550 E. Gage Ave.
Bell, Calif.
C Spar

JONES GROCERY
6122 Loma Vista Ave.
Huntington Park, Calif.
C

BURKES MARKET
6074 Maywood Ave.
Huntington Park, Calif.
C

DISCHNER'S MARKET
6025 Maywood Ave.
Huntington Park, Calif.
C Spar

J. & J. MARKET
3516 E. Slauson Ave.
Maywood, Calif.
B Cert

LEE'S MARKET
5720 Maywood Ave.
Maywood, Calif.
C

DEE'S GROCERY
5300 Maywood Ave
Maywood, Calif.
C Spar

EVERETT AVE. MARKET
5421 Everett Ave.
Maywood, Calif.
C

GREEN STAR MARKET
3651 E. Slauson Ave.
Maywood, Calif.
B Cert

JULIAN'S FOOD MART
4000 E. Slauson Ave.
Maywood, Calif.
A Spar

GIFFORD AVE. MARKET
6078 Gifford Ave.
Huntington Park, Calif.
C

MAYWOOD FOOD CENTER
4440 E. Slauson Ave.
Maywood, Calif.
A Spar

MAC'S MARKET
5559 Atlantic Blvd.
Maywood, Calif.
A Cert

HILDEBRAND'S MARKET
4045 E. 52nd St.
Maywood, Calif.
B Cert

REYES MARKET
4615 E. Washington Blvd.
Los Angeles 22, Calif.
C

M. & M. MARKET
5905 E. Washington Blvd.
Los Angeles 22, Calif.
C Spar

BANDINI MARKET
2311 Atlantic Blvd.
Los Angeles 22, Calif.
C Cert

A & M MARKET
2101 Atlantic Blvd.
Los Angeles 22, Calif.
C

MILLER'S OLYMPIC MARKET
6022 E. Olympic Blvd.
Los Angeles 22, Calif.
B

VIC'S MARKET
6077 E. Olympic Blvd.
Los Angeles 22, Calif.
B

McKEON BROS. MARKET
6022 Whittier Blvd
Los Angeles 22, Calif.
S Cert

FOOD GIANT MARKET
5646 E. Whittier Blvd
Los Angeles 22, Calif
S CH Cert

VITO'S DELICATESSEN
5711 E. Beverly Blvd.
Los Angeles 22, Calif.
C Spar

JOE'S MARKET
5481 E. Beverly Blvd.
Los Angeles 22, Calif.
C

MONTE VISTA MARKET
3500 Beverly Blvd.
Montebello, Calif.
A

FOOD SHOP
3205 W. Pomona Blvd.
Montebello, Calif.
A Cert

MARKET BASKET
2821 W. Pomona Blvd.
Montebello, Calif.
S CH

RICHARD'S MARKET
2421 So. Garfield Ave.
Monterey Park, Calif.
C

FOOD CITY
2305 So. Garfield Ave
Monterey Park, Calif.
A Cert OEm

GATEWAY MARKET
2524 W. Beverly Blvd
Montebello, Calif.
S CH Cert OEm

PATTERSON'S MARKET
2325 W. Beverly Blvd.
Montebello, Calif.
C

HANDY MART
6127 Whittier Blvd.
Los Angeles 22, Calif.
C Spar Mar

KIRST'S CASH MARKET
6319 Whittier Blvd.
Los Angeles 22, Calif.
C

JULIE'S DELICATESSEN
6434 Whittier Blvd.
Los Angeles 22, Calif.
C

LAURICELLA BROS. GROCERY
6568 Whittier Blvd.
Los Angeles 22, Calif.
B Spar

GARFIELD MARKET
6570 E. Olympic Blvd.
Los Angeles 22, Calif.
B Cert

JIM'S FINE FOODS
1721 W. Whittier Blvd.
Montebello, Calif.
A CH OEm

NICK'S FOOD MART
1100 W. Olympic Blvd.
Montebello, Calif.
B Cert

LEE'S MARKET
932 Mines Ave.
Montebello, Calif.
C Spar

N. & K. MARKET
1201 So. Greenwood Ave.
Montebello, Calif.
B Spar

JACK'S MARKET
1200 So. Greenwood Ave.
Montebello, Calif.
B Cert

GREENWOOD MARKET
1445 Greenwood Ave.
Montebello, Calif.
C

TOWER MARKET
1400 Whittier Blvd.
Montebello, Calif.
A OEm

SHOPPING BAG
1121 Whittier Blvd.
Montebello, Calif.
S CH Cert

CRAWFORD'S MARKET
800 Whittier Blvd.
Montebello, Calif.
S CH Cert

SOUTH SIDE MARKET
600 So. Montebello Blvd.
Montebello, Calif.
C Spar

BIG JAY'S MARKET
420 No. Poplar Ave.
Montebello, Calif.
C

BALCOM'S MARKET
600 No. Poplar Ave.
Montebello, Calif.
B OEm

AL'S MARKET
100 W. Beverly Blvd
Montebello, Calif.
C Spar

FRUMENTO'S MARKET
214 Beverly Blvd.
Montebello, Calif.
C

...'S MARKET
...hittier Blvd
...llo, Calif.
C Spar

...MARKET
... Whittier Blvd.
...llo, Calif.
B Cert

...GHWAY MARKET
... Whittier Blvd.
...era, Calif
B Cert

...'S MARKET
... Beverly Rd
...llo, Calif
C

...Z MARKET
...xington Rd.
...era, Calif
C

...LE GROCERY
... Rosemead Blvd
...era, Calif
C

...ORMA MARKET
... Rosemead Blvd.
...era, Calif
C

...EAD MARKET
... Rosemead Blvd.
...era, Calif
C

...Y'S MARKET
... Durfee Ave
...era, Calif
B

...'S MARKET
... Durfee Ave
...era, Calif
B Cert OEm

...NG BAG MARKET
... Whittier Blvd
...era, Calif
S CH Cert

... MARKET
... Whittier Blvd.
...era, Calif.
A

...T MARKET
... Whittier Blvd.
...era, Calif.
B Cert

...NOMIA MARKET
... Whittier Blvd
..., Calif.
C

...ES MARKET
...neer Blvd.
... Calif.
C

...IGOS MARKET
...neer Blvd
... Calif.
C

...GRESO MARKET
...neer Blvd.
... Calif.
C

...WHITTIER MKT.
... Whittier Blvd.
... Calif.
B OEm

... MARKET
...verly Blvd.
... Calif.
S CH OEm

...R MARKET
... Whittier Blvd.
... Calif.
S CH Cert OEm

...R MARKET
... Whittier Blvd.
... Calif.
S

BOX MARKET
11524 E. Whittier Blvd
Whittier, Calif.
S Cert

WARD'S MARKET
824 W. Hadley St.
Whittier, Calif.
C

BEVERLY MARKET
511 W. Beverly Blvd.
Whittier, Calif.
B

BROADWAY MARKET
501 No. Pickering Ave.
Whittier, Calif.
C

HAZLITT'S MARKET
245 No. Greenleaf Ave.
Whittier, Calif.
C Spar

RALPHS MARKET
202 W. Philadelphia St.
Whittier, Calif.
S CH

ORCUTT'S MARKET
424 E. Philadelphia St.
Whittier, Calif.
A Spar

PAT & ANN'S GROCERY
247 So. Painter Ave
Whittier, Calif.
C

M & M MARKET
312 So. Painter Ave
Whittier, Calif.
C Cert

PERKINS MARKET
111 E. Penn St.
Whittier, Calif.
C

WEST PENN MARKET
415 W. Penn St.
Whittier, Calif.
B OEm

R & H. MARKET
448 So. Greenleaf Ave.
Whittier, Calif.
C

SUNDOWN FARMS
814 W. Washington Blvd
Whittier, Calif
B OEm

SHERMAN'S MARKET
501 So. Painter Ave.
Whittier, Calif.
C Spar

HAROLD'S MARKET
12612 Lambert Rd.
Whittier, Calif.
C Spar

TRADING POST
8843 Santa Fe Springs Rd
Whittier, Calif.
C

MARK'S MARKET
8831 So. Greenleaf Ave.
Whittier, Calif.
C

MARKET BASKET
401 E. Whittier Blvd.
Whittier, Calif.
S CH

SHOPPING BAG MARKET
1163 Quadway
Whittier, Calif.
S CH Cert

ESKO MARKET
14124 E. Lambert Rd.
Whittier, Calif.
S CH Cert

STATER BROS. MARKET
14212 Mines Ave.
Whittier, Calif.
S CH OEm

ALPHA BETA MARKET
15025 E. Whittier Blvd.
Whittier, Calif.
S CH Cert

COLIMA FOOD CENTER
10207 Colima Rd.
Whittier, Calif.
A CH Cert Mar OEm

THRIFTIMART MARKET
15801 E. Whittier Blvd
Whittier, Calif.
S CH Cert

VON'S MARKET
15740 Whittwood Lane
Whittier, Calif.
S CH Cert

VILLAGE MART
16509 Leffingwell Rd.
Whittier, Calif
C Mar

ESKO MARKET
15721 Leffingwell Rd.
La Mirada, Calif.
S CH Cert

THRIFTIMART
14540 Leffingwell Rd.
Whittier, Calif
S CH Cert

McDANIELS MARKET
13942 Imperial Hwy.
La Mirada, Calif
S CH Cert OEm

VALLEY VIEW FOOD
11809 Valley View Ave.
Santa Fe Springs District
Whittier, Calif.
C Spar

ALPHA BETA MARKET
13451 Telegraph Rd.
Santa Fe Springs Dist.
Whittier, Calif.
S CH Cert

TELEGRAPH MARKET
13428 Telegraph Rd.
Santa Fe Springs District
Whittier, Calif.
C

BOB'S MARKET
11605 So. Carmenita Rd.
Santa Fe Springs District
Whittier, Calif.
A Cert

KELTNER MARKET
13033 Beaty Ave.
Santa Fe Springs District
Norwalk, Calif.
C

JIM'S MARKET
13335 Telegraph Rd.
Santa Fe Springs District
Whittier, Calif.
A CH OEm

MARKET BASKET
11550 Telegraph Rd.
Santa Fe Springs District
Norwalk, Calif
S CH

DANIELS MARKET
11425 Telegraph Rd.
Santa Fe Springs District
Whittier, Calif
C Spar

MAYFAIR MARKET
10821 So. Orr & Day Rd.
Norwalk, Calif.
S CH Cert

LUCKY MARKET
9135 Norwalk Blvd.
Los Nietos, Calif.
B Spar

LINCOLN MARKET
9102 Danby Ave.
Whittier, Calif.
C

LOS NIETOS MARKET
8703 Norwalk Blvd.
Los Nietos, Calif.
A Cert

DAVEY'S MARKET
11841 E. Washington Blvd
Whittier, Calif.
C

KING COLE MARKET
11203 E. Washington Blvd
Whittier, Calif
S CH Cert

FOOD GIANT
11161 E. Washington Blvd.
Whittier, Calif.
S CH Cert

SHOPPING BAG MARKET
9406 Washington Blvd.
Pico Rivera, Calif
S CH Cert

MISSION MARKET
7800 So. Rosemead Blvd.
Pico Rivera, Calif
C Spar

RIVERA MARKET
7712 Serapis Ave
Pico Rivera, Calif
C Spar

YOUR MARKET
9150 E. Telegraph Rd.
Downey, Calif.
A Cert

DOWNEY DIXIE FARMS
8449 Telegraph Rd.
Rivera, Calif.
A CH OEm

VON'S MARKET
10001 Paramount Blvd.
Downey, Calif.
S CH Cert

DON'S MARKET
10038 Paramount Blvd
Downey, Calif.
A Mar

SAL'S MARKET
10224 Paramount Blvd.
Downey, Calif.
C

ALPHA BETA MARKET
10231 Lakewood Blvd.
Downey, Calif.
S CH Cert

PAUL'S MARKET
11856 Old River School Rd.
Downey, Calif.
C

OLD RIVER MARKET
11861 Old River School Rd.
Downey, Calif.
C Spar

ALPHA BETA MARKET
11916 Paramount Blvd.
Downey, Calif.
S CH Cert

CRAUN'S MARKET
11943 Paramount Blvd.
Downey, Calif.
B Cert

LIBERTY MARKET
12161 Paramount Blvd.
Downey, Calif.
A OEm

FARM & HOME CENTER
7940 E. Imperial Hwy.
Downey, Calif.
S CH Cert

BOB'S MARKET
12850 Paramount Blvd.
Downey, Calif.
C

RANCHO MARKET
13006 Paramount Blvd.
Downey, Calif.
B

WALLY'S MARKET
8402 Donovan St.
Downey, Calif.
B

DRIVE IN MARKET
11010 Paramount Blvd.
Dowley, Calif.
A Cert

HORTON'S MARKET
7515 E. Firestone Blvd.
Downey, Calif.
A Cert

DOWNEY RANCH MARKET
7200 E. Firestone Blvd.
Downey, Calif.
S OEm

ALL-AMERICAN MARKET
7814 E. Firestone Blvd.
Downey, Calif.
S CH OEm

ALL AMERICAN HOME CTR.
8351 E. Firestone Blvd.
Downey, Calif.
B CH OEm

VELASCO STORE
8516 Avon St.
Downey, Calif.
C

RALPHS MARKET
9020 E. Firestone Blvd.
Downey, Calif.
S CH

SHOPPING BAG MARKET
9058 E. Stonewood St.
Downey, Calif.
S CH Cert

K. & K. MARKET
13240 Woodruff Ave.
Downey, Calif.
A Cert

McCOY'S MARKET
13235 Woodruff Ave.
Downey, Calif.
S CH Spar

SIGNAL MARKET
12114 S. Woodruff Ave.
Downey, Calif.
A OEm

DON'S MARKET
9511 E. Firestone Blvd.
Downey, Calif.
A CH Cert

SHOPPERS MARKET
11011 E. Firestone Blvd.
Norwalk, Calif.
S CH Cert Mar

BUSHEL & PECK MARKET
12509 Studebaker Rd.
Norwalk, Calif.
S OEm

ARVO'S MARKET
11364 Imperial Hwy.
Norwalk, Calif.
S CH Cert

ALL-AMERICAN MARKET
11750 E. Firestone Blvd.
Norwalk, Calif.
S CH OEm

IMPERIAL CREST MARKET
11318 Norwalk Blvd.
Norwalk, Calif.
A Cert

AL'S MARKET
13310 San Antonio Dr.
Norwalk, Calif.
A OEm

WONG'S FOOD MARKET
12125 Front St.
Norwalk, Calif.
A CH Spar OEm

PRUITT'S FOOD MARKET
12128 Locust St.
Norwalk, Calif.
C OEm

MAYFAIR MARKET
12832 Rosecrans Ave.
Norwalk, Calif.
S CH Cert

INDEPENDENCE MARKET
13218 Rosecrans Ave.
Norwalk, Calif.
C Spar

MARQUEZ MARKET
13226 Rosecrans Ave.
Norwalk, Calif.
C Spar

SALAZAR MARKET
13306 Rosecrans Ave.
Norwalk, Calif.
C Spar

MARKET BASKET
14014 So. Valley View Ave.
La Mirada, Calif.
S CH

HIRAMS MARKET
15200 Rosecrans Ave.
La Mirada, Calif.
S CH Cert

CARMENITA MARKET
16601 Carmenita Rd.
Norwalk, Calif.
C Spar

JOE'S MARKET
12061 E. 163rd St.
Norwalk, Calif.
C Spar

DORA'S STORE
12061 E. 162nd St.
Norwalk, Calif.
C

CORA'S FOOD MARKET
16109 Norwalk Blvd.
Norwalk, Calif.
C

OLIVAS MARKET
16315 Norwalk Blvd.
Norwalk, Calif.
C

7 D'S MARKET
18017 Norwalk Blvd.
Artesia, Calif.
B Cert

COUNTRY STORE
18613 Norwalk Blvd.
Artesia, Calif.
C

PENNY WISE MARKET
19104 Norwalk Blvd.
Artesia, Calif.
C CH Spar

F & W MARKET
21401 Norwalk Blvd.
Artesia, Calif.
A CH OEm

SUNSHINE MARKET
21505 Norwalk Blvd.
Artesia, Calif.
C CH Spar

WALSH'S FOOD MARKET
22203 Norwalk Blvd.
Artesia, Calif.
B Spar

PLOWBOYS MARKET
11869 E. Carson St.
Artesia, Calif.
B OEm

ROYAL RANCH MARKET
11829 E. Carson St.
Artesia, Calif.
S Cert OEm

ROGER'S MARKET
11605 E. Carson St.
Artesia, Calif.
C Spar

SLOAN'S MARKET
11827 Centralia Rd.
Artesia, Calif.
B Spar

MAYFAIR MARKET
11758 South St.
Artesia, Calif.
S CH Cert OEm

F. & F. MARKET
11651 South St.
Artesia, Calif.
C

VIC'S MARKET
18614 Pioneer Blvd.
Artesia, Calif.
C OEm

ARTESIA PUBLIC MARKET
18601 Pioneer Blvd.
Artesia, Calif.
A Cert

SHORTY'S SHOPPER
11953 183rd St.
Artesia, Calif.
C Spar

ARTESIA FOOD CTR.
12006 183rd St.
Artesia, Calif.
C Spar

SAV-MOR MARKET
17415 Pioneer Blvd.
Artesia, Calif.
C

PIONEER MARKET
17325 Pioneer Blvd.
Artesia, Calif.
A OEm

SUNSHINE MARKET
16915 Pioneer Blvd.
Artesia, Calif.
C CH Spar

PIONEER MARKET
16025 Pioneer Blvd.
Norwalk, Calif
C Mar

PRICE'S SUPERETTE
15802 Pioneer Blvd.
Norwalk, Calif.
B OEm

MARKET BASKET
14029 Pioneer Blvd.
Norwalk, Calif.
S CH

MANOR MARKET
11018 Rosecrans Ave.
Norwalk, Calif.
S CH Cert

ALPHA BETA MARKET
10951 E. Rosecrans Ave.
Norwalk, Calif.
S CH Cert

YOR-WAY MARKET
10237 E. Rosecrans Ave.
Bellflower, Calif.
S CH Cert OEm

LITTLE FARMERS MARKET
10242 E. Rosecrans Ave.
Bellflower, Calif.
C

IOWA PORK SHOP
10040 Rosecrans Ave.
Bellflower, Calif.
S CH Cert OEm

LUCKY STORES
11029 Alondra Blvd.
Norwalk, Calif.
S CH Cert OEm

WEEKS COUNTRY MKT.
10256 Trabuco St.
Bellflower, Calif.
C

MIDWAY MARKET
10257 The Midway
Bellflower, Calif.
C

CECIL'S MARKET
17101 Woodruff Ave.
Bellflower, Calif.
C

HOLLAND-AMERICA MA
10333 Artesia Ave.
Bellflower, Calif.

COLE'S MARKET
5848 No. Woodruff Ave.
Lakewood, Calif.

McCOY'S MARKET
17602 Bellflower Blvd.
Bellflower, Calif.
S CH Spa

GREATER CENTRAL MA
17308 Bellflower Blvd.
Bellflower, Calif.
S C

ALL AMERICAN DELICA
17011 Bellflower Blvd.
Bellflower, Calif.
B

MARKET BASKET
16123 Bellflower Blvd.
Bellflower, Calif.

ADAM'S MARKET
9864 E. Compton Blvd.
Bellflower, Calif.

JOHNNIE'S MARKET
9410 Compton Blvd.
Bellflower, Calif.

ALPHA BETA MARKET
14333 Clark Ave.
Bellflower, Calif.

ED & GRACE'S MARKE
15403 Clark Ave.
Bellflower, Calif.

BERRY'S MARKET
16209 Clark Ave.
Bellflower, Calif.

JOHNNIE'S MARKET
17159 Clark Ave.
Bellflower, Calif.

SPEED'S MARKET
9409 E. Artesia St.
Bellflower, Calif.

SUNFAIR MARKET
17911 Clark Ave.
Bellflower, Calif.

VIRGINIA MARKET
9102 E. Artesia Ave.
Bellflower, Calif.

K & A MARKET
8547 Artesia St.
Bellflower, Calif.

N. R. G. MARKET
16720 Lakewood Blvd.
Bellflower, Calif.

TAYLOR'S MARKET
16509 Lakewood Blvd.
Bellflower, Calif.

BETTER FOOD MARK
16100 Lakewood Blvd.
Bellflower, Calif.

LOWE'S CASH MARKE
8846 Alondra Blvd.
Paramount, Calif.

FOOD DISCOUNT MA
15524 Lakewood Blvd.
Paramount, Calif.

E'S MARKET
Lakewood Blvd.
ount, Calif.
C Mar

MARKET
Imperial Hwy.
y, Calif.
B Mar OEm

ENDALE MARKET
Lakewood Blvd.
y, Calif.
A OEm

NEIGHBOR MARKET
Gardendale St.
y, Calif.
C CH OEm

MARKET
Gardendale St.
ount, Calif.
C

Y-MART
Grove St.
ount, Calif.
B

BELL'S MARKET
Paramount Blvd.
ount, Calif.
C

S BARGAIN CENTER
Paramount Blvd.
ount, Calif.
A Spar

NEIGHBOR MARKET
Downey Ave.
ount, Calif.
C CH OEm

ER BOYS MARKET
Compton Blvd.
ount, Calif.
B Cert Mar

LL MARKET
Compton Blvd.
ount, Calif.
C

EN MARKET
Illinois Ave.
ount, Calif.
C

ART
Compton Blvd.
ount, Calif.
C

MARKET
Paramount Blvd.
ount, Calif.
B

G HOUSE MARKET
Garfield Ave.
ount, Calif.
B

MARKET
Marcelle St.
ount, Calif.
C

SPARKS MARKET
Huntsaker Ave.
ount, Calif.
C

MARKET
Hotz St.
ount, Calif.
C Spar

S MARKET
Colorado Ave.
nt, Calif.
S CH Spar

FOOD CENTER
Paramount Blvd.
nt, Calif.
A

PARAMOUNT GROCERY
6796 Paramount Blvd.
Long Beach 5, Calif.
C

REED'S MARKET
6401 Downey Ave.
Long Beach 5, Calif.
C

[illegible]OLE'S MARKET
3401 Artesia Blvd.
Long Beach 5, Calif.
S CH Cert

CONROY'S MARKET
1338 E. Artesia St.
Long Beach 5, Calif.
B

ARVO'S MARKET
1177 E. Artesia St.
Long Beach 5, Calif.
S CH Cert

ESTES GROCERY
1150 E. Artesia St.
Long Beach 5, Calif.
C

ATLANTIC FARMS
[illegible] Atlantic Ave.
Long Beach 5, Calif.
S Cert Mar

TOMAS MARKET
301 E. Artesia St.
Long Beach 5, Calif.
C Spar

IOWA PORK SHOPS
3010 E. Artesia St.
Compton, Calif.
S CH Cert OEm

O. K. MARKET
6595 Long Beach Blvd.
Long Beach 5, Calif.
A

MYERS MARKET
6477 Long Beach Blvd.
Long Beach 5, Calif.
C

PAUL'S MARKET
6406 Long Beach Blvd.
Long Beach 5, Calif.
C

BILL'S MARKET
5602 Long Beach Blvd.
Long Beach 5, Calif.
C

ELISA'S MARKET
103 E. Ellis St.
Long Beach 5, Calif.
C

YARBROUGH MARKET
5318 Long Beach Blvd.
Long Beach 5, Calif.
A Cert

THRIFTWAY MARKET
5290 Long Beach Blvd.
Long Beach 5, Calif.
A Cert

PAY-N-PAKIT MARKET
287 Platt St.
Long Beach 5, Calif.
C

ANDERSON'S MARKET
5052 Locust Ave.
Long Beach 5, Calif.
C Spar

VON'S MARKET
4480 Atlantic Ave.
Long Beach 7, Calif.
S CH Cert

TOBIN'S DELICATESSEN
4456 California Pl.
Long Beach 7, Calif.
C

KUHL'S MARKET
359 E. 52nd St.
Long Beach 5, Calif.
C

JOLLY JIM MARKET
5190 Atlantic Ave.
Long Beach 5, Calif.
A CH OEm

ZERO-DELL DELICATESSEN
5484 Atlantic Ave.
Long Beach 5, Calif.
C

G & B MARKET
5498 Linden Ave.
Long Beach 5, Calif.
C Spar

IOWA PORK SHOPS
5599 Atlantic Ave.
Long Beach 5, Calif.
S CH Cert OEm

McCOY'S MARKET
5800 Atlantic Ave.
Long Beach 5, Calif.
S CH Spar

COLE'S MARKET
6191 Atlantic Ave.
Long Beach 5, Calif.
S CH Cert

BUTCHER BOY MARKET
301 E. South St.
Long Beach 5, Calif.
B Spar Mar

SEGUIN'S MARKET
5644 Dairy St.
Long Beach 5, Calif.
C

BROWN'S MARKET
301 E. Market St.
Long Beach 5, Calif.
C

LINDBERGH MARKET
1079 E. Market St.
Long Beach 5, Calif.
C

MARKET SQUARE
1160 E. South St.
Long Beach 5, Calif.
S Spar

ORANGE AVE. MARKET
5941 Orange Ave.
Long Beach 5, Calif.
C

EDDIE'S MARKET
6205 Orange Ave.
Long Beach 5, Calif.
B

FRANK'S MARKET
6302 Orange Ave.
Long Beach 5, Calif.
C

CANAVAN'S MARKET
1438 Harding St.
Long Beach 5, Calif.
C

TOWNSEND'S MARKET
6401 Cherry Ave.
Long Beach 5, Calif.
B Spar

HOME MARKET
5893 Cherry Ave.
Long Beach 5, Calif.
C

CROCKER'S MARKET
1517 E. South St.
Long Beach 5, Calif.
C

EATON'S MARKET
5708 Cherry Ave.
Long Beach 5, Calif.
B

WHITE'S MARKET
5519 Cherry Ave.
Long Beach 5, Calif.
C

RALPHS MARKET
4949 Paramount Blvd.
Lakewood, Calif.
S CH

DELICATESSEN
2702 Del Amo Blvd.
Lakewood, Calif.
C Cert

RAY & EDDIE'S MARKET
3850 Atlantic Ave.
Long Beach 7, Calif.
S Cert

FRIEDMAN'S KOSHER MARKET
3819 Atlantic Ave.
Long Beach 7, Calif.
C

ADAMS MARKET
3610 Atlantic Ave.
Long Beach 7, Calif.
C

LOS CERRITOS MARKET
3923 Long Beach Blvd.
Long Beach 7, Calif.
A Cert

ART LEEVER'S MARKET
903 E. Wardlow Rd.
Long Beach 7, Calif.
C OEm

MAYFAIR MARKET
1131 E. Wardlow Rd.
Long Beach 7, Calif.
S CH Cert

HOWARD'S MARKET
1530 E. Wardlow Rd.
Long Beach 7, Calif.
C

CALIF. HEIGHTS MARKET
3766 Orange Ave.
Long Beach 7, Calif.
B Cert

JIM DANDY MARKET
4100 Orange Ave.
Long Beach 7, Calif.
S CH Cert

IOWA PORK SHOPS
1140 E. Carson St.
Long Beach 7, Calif.
S CH Cert OEm

COLES MARKET
4121 Norse Way
Long Beach 8, Calif.
A Cert

PAUL'S MART
4172 Norse Way
Long Beach 8, Calif.
B OEm

HIRAM'S COUNTRY STORE
4601 Silva St.
Lakewood, Calif.
S CH Cert

THE BOY'S MARKET
4600 Daneland Ave.
Lakewood, Calif.
S CH Cert

MAYFAIR MARKET
4128 E. South St.
Lakewood, Calif.
S CH Cert

McCOY'S MARKET
5820 Bellflower Blvd.
Lakewood, Calif.
S CH Spar

THRIFTIMART
5819 Bellflower Blvd.
Lakewood, Calif.
S CH Cert

IOWA PORK SHOPS
4929 Woodruff Ave.
Lakewood, Calif.
S CH Cert OEm

THRIFTIMART
4158 Viking Way
Long Beach 8, Calif.
S CH Cert

VON'S MARKET
4200 No. Woodruff Ave.
Lakewood, Calif.
S CH Cert

SUN FAIR MARKET
6741 E. Carson St.
Lakewood, Calif.
A CH

ALPHA BETA MARKET
6436 E. Spring St.
Long Beach 15, Calif.
S

HIRAM'S COUNTRY STORE
6235 E. Spring St.
Long Beach 8, Calif.
S

MARKET BASKET
3030 Bellflower Blvd.
Long Beach 8, Calif.

THRIFTIMART
2161 Bellflower Blvd.
Long Beach 15, Calif.
S

IOWA PORK SHOPS
2211 Palo Verdes Ave.
Long Beach 15, Calif.
S CH

DELANEY & GILL MARKET
4360 Stearns St.
Long Beach 4, Calif.

ALPHA BETA MARKET
2189 Lakewood Blvd.
Long Beach 4, Calif.
S

McDANIEL'S MARKET
4700 Los Coyotes Blvd.
Long Beach 4, Calif.
S CH

LUCKY STORES
4630 Pacific Coast Hwy.
Long Beach 4, Calif.
S CH

HAVILAND MARKET
1600 Loma Ave.
Long Beach 4, Calif.

MARY-ART MARKET
1650 Obispo Ave.
Long Beach 4, Calif.

BLACKWELL'S MARKET
1605 Temple Ave.
Long Beach 4, Calif.

DE LOZIER'S MARKET
2541 E. 15th St.
Long Beach 4, Calif.

BLAKE'S MARKET
2401 E. 15th St.
Long Beach 4, Calif.

POOLE'S MARKET
1641 Junipero Ave.
Long Beach 4, Calif.

GILBERT'S MARKET
2127 E. 17th St.
Long Beach 4, Calif.

SURLOW'S MARKET
2499 E. Pacific Coast Hwy.
Long Beach 4, Calif.

MAYFAIR MARKET
2309 E. Pacific Coast Hwy.
Long Beach 4, Calif.

FOWLER'S MARKET
1802 E. Pacific Coast Hwy.
Long Beach 6, Calif.

M. & A. MARKET
1441 Cherry Ave.
Long Beach 13, Calif.

UNITY KOSHER MARKET
E Anaheim St.
Beach 4, Calif.
B Spar

'S MARKET
E Anaheim St.
Beach 4, Calif.
A CH Spar

S MARKET
E Anaheim St.
Beach 4, Calif.
C

MARKET
E Anaheim St.
Beach 4, Calif.
C Spar

BOY'S
E Anaheim St.
Beach 4, Calif.
CH Cert

'S MARKET
E Anaheim St.
Beach 4, Calif.
S CH Spar

MARKET
E 10th St.
Beach 4, Calif.
C

'S MARKET
E 10th St.
Beach 4, Calif.
C

GE GROCERY
E 10th St.
Beach 4, Calif.
C

LLIN'S MARKET
E 10th St.
Beach 4, Calif.
B

MARKET
E 10th St.
Beach 4, Calif.
C Spar

S MARKET
10th St.
Beach 4, Calif.
S CH

MARKET
7th St.
Beach 4, Calif.
C

TEIN'S LIQ & DELIC
7th St.
Beach 4, Calif.
C Mar OEm

S MARKET
7th St.
Beach 4, Calif.
C

ON MARKET
7th St.
Beach 4, Calif.
B Cert

OS HEIGHTS MARKET
7th St.
Beach 4, Calif.
B Spar

PARK SUPER MARKET
os Altos Plaza
Beach 15, Calif.
B OEm

'S GROCERY
4th St.
Beach 14, Calif.
C Cert

E'S MARKET
4th St.
Beach 14, Calif.
C

'S GROCERY
nd Ave.
Beach 14, Calif.
C

ERNIE'S MARKET
3404 E 4th St.
Long Beach 14, Calif.
B Spar

EASH MARKET
421 Obispo Ave.
Long Beach 14, Calif.
C

EARL'S MARKET
3036 E. 4th St.
Long Beach 14, Calif
C Cert

NELSON'S MARKET
2810 E. 4th St.
Long Beach 14, Calif.
C

BUSS BOY'S MARKET
2444 E. 4th St.
Long Beach 14, Calif.
B CH Cert

LOCKYER'S MARKET
2308 E. 4th St.
Long Beach 14, Calif.
A CH Cert

JOLLY JIM MARKET
1945 E. 4th St.
Long Beach 12, Calif.
S CH OEm

VAN'S MARKET
2221 E. Broadway
Long Beach 3, Calif.
C

HOUSE OF FOODS
2545 E. Broadway
Long Beach 3, Calif.
C

M. CHEADLE MARKET
2722 E 3rd St.
Long Beach 14, Calif.
C

BROADWAY FOOD MARKET
2767 E. Broadway
Long Beach 3, Calif.
B

KISTLE'S SUPERETTE
3140 E. 3rd St.
Long Beach 14, Calif.
C Spar

REDONDO MARKET
311 Redondo Ave.
Long Beach 14, Calif.
C Spar

LOMA MARKET
301 Loma Ave.
Long Beach 14, Calif.
C

BELMONT HEIGHTS MARKET
3500 E. Broadway
Long Beach 3, Calif.
B OEm

MODEL FOOD MARKET
4030 E. Broadway
Long Beach 3, Calif.
B OEm

BROWNING MARKET
4114 E. 3rd St.
Long Beach 14, Calif.
C Spar

SHORELINE MARKET
321 Ximeno Ave
Long Beach 14, Calif.
C OEm

McCLURE'S MARKET
301 Prospect Ave.
Long Beach 14, Calif.
C OEm

STEIER'S MARKET
346 Roycroft Ave.
Long Beach 14, Calif.
C

BRYAN'S MARKET
4618 E. 2nd St.
Long Beach 3, Calif.
A OEm

MORRY'S DELICATESSEN
4828 E. 2nd St.
Long Beach 3, Calif.
C

BRUCE'S MARKET
52[illegible] E. 2nd St.
Long Beach 3, Calif.
B CH OEm

McCOY'S MARKET
5286 E. 2nd St.
Long Beach 3, Calif.
A CH Spar

NAPLES GRAND MARKET
5670 E. 2nd St.
Long Beach 3, Calif.
S Cert

MORRY'S OF NAPLES
5764 E. 2nd St.
Long Beach 3, Calif.
C OEm

H. & H. MARKET
5942 E. 2nd St.
Long Beach 3, Calif.
C Spar

ZEITAN'S MARKET
5663 The Toledo St.
Long Beach 3, Calif.
B OEm

ALAMITOS BAY MARKET
38-62nd Pl.
Long Beach 3, Calif.
B Cert

SURF MARKET
27 Granada Ave.
Long Beach 3, Calif.
C Spar

SHORE MARKET
12 St. Joseph Ave.
Long Beach 3, Calif.
C

BELMART
3950 E. Ocean Blvd.
Long Beach 3, Calif.
A

CHERRY QUALITY MARKET
232 Cherry Ave.
Long Beach 2, Calif.
B Cert

INDEPENDENT MARKET
1706 E. Broadway
Long Beach 2, Calif.
B

SOL'S MARKET
1500 E. 3rd St.
Long Beach 12, Calif.
C Spar

BRUCE'S MARKET
1434 E. Broadway
Long Beach 2, Calif.
A CH OEm

TALBOT MARKET
1105 E. 3rd St.
Long Beach 12, Calif.
C

NICK'S MARKET
1068 E. Broadway
Long Beach 2, Calif.
C

OCEAN VIEW MARKET
1200 E. 2nd St.
Long Beach 2, Calif.
C

GOODMAN'S MARKET
1116 E. 1st St.
Long Beach 2, Calif.
C

BOULEVARD CASH MARKET
39 Lime Ave.
Long Beach 2, Calif.
C OEm

COOPER ARMS GROCERY
15 Linden Ave.
Long Beach 2, Calif.
C

DOWN TOWNE MARKET
329 E. Broadway
Long Beach 2, Calif.
C OEm

BRADLEY'S MARKET
361 E. Broadway
Long Beach 2, Calif.
A Cert

SLICK'S MARKET
540 E. 1st St.
Long Beach 2, Calif.
C

NAPOLEON'S MARKET
214 Atlantic Ave.
Long Beach 2, Calif.
C

ERICKSON MARKET
354 E. 4th St.
Long Beach 12, Calif.
C

BIERI'S MARKET
435 E. 3rd St.
Long Beach 12, Calif.
C Spar

MAC MART
746 E. 4th St.
Long Beach 12, Calif.
A

COLE'S MARKET
1000 E. 4th St.
Long Beach 12, Calif.
A CH Cert

IOWA PORK SHOPS
1220 E. 4th St.
Long Beach 12, Calif.
A CH Cert OEm

SUPERETTE MARKET
1298 E. 4th St.
Long Beach 12, Calif.
C

FARM BOY MARKET
1739 E. 7th St.
Long Beach 13, Calif.
B

BAY MARKET
1150 E. 7th St.
Long Beach 13, Calif.
B OEm

TINY MARKET
1034 E. 7th St.
Long Beach 13, Calif.
C

SUCCESS MARKET
740 E 7th St.
Long Beach 13, Calif.
C

KINSER MARKET
821 Lime Ave.
Long Beach 13, Calif.
C Spar

7TH ST. MARKET
414 E. 7th St.
Long Beach 13, Calif.
C

STEULPNAGEL MARKET
443 E. 10th St.
Long Beach 13, Calif.
C Spar

WARD'S MARKET
317 E. 11th St.
Long Beach 13, Calif.
C OEm

VALU-MART
1001 Atlantic Ave.
Long Beach 13, Calif.
A Cert

ZISKE'S MARKET
818 E. 10th St.
Long Beach 13, Calif.
C

JOHNNIE'S MARKET
1100 E. 10th St.
Long Beach 13, Calif.
C

LITTLE GIANT FOOD STORE
1201 E 10th St
Long Beach 13, Calif.
B CH OEm

MARKER'S MARKET
1433 E 10th St.
Long Beach 13, Calif.
C

EVANS MARKET
817 Hoffman Ave
Long Beach 13, Calif
C

GUYER DELICATESSEN
1547 E 10th St.
Long Beach 13, Calif.
C

GENE'S MARKET
1811 E. 10th St.
Long Beach 13, Calif.
C

McCOY'S MARKET
1934 E. Anaheim St.
Long Beach 13, Calif.
A CH Spar

McROBERTS MARKET
1601 E. Anaheim St.
Long Beach 13, Calif.
C Spar

CARPENTER'S MARKET
1501 E. 14th St.
Long Beach 13, Calif.
C

COVERT'S MARKET
1732 E. 15th St.
Long Beach 13, Calif.
C

YOR-WAY MARKET
1170 E. Anaheim St.
Long Beach 13, Calif.
S CH Cert Mar OEm

HOWARD'S MARKET
1341 California Ave.
Long Beach 13, Calif.
C

LUCKY MARKET
1495 Alamitos Ave.
Long Beach 13, Calif.
C CH Spar

C. N. TOWNER MARKET
1634 Alamitos Ave.
Long Beach 13, Calif.
C Spar

COLLINS MARKET
1909 Alamitos Ave.
Long Beach 13, Calif.
C

A. & S. MEAT CO.
1909 Orange Ave
Long Beach 6, Calif.
C

FOOD SHOP
1943 Orange Ave.
Long Beach 6, Calif.
A OEm

P. & L. GROCERY
1915 Lewis Ave.
Long Beach 6, Calif.
C

JONGEWAARD'S MARKET
1001 E. 20th St.
Long Beach 6, Calif.
C CH

D. & W. MARKET
1974 Orange Ave.
Long Beach 6, Calif.
B CH Cert

ORANGE PARK MARKET
2001 Orange Ave.
Long Beach 6, Calif.
B

NINA'S MARKET
2331 Orange Ave.
Long Beach 6, Calif.
C

MARSHALL'S MARKET
900 E. Hill St.
Long Beach 6, Calif.
C

ROSE MARKET
1027 E. Hill St
Long Beach 6, Calif.
B Spar

POLLY-MART
940 E. Pacific Coast Hwy.
Long Beach 6, Calif.
B

SWENSON'S MARKET
1451 Atlantic Ave.
Long Beach 13, Calif.
A OEm

BILLY-BOY MARKET
1494 Atlantic Ave.
Long Beach 13, Calif.
C

LUCKY MARKET
1893 Atlantic Ave.
Long Beach 6, Calif.
B CH Spar

HANSON MARKET
2001 Atlantic Ave.
Long Beach 6, Calif.
A Spar

JIM DANDY MARKET
2214 Atlantic Ave.
Long Beach 6, Calif.
A CH Cert

J. & J. GROCERY
2295 Pasadena Ave.
Long Beach 6, Calif.
B Spar OEm

YAMAMOTO'S MARKET
508 E. Willow St.
Long Beach 6, Calif.
C OEm

STRACKE'S MARKET
2692 Long Beach Blvd.
Long Beach 6, Calif.
C

GATHE GROC.
2930 Long Beach Blvd.
Long Beach 6, Calif.
C

VILLAGE MARKET
3386 Magnolia Ave.
Long Beach 6, Calif.
A Mar

IOWA PORK SHOPS
520 W. Willow St.
Long Beach 6, Calif.
S CH Cert OEm

ITALIAN GROCERY
401 W. Willow St.
Long Beach 6, Calif.
C

LITTLE GIANT FOOD STORE
2201 Magnolia Ave.
Long Beach 6, Calif.
B CH OEm

LE ROY'S MARKET
1990 Magnolia Ave.
Long Beach 6, Calif.
C Spar

JIM DANDY MARKET
2056 Pacific Ave.
Long Beach 6, Calif.
S CH Cert

RAY & ROY MARKET
2091 Pacific Ave.
Long Beach 6, Calif.
B OEm

IOWA PORK SHOPS
2279 Pacific Ave.
Long Beach 6, Calif.
S CH Cert OEm

GOODSON'S MARKET
2087 Long Beach Blvd.
Long Beach 6, Calif.
C

LONG'S DELIC.
1611 Long Beach Blvd.
Long Beach 13, Calif.
C

PASH'S DELICATESSEN
1142 Pine Ave.
Long Beach 13, Calif.
C Spar

JONGEWAARD'S MARKET
1612 Pine Ave.
Long Beach 13, Calif.
C CH

TRIO FOOD MART
1703 Pacific Ave.
Long Beach 13, Calif.
B OEm

LOU'S MARKET
404 W. Anaheim St.
Long Beach 13, Calif.
B Spar

TERMINO MARKET
200 W. Anaheim St.
Long Beach 13, Calif.
A Cert

CHESTNUT GROCERY
1121 Chestnut Ave.
Long Beach 13, Calif.
C

SANDERS MARKET
1221 Magnolia Ave.
Long Beach 13, Calif.
C

LOCKYER'S MARKET
960 Daisy Ave.
Long Beach 13, Calif.
A CH Cert

LUCKY MARKET
949 Daisy Ave.
Long Beach 13, Calif.
B CH Spar

PAUL'S MARKET
755 Magnolia Ave.
Long Beach 13, Calif.
C

ATKINS MARKET
346 W. 8th St.
Long Beach 13, Calif.
C OEm

RAY ROY MARKET
702 Cedar Ave.
Long Beach 13, Calif.
C

IDEAL PORK SHOP
655 Pine Ave.
Long Beach 12, Calif.
B Cert

WALKER'S FINE FOODS
329 Pacific Ave.
Long Beach 12, Calif.
B

WILLMORE GROCERY
315 Cedar Ave.
Long Beach 12, Calif.
C

RHODIE'S MARKET
400 W. 3rd St.
Long Beach 12, Calif.
C

RED & WHITE STORE
656 Magnolia Ave.
Long Beach 12, Calif.
C Spar

ALWARD'S MARKET
501 Daisy Ave.
Long Beach 12, Calif.
B OEm

DICKIE'S MARKET
646 W. 3rd St.
Long Beach 12, Calif.
C

LOCKYER'S MARKET
605 W. Broadway
Long Beach 2, Calif.
A CH Cert

REIMER'S MARKET
145 W. Broadway
Long Beach 2, Calif.

HANSA DELICATESSEN
133 W. Broadway
Long Beach 2, Calif.

MARKET
32 Chestnut Pl.
Long Beach 2, Calif.

NIX DELICATESSEN
63 Magnolia
Long Beach 2, Calif.

SCHROEDER'S MARKET
58 Daisy Ave.
Long Beach 2, Calif.

GROC. & DELICATESSEN
645 W. Ocean Blvd.
Long Beach 2, Calif.

GOLDEN MARKET
103 So. Golden Ave.
Long Beach 2, Calif.
B Sp

GROCERY STORE
1427 Canal Ave.
Long Beach 13, Calif.

YAMASAKI MARKET
1566 Santa Fe Ave.
Long Beach 13, Calif.

FOODLINE MARKET
1843 Santa Fe Ave.
Long Beach 10, Calif.

ORIENTAL FOOD MARK
1741 W. Willard St.
Long Beach 10, Calif.

SHOP EASY MARKET
2191 Easy Ave.
Long Beach 10, Calif.

McCOY'S MARKET
2290 Santa Fe Ave.
Long Beach 10, Calif.

IOWA PORK SHOPS
2420 Santa Fe Ave.
Long Beach 10, Calif.
S CH

F. & W. MARKET
1320 W. Willow St.
Long Beach 10, Calif.

YOR-WAY MARKET
2990 Santa Fe Ave.
Long Beach 10, Calif.
S CH

BUCHANAN'S MARKET
3054 Santa Fe Ave.
Long Beach 10, Calif.

GERHART'S MARKET
3667 Delta St.
Long Beach 10, Calif.

KOLEGE MARKET
1850 W. 223rd St.
Long Beach 10, Calif.

CARSON ST. MARKET
2717 W. Carson St.
Long Beach 10, Calif.

SAV-MART
2625 W. Carson St.
Long Beach 10, Calif.
A CH

FARMER'S OUTLET
1830 E. Carson St.
Torrance, Calif.
B Cert

ADELITA MARKET
21314 Martin St.
Torrance, Calif.
C

WOODY'S DELICATESSEN
659 E. Carson St.
Torrance, Calif.
C OEm

BOB'S MARKET
645 E. Carson St.
Torrance, Calif.
B Cert

WALT'S MARKET
424 E. Carson St.
Torrance, Calif.
B

LAS PALMAS MARKET
21808 Avalon Blvd.
Torrance, Calif.
B

BORDERS MARKET
643 E. 223rd St.
Torrance, Calif.
S CH OEm

VILLA MARKET
23011 Avalon Blvd.
Wilmington, Calif.
S Cert

OUR QUALITY MARKET
510 E. Sepulveda Blvd.
Wilmington, Calif.
B OEm

FARMER'S MARKET
100 W. Sepulveda Blvd.
Wilmington, Calif.
C Spar

FOODLAND MARKET
23806 Main St.
Wilmington, Calif.
A Cert

RAND'S MARKET
22015 Main St.
Torrance, Calif.
B OEm

SHOPPERS MARKET
110 E. Carson St.
Torrance, Calif.
S CH Cert

OKADA MARKET
21240 So. Main St.
Torrance, Calif.
C Spar

WRIGHT'S MARKET
400 W. 214th St.
Torrance, Calif.
C Spar

MEYLER MARKET
22438 So. Meyler St.
Torrance, Calif.
C Spar

K'S LIQ. & GROC.
21725 So. Figueroa St.
Torrance, Calif.
C

FARMER BOYS MARKET
537 W. Carson St.
Torrance, Calif.
A

BLUE DIAMOND MARKET
1261 W. Carson St.
Torrance, Calif.
C Spar

MARK'S MARKET
1233 W. 208th St.
Torrance, Calif.
B

T. & W. MARKET
1037 W. 208th St.
Torrance, Calif.
B Spar

JOE'S MARKET
1001 W. 208th St.
Torrance, Calif.
C Spar

McCOWAN'S MARKET
20340 So. Harvard Blvd.
Torrance, Calif.
B Spar

SAM'S RANCH MARKET
22630 So. Normandie Ave.
Torrance, Calif.
C Spar

CARL'S MARKET
22905 So. Vermont Ave.
Torrance, Calif.
S CH Cert

SAV-MART
23401 So. Western Ave.
Torrance, Calif.
A CH Cert OEm

LUIS MARKET
1629-226th St.
Torrance, Calif.
C

SHOESTRING MARKET
1556 W. Carson St.
Torrance, Calif.
C Spar

D. & D. MARKET
1643 W. Carson St.
Torrance, Calif.
B OEm

ARCHIE'S MARKET
1617 Cabrillo Ave.
Torrance, Calif
B Spar

LISONI'S MARKET
1801 Cabrillo Ave.
Torrance, Calif.
C

K'S MARKET
2323 Cabrillo Ave.
Torrance, Calif.
B Spar

FOODKING MARKET
1645 Arlington Ave.
Torrance, Calif.
B

MADRID MARKET
1521 Madrid Ave.
Torrance, Calif.
C

LLOYD'S MARKET
2517 W. Carson St.
Torrance, Calif.
C

DUARTE'S MARKET
2222 Del Amo Blvd.
Torrance, Calif.
C

DEL AMO MARKET
229 Arlington Ave.
Torrance, Calif.
C

HAHN'S MARKET
645 Sartori Ave.
Torrance, Calif.
C

RUSS'S MARKET
803 Sartori Ave.
Torrance, Calif.
C

FOX MARKET
1321 Post Ave.
Torrance, Calif.
S CH Cert OEm

QUALITY MARKET
2171 Torrance Blvd.
Torrance, Calif.
B Cert

LUCKY STORES
2515 Torrance Blvd.
Torrance, Calif.
S CH Cert OEm

JIM'S MARKET
4505 Torrance Blvd.
Torrance, Calif.
C Spar

LUCKY STORES
3860 Sepulveda Blvd.
Torrance, Calif.
S CH Cert OEm

THRIFTIMART
22217 Palos Verdes Blvd.
Torrance, Calif.
S CH Cert

FOOD GIANT MARKET
3731 Pacific Coast Hwy.
Walteria, Calif.
S CH Cert

WALTERIA MARKET
3690 Newton St.
Walteria, Calif.
C

MOORE'S MARKET
43 Malaga Cove Plaza
Palos Verdes Estates, Calif.
B Cert

FRONTIER MARKET
2201 Palos Verdes Dr. W.
Palos Verdes Estates, Calif.
A CH Cert Mar

ROLLING HILLS MARKET
26943 Rolling Hills Rd.
Palos Verdes Estates, Calif.
B OEm

SHOPPER'S MARKET
2705 Pacific Coast Hwy.
Torrance, Calif.
S CH Cert

FOODS CO.
2655 Pacific Coast Hwy.
Torrance, Calif.
S CH Cert

PENN PACIFIC MARKET
2373 Pacific Coast Hwy.
Lomita, Calif.
C Spar

NARBONNE MARKET
25048 Narbonne Ave.
Lomita, Calif.
A OEm

BRUNER MARKET
25004 Narbonne Ave.
Lomita, Calif.
C

CENTRAL MARKET
2212 Lomita Blvd.
Lomita, Calif.
A Spar

WESTERN FARMS MARKET
24020 Narbonne Ave.
Lomita, Calif.
S Mar OEm

TOSHI'S MARKET
23747 Arlington Ave.
Torrance, Calif.
A OEm

STAN'S MARKET
1978 Lomita Blvd.
Lomita, Calif.
C

SCHIMAN'S MARKET
25349 Walnut St.
Lomita, Calif.
C

DEEB'S MARKET
1401 W. 253rd St.
Harbor City, Calif.
C Spar

CONNER'S MARKET
25305 Belleporte Ave.
Harbor City, Calif.
C

LUCKY STORES
24911 So. Western Ave.
Lomita, Calif.
S CH Cert

MORA'S MARKET
1293 Lomita Blvd.
Harbor City, Calif.

BOB'S RANCH MARKET
25513 So. Normandie Ave.
Harbor City, Calif.

OSE'S MARKET
25621 So. Normandie Ave.
Harbor City, Calif.

VISTA MARKET
1709 W. Pacific Coast Hwy.
Lomita, Calif.

WHOLESALE FOOD DIST.
2015 Pacific Coast Hwy.
Lomita, Calif.

MILLER'S GROCERY
1544 W. Anaheim St.
Harbor City, Calif.

FOOD MART
1669 W. Anaheim St.
Harbor City, Calif.

GOLDEN NUGGET MARKET
26344 So. Western Ave.
Lomita, Calif.

THRIFTIMART
26626 So. Western Ave.
Lomita, Calif.

FOOD GIANT MARKET
28849 So. Western Ave.
San Pedro, Calif.

FRONTIER MARKET
1535 Coralmont Dr.
San Pedro, Calif.

PARK MARKET
1550 Summerland Ave.
San Pedro, Calif.

CORNER GROCERY
487 No. Bandini St.
San Pedro, Calif.

JOHNNIES MARKET
603 No. Bandini St.
San Pedro, Calif.

BANDINI MARKET
157 No. Bandini St.
San Pedro, Calif.

McCOWAN'S MARKET
120 No. Bandini St.
San Pedro, Calif.

7TH ST. MARKET
1086 W. 7th St.
San Pedro, Calif.

PETERSON'S MARKET
1453 W. 8th St.
San Pedro, Calif.

WAGNER'S MARKET
887 W. 9th St.
San Pedro, Calif.

CONNOR'S MARKET
885 W. 9th St.
San Pedro, Calif.

FAMILY DELICATESSEN
501 So. Gaffey St.
San Pedro, Calif.

LO MARKET
6th St.
dro, Calif.
C

E MARKET
2nd St.
ro, Calif.
C

-SHOP MARKET
Gaffey St.
dro, Calif.
C

DO GROCERY
ffey Pl.
ro, Calif.
C

MARKET
eron Ave.
ro, Calif.
C

MARKET
Grand Ave.
ro, Calif.
C

MARKET
Grand Ave.
ro, Calif.
C

MARKET
Grand Ave
ro, Calif.
C

GRAND MARKET
Grand Ave.
ro, Calif.
C

CENTER FOOD MARKET
Pacific Ave.
o, Calif.
A CH Cert

ELICATESSEN
Pacific Ave.
o, Calif.
C

JERRY'S MARKET
Pacific Ave.
o, Calif.
B Cert

R RANCH MARKET
Pacific Ave.
o, Calif.
S CH Cert

MARKET
Pacific Ave.
o, Calif.
C

MARKET
Pacific Ave.
o, Calif.
C

MPORT MARKET
Pacific Ave.
Calif.
C

CENTRAL MARKET
Pacific Ave.
Calif.
S

S MARKET
Gaffey St.
Calif.
C

MARKET
Gaffey St.
Calif.
B Cert

MARKET
Gaffey St.
Calif.
B Spar

MARKET
Gaffey St.
Calif.
B

GAFFEY PUBLIC MARKET
1400 So. Gaffey St.
San Pedro, Calif.
B Spar

MARKET PLACE
938 So. Gaffey St.
San Pedro, Calif.
S Cert

McCOWAN'S MARKET
1932 So. Walker Ave.
San Pedro, Calif.
A CH Cert

ALMA MARKET
2305 So. Alma St.
San Pedro, Calif.
B Spar

VIOLA MARKET
1092-24th St.
San Pedro, Calif.
C

BUSY BEE MARKET
2413 So. Walker Ave.
San Pedro, Calif.
B Spar

SHOPPER'S MARKET
1636-25th St.
San Pedro, Calif.
S CH Cert Mar

SUPERIOR MARKET
2801 So. Pacific Ave.
San Pedro, Calif.
B OEm

CHRIS'S MARKET
3037 Kerckhoff Ave.
San Pedro, Calif.
C

AL'S MARKET
3343 So. Pacific Ave.
San Pedro, Calif.
C

PT. FIRMIN MARKET
502 W. 39th St.
San Pedro, Calif.
B CH

PAT & BILL'S MARKET
3921 So. Pacific Ave.
San Pedro, Calif.
C

HAMMACK'S MARKET
1118-37th St.
San Pedro, Calif.
C Spar

BOB'S SHIP SUPPLY
270-22nd St.
San Pedro, Calif.
C

SAN PEDRO GROCERY
309-22nd St.
San Pedro, Calif.
C

NEW DEAL CASH MARKET
1605 So. Centre St.
San Pedro, Calif.
C

SEAHOME CASH GROCERY
1538 So. Mesa St.
San Pedro, Calif.
C

14TH & MESA CASH GROCERY
393 W. 14th St.
San Pedro, Calif.
C

JOHN'S GROCERY
376 W. 14th St.
San Pedro, Calif.
C

13TH & CENTER MARKET
1245 So. Centre St.
San Pedro, Calif.
C

COLONIAL GROCERY
1013 So. Centre St.
San Pedro, Calif.
C Spar

MIKE S MARKET
285 W. 9th St.
San Pedro, Calif.
C

PALOS VERDES MARKET
1043 So. Palos Verdes St.
San Pedro, Calif.
B Cert

A-1 IMPORTED GROCERIES
354 W. 8th St.
San Pedro, Calif.
C

THRIFTY FOOD MARKET
398 W. 6th St.
San Pedro, Calif.
S CH

BIG BEAR MARKET
265 W. 6th St.
San Pedro, Calif.
B Spar

EAGLE GROCERY
291 W. 3rd St.
San Pedro, Calif.
C Spar

YAMAMOTO BROS. MARKET
340 W. 3rd St.
San Pedro, Calif.
C

RANCHO MARKET
415 W. 2nd St.
San Pedro, Calif.
C

BIRGEN MARKET
330 No. Centre St.
San Pedro, Calif.
C

BON TON MARKET
501 No. Centre St.
San Pedro, Calif.
C

OLIVER ST. GROCERY
450 Oliver St.
San Pedro, Calif.
C Spar

KANE MARKET
242 No. Mesa St.
San Pedro, Calif.
C Spar

BORGINO GROCERY
439 So. Beacon St.
San Pedro, Calif.
C

FISH HARBOR MARKET
748 Tuna St., Term. Island
San Pedro, Calif.
C Spar

CHAMPION SUPER MARKET
447 No. Figueroa St.
Wilmington, Calif.
B

WILMINGTON RANCH MARKET
1010 W. Anaheim St.
Wilmington, Calif.
A OEm

HARBOR MARKET
601 No. Wilmington Blvd.
Wilmington, Calif.
B Spar

MODERN FOOD MARKET
601 W. Anaheim St.
Wilmington, Calif.
S OEm

BOB & GEO'S MARKET
1103 Bay View Ave.
Wilmington, Calif.
C Spar

BROWN'S MARKET
1168 Bay View Ave.
Wilmington, Calif.
C Spar

RONAN GROCERY
1203 Ronan Ave.
Wilmington, Calif.
C

HENRY'S MARKET
1026 No. Wilmington Blvd.
Wilmington, Calif.
B

BLVD. CASH MARKET
1010 W. Pacific Coast Hwy.
Wilmington, Calif.
B Spar

101 RANCH MARKET
1115 W. Pacific Coast Hwy.
Wilmington, Calif.
B Spar

GRAHAM'S MARKET
1516 No. Bay View Ave.
Wilmington, Calif.
C Cert

FOODMAN
125 W. Pacific Coast Hwy.
Wilmington, Calif.
A Cert

SEKO BROS. MARKET
1161 No. Avalon Blvd.
Wilmington, Calif.
B CH OEm

WEAVER'S MARKET
430 W. L St.
Wilmington, Calif.
C

ED'S MARKET
315 W. Opp St.
Wilmington, Calif.
C

MODEL FOOD MARKET
917 No. Avalon Blvd.
Wilmington, Calif.
A Cert

GANNAM'S MARKET
345 No. Avalon Blvd.
Wilmington, Calif.
B Spar

AGUIRRE'S MARKET
425 No. Fries Ave.
Wilmington, Calif.
C Spar

KORY'S MARKET
124 W. Anaheim St.
Wilmington, Calif.
S CH Cert

COAST GROCERY
924 E. Anaheim St.
Wilmington, Calif.
C

BATAAN MARKET
1121 E. Anaheim St.
Wilmington, Calif.
C

CORNER STORE
1123 E. Anaheim St.
Wilmington, Calif.
C

WATSON GROCERY
1048 Watson Ave.
Wilmington, Calif.
C

SHINSI MARKET
1047 Mahar Ave.
Wilmington, Calif.
C

RUTOSKY'S MARKET
1154 Blinn Ave.
Wilmington, Calif.
C

SEKO BROS.
1060 Sanford Ave.
Wilmington, Calif.
B CH OEm

LA GUADALUPA MARKET
1126 Sanford Ave.
Wilmington, Calif.
C

VILLA GOMEZ MARKET
1018 E. L St.
Wilmington, Calif.
C

QUESADA MARKET
1115 E. L St.
Wilmington, Calif.
C

LA ESMERALDA GROCERY
1307 E. L St.
Wilmington, Calif.
C

FENTON MARKET
1210 Hyatt Ave.
Wilmington, Calif.
C

PONCE MARKET
1103 Eubank Ave.
Wilmington, Calif.
C

RUBIO BROS. MARKET
1030 E. Pacific Coast Hwy.
Wilmington, Calif.
C

CHICKEE'S MARKET
1215 E. 10 St.
Wilmington, Calif.
C

HOYT'S MARKET
1501 E. Pacific Coast Hwy.
Wilmington, Calif.
C

JOHN'S MARKET
1667 No. Avalon Blvd.
Wilmington, Calif.
C

WILLIAMS MARKET
747 Deloras Dr.
Wilmington, Calif.
C Cert

Appendix to Plaintiff's Answers to Supplemental Interrogatories Nos. 6A Through 6D—Continued

WOODY'S MARKET
16919 Coast Highway
Sunset Beach, California

SAVINGS CENTER
1201 N. Main
Santa Ana, California

WILSON'S MARKET
109 E. 17th
Santa Ana, California

FOOD GIANT MARKET #8
2720 N. Main
Santa Ana, California

CARL'S MARKET
501 W. 17th
Santa Ana, California

MARKET BASKET
Flower & 17th
Santa Ana, California

SNYDER'S RANCH MARKET
12912 W. 17th
Santa Ana, California

ECONOMY MARKET
1302 W. Washington
Santa Ana, California

VERN'S SUPERETTE
504 N. Flower
Santa Ana, California

CORNER GROCERY
102 N. Ross
Santa Ana, California

B & B MARKET
401 E. Chestnut
Santa Ana, California

ALPHA BETA #4
1302 N. Main
Santa Ana, California

JOHNSON'S MARKET
2201 N. Main
Santa Ana, California

JURGENSEN'S GOURMET
11 Fashion Sq.
Santa Ana, California

FRIENDLY MARKET
1213 N. Ross
Santa Ana, California

RALPH'S MARKET
1523 W. 17th
Santa Ana, California

O. C. WHOLESALE FOODS
3132 W. 17th
Santa Ana, California

LINTON'S MARKET
852 N. Garnsey
Santa Ana, California

PARKWAY MARKET
502 W. 4th Street
Santa Ana, California

CENTRAL PRODUCE
214 W. 2nd Street
Santa Ana, California

MORAGA GROCERY
627 E. Pine
Santa Ana, California

MORRISON'S MARKET
812 E. 1st Street
Santa Ana, California

ARNOLD'S MARKET
1206 E. 4th Street
Santa Ana, California

EL FARO GROCERY
107 N. Grand
Santa Ana, California

MITCHELL'S MARKET
165 "D" Street
Tustin, California

MARKET BASKET #40
650 "D" Street
Tustin, California

TINY TIME MARKET #1
13024 Newport
Tustin, California

ALPHA BETA #37
17th and Tustin
Santa Ana, California

LA CHIQUITA GROCERY
902 E. Washington Ave.
Santa Ana, California

McNEIL & WEIFORD
322 Fruit Street
Santa Ana, California

BORCHARD'S MARKET
631 S. Main
Santa Ana, California

KONG SUPERETTE
719 E. 4th Street
Santa Ana, California

GRAND MARKET
303 N. Grand
Santa Ana, California

LEE'S MARKET
453 W. 1st Street
Tustin, California

TUSTIN FOOD CENTER
405 "D" Street
Tustin, California

SPEEDEE MART #204
25 S. Laguna Street
Tustin, California

WALKERS MARKET
13951 Tustin
Santa Ana, California

CERTIFIED MARKET
1008 E. 17th
Santa Ana, California

M & J GROCERY
916 Stafford
Santa Ana, California

MODEL MARKET
408 S. Main
Santa Ana, California

ALPHA BETA #15
1010 S. Main
Santa Ana, California

McFADDEN MARKET
421 McFadden
Santa Ana, California

MINIT MARKETS #8
1532 S. Flower
Santa Ana, California

MAYFAIR MARKET #27
1812 S. Main
Santa Ana, California

NORRIS SUPERETTE
601 E. St. Andrews
Santa Ana, California

HALLADAY MARKET
601 E. Central
Santa Ana, California

CHAVEZ GROCERY
601 E. Adams
Santa Ana, California

MARKET BASKET #42
2311 S. Bristol
Santa Ana, California

CLIFF & MAUDIES MARKET
16291 Greenville
Santa Ana, California

ED's MARKET
15752 Sullivan
Santa Ana, California

FAIRVIEW MARKET
619 W. McFadden
Santa Ana, California

EDINGER MARKET
602 W. Edinger
Santa Ana, California

V & O MARKET
2002 S. Flower
Santa Ana, California

Appendix to Plaintiff's Answers to Supplemental Interrogatories Nos. 6A Through 6D—Continued

LITTLE STORE
2038 S. Main
Santa Ana, California
ELLIOTT'S HANDY SPOT
500 E. St. Gertrude
Santa Ana, California
LUJAN'S MARKET
407 E. Central
Santa Ana, California
ROBLES MARKET
335 E. Adams
Santa Ana, California
ALPHA BETA #56
2120 S. Bristol
Santa Ana, California
CAROL & BOB'S MARKET
1609 Greenville
Santa Ana, California
McCOWAN'S MARKET
1111 S. Bristol
Santa Ana, California
PETERSEN'S MARKET
601 S. Van Ness
Santa Ana, California
EWARDS MARKET
731 S. Flower
Santa Ana, California
GERBIG GROCERY
910 Myrtle
Santa Ana, California
FOX MARKET
1070 W. 1st
Santa Ana, California
LLOYD'S MARKET
211 N. Bristol
Santa Ana, California
VALENCIA MARKET
1820 W. 1st
Santa Ana, California

NEW MARKET UNDER CONSTRUCTION
3328 W. Bolsa
Santa Ana, California
RED'S RANCH MARKET
1st & Harbor
Santa Ana, California
SILVER ACRES GROCERY
602 N. Verano
Santa Ana, California
BARRIO'S MARKET
511 N. Harbor
Santa Ana, California
ONTIVERO'S GROCERY
12292 W. 5th St.
Santa Ana, California
LOWELL MARKET
623 S. Flower
Santa Ana, California
JONES GROCERY
202 S. Flower
Santa Ana, California
SANTA ANA FOOD MARKET
1216 W. 1st
Santa Ana, California
ZLAKET'S FOOD MART
1731 W. 1st
Santa Ana, California
MAYFAIR MARKET #50
2030 W. 1st
Santa Ana, California
FOOD RANCH MARKET #1
1st & Harbor Blvd.
Santa Ana, California

J & L MART
4622 W. Bolsa
Santa Ana, California
VAUGHN'S MARKET
4821 W. 5th Street
Santa Ana, California
BENNETT'S MARKET
1213 N. Harbor
Santa Ana, California
REYES MARKET
12232 W. 5th St.
Santa Ana, California
DIAZ GROCERY
2106 W. 5th St.
Santa Ana, California
RAY'S CORNER GROCERY
802 N. Artesia
Santa Ana, California
EL GORDITO MARKET
1711 W. 5th St.
Santa Ana, California
WALLS GROCERY
1139 W. 4th St.
Santa Ana, California
GATES MARKET
1002 W. 3rd St.
Santa Ana, California
SULLIVAN'S GROCERY
1919 W. 5th St.
Santa Ana, California
MENDOZA GROCERY
611 N. Fairlawn
Santa Ana, California
RAY QUON MARKET
1432 W. 4th St.
Santa Ana, California
KASSELL'S MARKET
1042 W. 5th St.
Santa Ana, California

Defendant's Exhibit AT

Exhibit 2

Plaintiff's Answer to Defendant's Interrogatory No. 2F(2)

"(2) Government counsel do not know the names, total yearly dollar sales, and number of supermarkets operated by each chain of supermarkets in the Los Angeles area in 1958, other than those listed below:

	Estimated Dollar Volume	Total Units in Area
Safeway	$215,850,000	152
Ralphs	140,142,010	40
Von's	94,486,000	27
Market Basket	92,537,600	41
Shopping Bag	89,598,000	38
Thriftimart	77,810,000	46
Food Giant	75,066,000	22
Alpha Beta-Raisins	70,189,000	51
Fox Markets	63,630,000	34
Mayfair	50,543,000	26
Lucky (Hirams, Jim Dandy)	42,000,000	16
McDaniels	22,974,000	19
Yor Way (C. S. Smith)	16,082,000	16
A. & P.	11,497,000	13
McCoys	11,350,000	11
Gateway	11,300,000	11
Alexanders	25,275,500	9
Boys Markets	25,100,000	8
Shoppers	22,970,000	9
Greater All-American	18,379,280	10
Crawfords	12,450,000	4
Kory's	11,487,000	8
King Cole	9,189,600	5
Better Foods	9,188,580	6
Cole's Markets	9,200,000	6
Jurgensens	8,600,000	9
Hughes	8,500,000	8
Dales	6,892,200	6
Sunfair Markets	6,780,150	9
Carl's Markets	4,600,000	7
Piggly-Wiggly	4,594,000	5
Serbers	4,580,000	3
Mednick Bros.	4,200,000	5
El Rancho	2,980,000	3
Glockman Bros.	2,850,000	3
Beach	2,680,000	3
Lane's	2,530,000	3
Daylite Super	2,400,000	3
Food Co.	2,360,000	3

DEFENDANT'S EXHIBIT AU

62 *Annual Report*

TIFIED GROCERS OF CALIFORNIA, LTD.

OUTH EASTERN AVENUE • LOS ANGELES 22, CALIFORNIA

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...torial, Statistical and Narrative Analysis of Operations

FOR YEAR ENDING SEPTEMBER 1, 1962

J. Murray Yunker
President

Directors

Joseph P. Hughes
Chairman of the Board

Max Beach
1st Vice Chairman

Ben Schwartz
2nd Vice Chairman

Veryl W. Alexander
Lee R. Bishop
A. W. Box
J. R. Dahl
Paul H. Gerrard
Nate Gilbert
Joe Goldstein
John Irwin
James D. Jordano
John C. Mabee
Arthur N. Reicher
O. W. Richard

Randolph H. Price
Vice President - Treasurer

Richard C. Holderness
Vice President - Secretary

President's Summary of 1962

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Contained in this Annual Report are facts and figures demonstrating that the 1962 fiscal year ending September 1, 1962, was undoubtedly one of the finest in Certified's history. For confirmation, there is the report on dollar volume of $299,664,945, an increase of approximately $6 million over 1961. This amount, when combined with the sales of Spartan Grocers, Inc., produced a total volume of over $350 million. Also standing out as strong proof of 1962's success are the patronage dividends declared by your Board of Directors: 1.25% on dry grocery warehouse purchases, 2% on drop shipment purchases, 2.50% on frozen food purchases, 1.30% on health and beauty aids purchases, 1% on delicatessen purchases, and 5.25% on members' purchases of coffee and cello products packed in Certified's own processing plant. This processing plant dividend is in addition to the regular dry grocery warehouse dividend also paid on purchases of coffee and cello packed beans, rice and popcorn produced by Certified.

Last year in my Annual Report, I stated that, due to the sound moves made by the Board of Directors to improve our capital structure, your company's financial position was the best it had enjoyed for years. This continued financial strength has resulted in less borrowing by Certified and thus less interest costs, contributing greatly to the improved patronage dividends returned to the members for the past year; and also paves the way for sound future expansion and development.

Results of the 1962 fiscal year as portrayed in this Annual Report are a testimonial to the loyal, capable people in our warehouses and offices who made this fine report possible. Our streamlined warehouse, our modern equipment, our carefully selected inventory are but tools which are used through the intelligent, loyal efforts of many people to produce the results represented here.

At Certified, we have always taken great care in the selection of our personnel and in their training, and through personal recognition have developed an *esprit de corps* in our work force which has been noted and envied by many visitors from the outside. This recognition of our people takes many forms. A junior management program consisting of supervisory and employee committees, serves as a channel for communication to and from employees, and provides both employees and supervisors with an opportunity to offer constructive criticism and suggestions regarding operating procedures and policies. Employees completing five-year increments of service receive service pins at monthly luncheons held with the recipients by the officers of the company. Employees with 25 years or more of service belong to a Quarter Century Club. Members of this club, who now total more than 40, receive a handsome plaque from the company, a special identification card, and other forms of recognition. A fine employee benefit program, social functions, and other special employee services performed through our Personnel Department contribute to the general loyalty and dedication to service which mark a Certified employee.

Without the efforts and understanding of our employees, what we have accomplished during this past year in the way of cost control and improved efficiency would not have been possible. We faced the beginning of the 1962 fiscal year with several major obstacles, including tax increases and higher industry-wide-negotiated labor costs totaling more than

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$550,000. To offset these increased costs we relied mainly on an aggressive cost-control program, which assigned operating budgets to each office and division, and a projected increase in volume. We also concentrated on improving operating procedures. Studies are constantly being made in our warehousing and transportation divisions toward the utilization of better equipment and more productive methods. Palletized loading is now being employed for some deliveries and undoubtedly will be expanded in the future.

Research is being conducted constantly in our data processing division to find better equipment and better systems for office functions and for determining possible additional services to the members. A recent example of our progress in this field was the installation of two 1401 IBM computers with printing speeds of 600 lines per minute for each machine, which took the place of five 407 tabulating machines, each with a printing speed of 150 lines per minute. Current research is leading the way for future replacement of our two Electrodata computers with faster and more flexible computers. Studies are also under way in other areas, such as fresh meats, produce, ice cream, retail computer service, etc., where Certified possibly can be of benefit to its member accounts. Developments on a fresh meat operation probably can be expected during this current fiscal year. Progress is also anticipated in the area of procuring store equipment for qualified members through the Grocers Equipment Company, now being established by Certified.

I am extremely grateful for the splendid support given to Certified by your Board of Directors. They devote many hours of their own time to Certified each month, and it is to their credit that without exception they view the problems to be solved from the standpoint of what is best for Certified, with no thought of individual gain. This is a well rounded Board, representing all segments of Certified membership. I wish to thank them here for their assistance and generous donation of their time.

Nor can we overlook the important role played in our success by our suppliers, the many fine firms from whom we buy merchandise and with whom we enjoy a mutual respect. Their coordinated activity and help have been invaluable to us.

Finally, I wish to express my thanks to the members for their support and cooperation. A few members tend to view Certified as just another supplier. But most members seem to realize that they *are* Certified. The members are the only stockholders; through their Board of Directors they establish operating policies, and they are the only ones to receive the patronage dividends made possible through the successful operation of the company. The importance of all-out member support cannot be ignored. It is essential to the future successful operation of Certified Grocers, and with it we can face the future with confidence.

PRESIDENT

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Review of Operations

LOOKING BACK

Surpassing the accomplishments of the "banner year", 1961, was a Herculean task, but headquarters did just that in 1962 [illegible]ding an all time high in dollar volum[illegible] a $12 million climb in warehouse sales, Certified shipped 674,746 tons to member stores. Sound management policy, a strict cost control budget program, improved warehouse and office mechanization, greater employee efficiency and splendid member cooperation all contributed to greater returns. Although industry-wide negotiations increased labor costs, actual dollar decreases in operating costs were realized in administrative areas. In addition to higher returns, Certified offered members the widest selection of merchandise and enjoyed the lowest out of stock condition of any warehouse of its kind.

DRY GROCERY

Tonnage shipped from Eastern Avenue and San Fernando was up about 16,000 tons, for a total of more than one-half million tons. Inching steadily toward the goal of 16 turns a year, the dry grocery warehouse turnover rate was 15.39, and this figure continues to steadily improve. An $8 million increase brought net dry grocery sales to $194,297,892 for the fiscal year. In ratio to sales, warehouse expenses were reduced. Members earned a 1.25% patronage dividend, compared to 1.21% the previous year.

FROZEN FOOD

Shipping nearly 100,000 tons, the Frozen Food Division increased sales to $23,967,339. Tonnage shipped increased about eight per cent over the previous year. The patronage dividend was 2.50%, better by .25 than in 1961.

DELICATESSEN

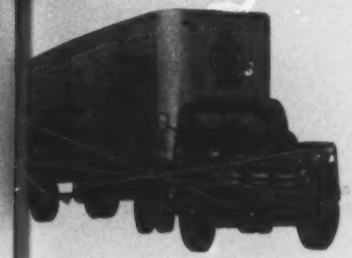
Sixteen per cent more merchandise was moved out of Certified's delicatessen warehouse, showing the continued growth of this division. Delicatessen sales amounted to $16,382,135. The patronage dividend was improved from .80% in 1961 to 1.00% for 1962.

NON-FOODS

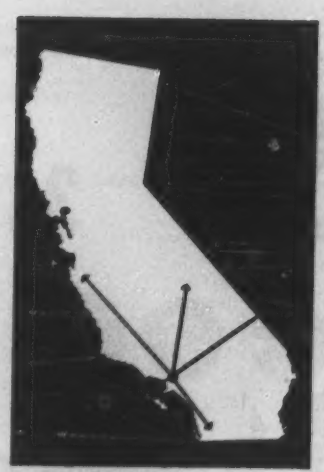
Sales climbed to $12,151,468, with volume growing to 15,489 tons. New programs on lamps, toys, brooms and mops gave the membership wider merchandising opportunities. Competitive price adjustments early in the year left a smaller operating margin, which lowered the Health and Beauty Aids' dividend to 1.30%. However, on the current operating basis, a higher dividend is expected in the next fiscal year.

PROCESSING PLANT

The first patronage dividend was paid



on Certified-packed coffee, beans, rice and popcorn. The Board of Directors made this policy effective in January, so the 5.25% dividend covers a 35-week period. This is in addition to 1.25% paid on the same products as dry grocery purchases and the 2% spoils allowance on Certified-packed cello products.



SPRINGFIELD

About four million cases of Springfield merchandise were purchased by members, who may now select from among 350 items in dry grocery, frozen food or delicatessen. Television spot commercials, free display kits, free ad mats and ad cart signs support the Springfield program.

SERVICES

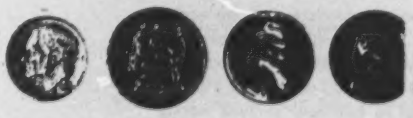
Drop shipment volume declined about $6 million, but headquarters still processed invoices totaling over $50 million and returned a 2% dividend to members. The advertising department handled 100,000 tear sheets for advertising members and made payments to them on more than 2,000 items. New special handling of vacuum coffee allowances benefited retailers. Additional field men in specific divisions (dry grocery, frozen food, delicatessen and the processing plant) offered more headquarters assistance to members, supplementing the member services department's activities. Member Purchase Analyses were available from the market research department. Members considered Certified's first membership conference at Coronado such a success, that a second one will be held early in 1963, adding another means of communication to the weekly *Purchasing Guide*, letters from the president, special mailings, the *Co-operator*, the annual report and special divisional brochures. Also available to members is a new "bag stuffer" telling customers about the independent market's buying and selling power through his membership in the world's largest retailer-owned food wholesaler.

Distribution of the Dollar

AFTER PAYMENT FOR MERCHANDISE, CERTIFIED'S REVENUE DOLLAR WAS DIVIDED AS FOLLOWS:

RETURNED TO MEMBERS
(DIVIDENDS, ALLOWANCES, REBATES) ..... **36.0¢**

WAGES & EMPLOYEE BENEFITS ..... **47.1¢**



OTHER EXPENSES
(TAXES, DEPRECIATION, MAINTENANCE, ETC.) ..... **16.8¢**

DECLARED SURPLUS ..... **00.1¢**

Turning over warehouse stock [illegible] 16 times a year results in an around-the calendar buying and selling proceed that totals about $300 million in sales and other income. By the time this income reinvested in more merchandise, relatively few dollars remain. This year, less than $18 million were available for anything other than the buying of inventory. What happens to these dollars? The [illegible] at left show exactly what share of the dollar goes where. Requiring only [illegible] 64 cents of the dollar for operating [illegible] Certified returned 36 cents to the [illegible] bership. About one mill, actually 13.6 of a penny, is retained as surplus for the fiscal year. In actual dollars, this is distribution:

Returns to Members....$	6,463,317
Wages and Employee Benefits	8,450,120
Other Expenses	3,016,907
Declared Surplus	23,500
TOTAL	$17,947,720

These returns show the advantage of retailer-ownership. It is what headquarters calls the R. O. Factor. As members of the world's largest retailer-owned wholesaler, members know they are receiving full benefits and that every penny is accounted for. .

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TOTAL AMOUNT RETURNED TO MEMB

$6,463,317

THESE RETURNS REPRESENT

2.19%

ON MEMBER PURCHASES

FOR FISCAL YEAR ENDING 9-1-62

Returns to Members

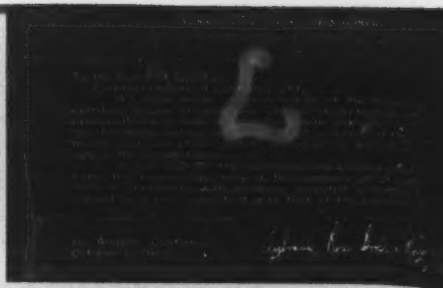
INTEREST ON DEPOSITS	$ 415.135
CERTIFIED COFFEE & BEAN DIVIDEND*	51.955
DELI DIVIDEND	163.753
HEALTH & BEAUTY AIDS DIVIDEND	121.598
FROZEN FOOD DIVIDEND	599.160
[redacted]	[redacted]
[redacted] T DIVIDEND	1.055.323
[redacted] ALLOWANCES	1.020.622
UNIDENTIFIED REBATES	289.708
IDENTIFIED REBATES	324.509

*35 week period ending September 1, 1962

(310

6886

2878



Balance Sheet

ASSETS:

Cash, including time certificates of deposit	$ 3,684,965
Accounts receivable	8,311,352
Inventories, at cost	14,701,571
Prepaid expense	853,629
Total current assets	27,551,517
Property, plant, and equipment at cost (less, accumulated depreciation $3,045,782) (Note 1)	6,201,126
Investment in wholly-owned subsidiary at cost	671,698
Other assets	111,858
	$34,536,199

LIABILITIES:

Notes and accounts payable (Note 1)	$11,962,230
Accrued expense	1,095,049
Members' excess deposits	6,332,756
Total current liabilities	19,390,035
Notes payable after one year (Note 1)	908,650
Members' required deposits	12,022,270
Total liabilities	32,320,955

SHAREHOLDERS' EQUITY

Capital shares at par value (Note 2)	1,750,150
Retained earnings	465,094
Total shareholders' equity	2,215,244
	$34,536,199

NOTES TO BALANCE SHEET

Notes payable, aggregating $1,524,764, are primarily payable in periodic installments at interest rates varying from four to six per cent and are secured by property having a carrying value of $4,776,224.

Capital shares are comprised of:

Class B, $10 par value each, 15 shares authorized and outstanding	$150
Common, $2,000 par value each, 2,000 shares authorized, 875 shares outstanding	1,750,000
	$1,750,150

The common stock is redeemable by Certified within 15 months after termination of membership at a price equal to the book value established at close of preceding year.

3. The California Franchise Tax Board issued proposed additional tax assessments covering the years ended October 31, 1953 to October 31, 1957, aggregating $484,087.25 plus interest. The assessments arise from the proposed disallowance of interest on members' deposits and patronage dividends paid to members as deductions from taxable income. The Revenue and Taxation Code was changed to permit the deduction of patronage dividends for years beginning after December 31, 1957. It is possible that additional assessments might be proposed for the intervening period. Although the State Board of Equalization issued an opinion and order dated September 20, 1962 which rejected the proposed assessments, the Franchise Tax Board has petitioned for a rehearing.

It is the belief of management and of company counsel that the proposed assessments are without merit and can probably be successfully [illegible]

1922 1962

Forty years of experience serving Southland grocers.

CERTIFIED GROCERS OF CALIFORNIA, LTD.

RETAILER OWNED · RETAILER OPERATED

DEFENDANT'S EXHIBIT AV

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60-CC

UNITED STATES OF AMERICA, Plaintiff,

v.

VON'S GROCERY CO. AND SHOPPING BAG FOOD STORES, Defendants.

DEFENDANT'S ANSWER TO PLAINTIFF'S INTERROGATORY NO. 6 AND EXHIBITS D, E, AND G THERETO

* * * * * *

Shopping Bag and, as to the stores listed in paragraphs 1 to 5 inclusive above, surveys conducted in December 1959 by Facts Consolidated for the law firm of O'Melveny & Myers. The report covering these surveys will be made available to plaintiff for inspection and copying prior to trial when similar surveys which have been or are being made for plaintiff are made available to defendant for inspection and copying. See also Exhibit E to the Answer to Interrogatory No. 6.

Interrogatory No. 6:

By agreement with counsel for plaintiff, Interrogatory No. 6 has been amended to read as follows:

List the name and address of every store operated or planned by the Combined Companies on April 1, 1960. As to each such store, supply the following information:

A. List the name and address of every other store which is considered a competitor. As to each such store, supply the following information:

(1) The approximate distance between such store and the store operated by the Combined Companies.

(2) Whether such competitor is larger or smaller in size than the store operated by the Combined Companies.

(3) State whether such competitor is approximately the same age as, older than, or newer than the store operated by the Combined Companies.

(4) Set forth the basis upon which such stores are classed as competitive stores and list every document which refers or relates in any way to the competition between Von's and Shopping Bag stores and other stores.

B. Set forth in general terms the geographical limits of the trade area served by the store.

Answer to Interrogatory No. 6:

In the table attached as Exhibit D are set forth the names and addresses and numbers of the respective Von's stores operating on April 1, 1960 and such information as is available with respect to geographic trading area and names and addresses of and information concerning competitors in the area. The same information as to each Shopping Bag store which was operating on April 1, 1960 and as to its competitors is set forth on Exhibit E. It should be noted t at drug stores, liquor stores, delicatessens, bakeries and other specialty stores which may exist in the areas served by the Von's-Shopping Bag stores are not listed on Exhibits D and E, although such specialty stores, of course, do compete for the customer dollar in the sale of some of the items which are sold by the Von's-Shopping Bag stores.

Exhibit F lists the addresses of each store planned by the combined companies on April 1, 1960, and, insofar as the same is available, data with respect to competing stores in the areas which will be served by the planned stores. As to these prospective stores (other than No. 6 which opened June 23, 1960 and No. 53 which opened May 12, 1960) the information as to possible competitors is based on the opinion of officers of the company, but, of course, the actual competitive situation will not be known until the stores have been opened.

The bases for definition of the geographic trading area and for the listing of competitors (which are listed on said Exhibits D and E in order of rank) are the opinions of the respective Von's-Shopping Bag store managers and

assistant managers. Nevertheless, there are a number of documents or surveys (other than surveys or documents prepared in connection with the pending proceedings) in the possession of defendant which bear upon the question of geographic trading areas and competitors therein, and these documents and surveys are listed on Exhibit G, which is attached hereto. These are all of the documents and surveys which defendant has thus far found in its files, but if additional such surveys are located, plaintiff will be apprised thereof and be given an opportunity to examine and copy the same.

It should also be noted that, with respect to such surveys, the date thereof is of importance, as the surveys may fail to show the existence of competitors who have located in the geographic trading areas subsequent to the date of the surveys. Exhibit G also furnishes such additional information with respect to said surveys as is called for by Interrogatories Nos. 5 and 6.

ber, Address and of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
1471 Lo[illegible]each Blvd., Ly[illegible] [illegible] years	3-1/2 mi. radius: N - Century Blvd. S - El Segundo Blvd. E - Atlantic Blvd. W - Santa Fe Avenue	2 mile radius.

es and Addresses of petitors in Order Importance	Distance From Competitor	Comparative Size and Age of Competitor
Food Giant 3831 E. Century, at Dullis	1 mile	Larger. Newer.
Market Basket 1800 [illegible]ong Beach Blvd., at Palm	3/4 mile	Larger. Newer store - 3 yrs. old.
[illegible] Market (across street from Market Basket)	3/4 mile	Larger. Newer - 1 year old.
Safeway Tweedy and California	1-1/4 mi.	Larger. Newer - about 2 yrs. old.
Miscellaneous Independents	Within 2-mile radius	Generally smaller. Ages vary.

EXHIBIT D

69-f

2886

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Major of Customers Dr
#2	1/2-1 mile radius:	0.5-mile radius
1305 Wilshire Boulevard Santa Monica	N - San Vicente S - Pico E - 26th W - Lincoln	
21 years		

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Ralphs Ocean & Wilshire	1 mile	About same size or smaller. 10-20 years.
2. Safeway Lincoln & Broadway	1 mile	Smaller. Older - 4 or 5 years.
3. Sherman's Markets Wilshire & Franklin [illegible] Wilshire	1-1/2 miles	Same size. Older - remodeled.
4. [illegible]'s Markets [illegible] & Ocean Park [illegible] Lincoln Blvd.	1-1/2 miles	Larger. Newer - 2 or [illegible]
5. [illegible] ([illegible] Blvd. in Pacific Palisades)	5 miles	About same size Newer - 3-4 years old
6. Fully-White (Wilshire at 15th) 1503 Wilshire	2 blocks	Much smaller. Older - remodeled.
7. Fully-White (Montana at 13th) [illegible] Montana	3 blocks	Much smaller. Probably newer.
8. Pikeside (Montana at 15th or 16th) [illegible] Montana	7 blocks	Smaller. Probably newer.

NOTE: A new Thriftimart store is under construction and will be located at 26th and Cloverfield, and when this store opens it may affect the foregoing readings.

For on Pico - 1[illegible]46
Ford Brent on Wil. [illegible]61

EXHIBIT D

6961

ber, Address and of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
	1/4 - 1.0 mi. radius:	3-block radius (about 1/4 mi.)
67 West Third Street Los Angeles	N - Beverly Blvd. S - 7th Street E - Vermont W - Normandie	
er 25 years (remodeled within last 5 years)		

es and Addresses of petitors in Order Importance	Distance From Competitor	Comparative Size and Age of Competitor
Safeway Third & Vermont	1/4 mile	Larger. Newer.
Ralphs Third & Vermont 3450 W. Third Street	1/4 mile	Larger. Newer.
Joe's Market 706 South Vermont Ave. (3rd & Vermont)	1 mile	Larger. Newer - 15-20 years.
Frank Market (3rd & Western)	1 mile	About Same age

EXHIBIT D

315

C-174

2888

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drive
#4 2280 Atlantic Blvd. Monterey Park 5 years	5 mile radius: N-Atlantic & Whittier S-Alhambra, So. San Gabriel E-Beverly Blvd. W-Valley & Garfield	3 mile radius N - Garfield S - Atlantic Blvd. E - Pomona Blvd. S - Valley Blvd.

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. McDaniel's Market 5119 Pomona Blvd., East Los Angeles	3/4 mile	About Same size Newer - 4 years
2. A & P Corner Floral Dr. and Atlantic Blvd.	70 yards	Smaller New-opened Feb. 10, 1
3. [illegible] 5645 Whittier Blvd. East Los Angeles	2 miles	Larger New-opened June, 19
4. [illegible] [illegible] : Pomona & Beverly Blvd.	1/2 mi.	Smaller New opened Feb. 17,
5. McKeon Brothers 6010 Whittier Blvd., E.L.A. (He actually owns three other stores under different names.)	1/2 mile	About same size building older (formerly [illegible]). McK in lo[illegible] about 2
6. Food City (owned by McKeon) 2305 So. Garfield, Monterey Park	1/2 mile	Smaller Newer - about 3 years old.

EXHIBIT D

2889

Number, Address and Type of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#5 10001 Paramount Blvd. 5 years	1-1/2 mi. radius: N-Telegraph Rd. S-Firestone E-Rosemead-Lakewood Blvd. W-City of Bell Gardens	Probably 1/2 mi. West (to Flood Control or Bell Gardens)

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. All-American Market 7814 E. Firestone Blvd.	2 miles	Larger Newer - 2-1/2 years old.
2. Safeway (Florence near Paramount)	.5 mi.	Smaller Newer (1 yr.)
3. Alpha Beta Market Florence & Lakewood)	.5 mi.	Larger Slightly older
4. Downey Ranch Market 7200 E. Firestone Blvd.	2.5 mi.	Smaller Older
5. Dan's Market 10000 Paramount Blvd.	across the street	Smaller Older

Boys home proper on Steward & Gray Rd.
and Paramount

EXHIBIT D

317

699 f

2890

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Come
#7 1020 S. Fairfax Los Angeles 20 years or more.	1/3 to 1 mi. radius: N - Olympic S - Pico Blvd. E - [illegible] W - Sherbourne	1/2 to 1/2 mi. radius

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. [illegible]'s Market (3rd and Fairfax)	.8 mi.	[illegible] Older
2. Fox Market 6121 Pico (Pico at La Cienega)	.5 mi.	Larger Older store, recently remodeled
3. Da-Lite 850 South La Cienega	1.5 mi.	Larger Newer - 6-10 yrs. old
4. Ralph's ([illegible]ire and Mousor)	1.5 mi.	[illegible] Newer
5. [illegible] [illegible] West Pico (Pico and Robertson)	2 mi.	Larger Newer - recently remodeled
6. [illegible]mart ([illegible]gle and Doheny)	2 mi.	Larger Newer
7. [illegible] Market 6[illegible] West Third St. (Third and Fairfax)	2.5 mi.	Larger Newer - 3 yrs. old

EXHIBIT D

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7 of

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#8 3334 West Eighth St. Los Angeles 35. 20 years	0.25 - 0.5 mi. radius: N-Wilshire S-Olympic E-Vermont W-Western	1/2 mi. radius

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Carl's Ranch Market 3488 West Eighth St. (At Oxford)	4 blocks	Smaller Newer store - no age est.
2. Irolo Market 3313 West Eighth St.	1/2 block	Smaller Older
3. Chinese Park Market 3465 West Sixth at Alexandria	1-1/2 mi.	Smaller Older.

2892

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#9 840 S. Alvarado Street Los Angeles 20 years	1/4 - 3/4 mi. radius: N- 6th St. S- 11th St. E- Albany W- Coronado	2 block radius

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Sunbury Market 2527 W. Ninth Street (at Hoover)	1/2 mi.	Slightly smaller About same age
2. Safeway Olympic at Georgia	1 mi.	Smaller Newer store
3. Kory's Market 2250 W. Pico	1 mi.	About same age and size
4. Safeway (Western Plaza) Western & ~~Pico~~	2 mi.	Larger ~~Brand~~ new
5. Grand Central 315 So. Broadway (Broadway at Fourth)	3 mi.	Larger Older store
Lucerne Market (formerly a Safeway) 6th & Hoover (address not available)	1mi.	Smaller Older (remodeled)
Misc. small stores	1 mi. radius	

EXHIBIT D

370

707f

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#10 1020 S. Crenshaw Blvd. Los Angeles 6 23 years.	1 mile radius: N - Wilshire S - Washington Blvd. E - Western W - LaBrea	0.25 mile radius

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Club Market (1120 Crenshaw)	1 block	Smaller Newer - 10-12 years old.
2. Safeway (Olympic & Norton) 3700 West Olympic	2 blocks	Smaller
3. Boys (Rodeo & Crenshaw) 3670 So. Crenshaw	2-3 mi.	Larger Newer - 10 years old
4. Ralphs (Rodeo & Crenshaw) 3633 So. Crenshaw	2-3 mi.	Larger About same age
5. Forum Market (Pico & Norton) Address not available	2 blocks 0.125 mi.	Slightly larger About same age
6. Balzer's Market (on Larchmont) Address not available	2 mi.	Larger About same age
7. Leo's Market (8th St. at Western) Address not available	1 mi.	About same size About same age Recently remodeled

EXHIBIT D

321

70-1

2894

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Dra
#11 1500 West Pico Los Angeles 15 30 years.	1/4 - 3/4 mi. radius: W - Olympic S - 23rd Street E - Figueroa W - Alvarado	1/4-mile radius.

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Von's #9 840 S. Alvarado (9th & Alvarado)	1-1/2 mi.	Slightly smaller. Same age.
2. Safeway (Western & Venice)	2 miles	Larger. Newer - 5 years old.
3. Kory's Market 2259 West Pico	1 mile	Same size. About same age.
Miscellaneous small independent markets.	2-mile radius	Generally smaller. Ages vary.

EXHIBIT D

302
70 f

2895

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#12 5029 S. Vermont Los Angeles 37 20 years	About 1 mile radius: N - 39th St. S - 65th St. E - Figueroa W - Arlington	1/2 radius

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Ralphs 4360 S. Figueroa (Vernon & Figueroa)	1 mile	About same size About same age
2. Kory's 5801 S. Vermont (Vermont & Slauson)	8 blocks	Smaller
2. Buddha Market 4730 Avalon (47th and Normandie)	4 blocks	Smaller New Management - 1 year ago
3. Safeway (on Gage Ave.)	1/2 mile	About same size New - 1 year old
4. Bert's Meat Market 5022 S. Vermont	across street	Smaller Newer
5. Pantry-King Market Vermont and 54th Street (Address not available)	2 blocks	Smaller Older - 20-30 years

EXHIBIT D

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2896

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#13 6607 Atlantic Blvd. Bell, California 12 years	1/2-2.0 mi. radius: N - Maywood S - Cudahy E - Long Beach Freeway W - Mountain View	2 mi. radius

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Lucky's 6801 Atlantic Blvd.	1-1/2 blks.	About same size Age not known
2. McDaniel's 6135 Atlantic Blvd.	1-1/2 mi.	About same size Age not known
3. Arno's (Gage near Atlantic - address not listed)	1.0 mi.	Smaller Age not known
4. Foodland 6932 S. Eastern Street (Florence & Garfield)	3 mi.	About same size
5. Blythe's (or Blaire's) (Address not available)	3 mi.	About same size

EXHIBIT D

324
61

2897

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#14 1260 W. Redondo Beach Blvd. 8 years	1/4 - 2.0 mi. radius: N - Rosecrans S - 188th Street E - Vermont Ave. W - Van Ness	1.0 mi. radius

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Ralph's 174th and Hawthorne	2.0 mi.	Larger Newer
2. Ralph's 2205 W. Rosecrans Blvd.	2.0 mi.	Larger Newer - 2.5 years old
3. Foods Market 17500 Crenshaw Blvd. Torrance (174th and Crenshaw)	2.0 mi.	Same size
4. Fox Market [illegible] Van Ness, Gardena (Rosecrans and Van Ness)	2.0 mi.	About same size Newer - 3.5 years old
5. Food Giant 14990 S. Crenshaw Blvd. (Crenshaw and Compton)	1.5 mi.	About same size
6. Boys market 11922 S. Vermont (120th and Vermont)	2.5 mi.	Larger Newer - 2 years old
7. Safeway (Vermont and Magnolia)	0.5 mi.	Smaller Older - 11 years old
8. Food Giant (Crenshaw and Imperial)	6-7 mi.	Larger - "huge" store 40,000 sq. ft. Newer - about 4 years old.

Boys - 1 mile Feb 1961

EXHIBIT D

325
7-7-61

2898

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#15 3644 West Santa Barbara 12 years	3-mile radius: N - Washington Blvd. S - Crenshaw Blvd. E - Hauser Street W - Jefferson Blvd.	1 mile radius

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Boys Market 3670 Crenshaw Blvd.	1/4 mi.	Larger. Newer - 9-10 years.
2. Ralphs Market 3633 Crenshaw Blvd.	1/4 mi.	Slightly smaller. Older.
2. Daylite Market 3700 West Santa Barbara	1/4 mi.	Smaller. Newer - 3-4 years old.
3. Thriftimart LaBrea and Rodeo	2 mi.	Smaller. Newer.
4. Fox Market 5470 Crenshaw Blvd.	1.5 mi.	Smaller.
5. Safeway 3700 block Crenshaw Blvd.	1/4 mi.	Smaller. Newer - 3 years.
6. Alpha Beta Market 5071 Rodeo (and LaBrea)	2 mi.	Smaller. Newer - 6-7 years.
7. Jay's Market 3900 block Santa Barbara	1/4 mi.	Smaller. New - 8 months.
8. Hobson's Market _____ Donker Street	1.5 mi.	Smaller. Older.

Safeway - LaBrea & Rodeo Nov 1961

EXHIBIT D

3-6
708f

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#16 10780 West Pico Blvd. 10 years	3 mile Radius: N - Wilshire Blvd. S - Venice Blvd. E - Beverly Glen W - Sawtelle	1/2 mile

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Ralphs (National and Sepulveda) 3033 Sepulveda	1.2 miles	About same size Newer - 9 years.
2. Fox Market - same address 3024 Sepulveda	1.2 miles	About same size Newer - 5-6 years
3. Safeway (Beverly Glen and Olympic)	2.5 miles	Smaller New Store - this year.
4. Independent (name unknown) on West Pico Blvd.	0.25 miles	Smaller Older 10-15 years
5. Safeway Westwood Boulevard	0.5 miles	Smaller Older - 10-20 years.

EXHIBIT D

327

709

2900

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drive
#17 6625 Van Nuys Blvd. Van Nuys 11 yrs.	1.5-2.0 mile radius: N - Valerio S - Burbank E - Fulton W - Sepulveda	Probably 1/2 mile radius

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Food Giant Sepulveda and Sherman Way 7134 Sepulveda Blvd.	1.0 mi.	Larger Newer - 1 yr.
2. A & P Victory and Woodman	1.5 mi.	Smaller New - 1 yr.
3. Safeway 6900-7000 Van Nuys Blvd.	.2 mi.	About same Older - 12-13 yrs.
4. Fox Van Nuys and Valerio	1.0 mi.	Larger Newer - 2 mos.
5. Food Giant 8340 Van Nuys Blvd. Panorama City	2.0 mi.	Larger Newer
6. Hughes Market 14520 Parthenia St. Panorama City	2.0 mi.	Larger Newer
7. Fox Magnolia and Foster 14900 Magnolia Blvd.	3.0 mi.	Larger Newer - 1-1.5 yrs.
8. Miscellaneous small stores - no names available		

Note: A new Dale's Market 2 blocks away is under construction.

EXHIBIT D

3A

710

2901

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#18 8857 S. Western Ave. 11 Years	3 mi. radius: N - 54th St. S - Imperial Blvd. E - Main St. W - Prairie Blvd.	1 mile radius

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Ralphs Grocery Co. (Manchester and Crenshaw) 3003 W. Manchester Blvd.	1 mile	Larger. Older - 15 years.
2. Food Mart (Western and Imperial)	1.8 mi.	Same size. Older.
3. Safeway (Vermont and 89th St.)	1 mile	Smaller. Older - 15-20 years old.
4. Food Mart (Vermont and Imperial) West Crenshaw Blvd.	4 miles	Larger. Newer - 7-8 years old.
5. Thrifty Mart (Crenshaw and Imperial)	3 miles	Larger. Newer.
6. Cl[illegible]niel's Market ([illegible] not available) Century and Van Ness 2251 W. Century	2.5 mi.	Smaller. Older.
7. Food Big City Market (91st and Western) 9149 S. Western Ave.	2 blocks	Smaller. Older - 15 years old.

EXHIBIT D

329
711 f.

2902

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Major of Customers Dra
#19 4480 Atlantic Blvd. 9 years Long Beach	1.5 mile radius: N - Artesia S - Wardlow Rd. E - Cherry Ave. W - River Bed	0.5 mile radius

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Safeway Market (Atlantic Blvd.)	1 block	Smaller Newer - 3 years.
2. McCoy's Market (Orange and Carson)	1 mile	Smaller, 20,000 sq. ft. Older - 15 years.
3. Iowa Pork Shop (Fox) (Orange and Carson)	1 mile	Smaller, 20,000 sq. ft. Newer - 5 years old.
4. Ray & Eddies Market (Atlantic and Roosevelt)	1.2 miles	Smaller, 15,000 sq. ft.
5. Ralphs (Paramount and Delano) 4949 Paramount Road	2 miles	Same size or larger Newer

C A L Membership, Carson + Paramount Dec 1961

EXHIBIT D

330
7124

umber, Address and ge of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
20	3 mile radius:	1/2 - 1 mile radius
6917 La Tijera	N - Slauson	
6 years	S - Manchester	
	E - Sepulveda	
	W - La Brea	

ames and Addresses of ompetitors in Order f Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Ralphs (Manchester and Sepulveda) 8704 Sepulveda Blvd.	1 mile	About same size Older
2. Safeway (Manchester & Sepulveda)	1 mile	Smaller - 20-25,000 sq.ft. Newer - 2 years old.
2. Safeway (Centinella and La Brea)	1/2 mile	Smaller - slightly Older - 3 or 4 years.
3. Thriftimart 6900 block La Tijera	Across street	Smaller Older - 10 years
4. Fox Market (Slauson and La Brea) 4411 W. Slauson Blvd.	1-1/2 miles	Smaller, 15-20,000 sq.ft. Older - 2 or 3 years.
5. McDaniels (Florence and Manchester)	1 mile	Smaller Brand new.
6. Jack's Ranch Market (Centinella and Sepulveda) 5399 S. Sepulveda	3/4 mile	Smaller Newer - 2 yrs. old.
6. Shopper's Market (Lincoln & Manchester) 8701 Lincoln Blvd.	3-3-1/2 miles	Larger Newer - 1 yr. old
7. Hill Mart Market (78th and Sepulveda) 7604 S. Sepulveda Blvd.	2 miles	Smaller Older

NOTE: A large Food Giant market is scheduled to be opened in this area sometime in the near future, and when this store is opened it will no doubt affect the competitive situation in this area.

EXHIBIT D

2904

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#21	1 mi. radius:	
6571 W. 80th Street	N - 77th S - Manchester E - Sepulveda W - Lincoln	1/4 mile radius
9 years		

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Ralphs (Manchester and Sepulveda) 8704 Sepulveda Blvd.	1 mile	Larger. No estimate Newer
2. Safeway (Manchester - 2 blocks east of Sepulveda)	1 mile	Larger Newer - 1 year old
3. Shopper's Market (Manchester & Lincoln) 8701 Lincoln Blvd.	2 miles	Larger Brand new
4. Mayfair (next door to Ralphs) 8837 Sepulveda Blvd.	1 mile	Larger Newer
5. Thriftimart (Lincoln near Manchester)	2 miles	Smaller or same size. Older store.
6. Hill-Mart Market (77th and Sepulveda) 7604 Sepulveda Blvd.	1/2 mile	Same size or smaller. Older

2505

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
422	1.4 - 1.5 mi. radius:	1.4 - 1.5 mi. radius
18247 Sherman Way Reseda	N - Roscoe S - Sherman Way E - Lindley W - Reseda Blvd.	
6-1/2 years		

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Food Giant 18125 Sherman Way	4 doors away	Larger. Newer - 3 years old.
2. Safeway (Reseda Blvd.)	.125 mi.	Smaller. Newer - 5 years.
3. Fox 18345 Vanowen St. (Vanowen at Reseda Blvd.	1/4 mi.	Same size. Newer - 3-4 years.
4. Thriftimart 17625 Sherman Way (Sherman Way at White Oak)	1 mi.	Same size. Newer - 5 years old.
5. Piggly-Wiggly 19255 Vanowen Street (Tampa and Vanowen)	1.5 miles	Smaller. Newer - 3 years.
6. Key's Market Lindley and Saticoy	1/2 mi.	Smaller. Newer - 1 month old.
7. Robert's Market 7835 Reseda Blvd.	3/4 mi.	Smaller. Older - 10 years.
8. Thriftimart (Sherman Way and Corbin)	1.8 mi.	Larger. Newer.
9. Ralphs Market (Louise and Saticoy)	1.7 mi.	Larger. Newer.
10. Dale's Market (Saticoy and Tampa)	1.8 mi.	Larger. Newer.
11. Numerous other markets.		

Fair, Reseda & Roscoe July 1960
Market Basket - Van Owen & Lo Stic (remodel) 5/11/61

EXHIBIT D

333

715 f

2906

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Draw
# 23 9011 Woodman Avenue Pacoima 5 years	2 mi. radius: N - Van Nuys Blvd. S - Saticoy E - Laurel Canyon W - Sepulveda	3/4 mile radius N & W - Van Nuys S - Roscoe W - Arleta St.

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Food Giant: 8340 Van Nuys Blvd. (Van Nuys Blvd. in Panorama City)	1.5-2 mile	Larger Older - 10 years.
2. Ralphs (Woodman at Van Nuys) 9750 Woodman Avenue	.75 mile	Same size or larger Newer - 4 years old.
3. Hughes Market 14620 Parthenia Street (Van Nuys and Parthenia)	1 mile	Larger Newer - 2 years old
4. Safeway (South of this store on Woodman)	1/2 mile	Smaller Newer - 1 year old
5. Dales (1 mile south on Woodman)	1 mile	Smaller Newer - 2 months old.
6. Dales 9772 Laurel Canyon Blvd.	1 mile	Smaller Older - 9 years
7. Dales 8717 Woodman Ave.	1/2 mile	Much smaller - Dales Newer - 2 years.
8. Miscellaneous small grocery stores, including Bob's Market (Laurel at Roscoe)	2 mile radius	

EXHIBIT D

334

716

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#24 13333 Riverside Drive Sherman Oaks 5 years	1-3 mi. radius: N - Victory S - Ventura Blvd. E - Lankershim W - Sepulveda	1 mile radius N - Chandler S - Ventura Blvd. E - Laurel Canyon W - Van Nuys Blvd.

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Hughes Market 4520 Van Nuys Blvd. (Van Nuys and Riverside)	0.9 mile	Larger Newer - 3 years old.
2. Ralphs 14049 Ventura Blvd. (Ventura Blvd. at Hazeltine)	1.0 mile	Larger Older - about 20 years.
3. Safeway (Ventura Blvd. and Kester) Address not available.	1.5 miles	Smaller Older - 8 years.
4. Hughes 15231 Ventura Blvd. (Coldwater and Ventura)	1.7 miles	Smaller Older - 10-15 years.
5. Fox Market 14900 Magnolia Blvd. (Magnolia and Kester)	2.5 miles	Smaller Newer - 8-9 months
6. Food Round-Up 12905 Riverside Dr. (Riverside and Coldwater)	.5 mile	Older but newly remodeled. A small store

Food Giant, Laurel & Ventura - 3 miles

EXHIBIT D

717 335

2908

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#25 4200 North Woodruff Ave. Lakewood 4 years	1.5 mi. radius: N - South St. S - Spring St. E - Studebaker Rd. W - Lakewood Blvd.	1 mile radius

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Fox Market Del Amo and Woodruff	1 mile	Smaller Newer
2. Lakewood Center (Del Amo & Lakewood):		
Boys Market Safeway Hiram's Market	2.2 miles	All 3 markets roughly same size. Safeway is newer - others older.
3. Lakewood Plaza Shopping Center (Palo Verde and Spring)	2.3 miles	
Hiram's Alpha Beta Safeway		Hiram's same size. Alpha Beta and Safeway are smaller. Safeway is newer; others are older.
4. Thriftimart (Bellflower and Carson)	1/2 mile	Smaller Older - 10 years old.
5. Market Basket (Spring and Bellflower)	1.5 miles	Smaller Older
6. Sunfair (Carson and Studebaker)	3/4 mile	Smaller Older -remodeled.
7. Cole's Market (Woodruff and South St.)	1-1/2 mile	Smaller Older

NOTE: An A & P market is now under construction directly across the street from Von's #25 and when this store opens it will, of course, affect the competitive situation in this area.

C A L Carson & Paramount
Food Giant - Lakewood -

EXHIBIT D

-15 f 336

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#26 12156 Brookhurst Ave. Garden Grove 3 years	2-1/2 mi. radius: N - Garden Grove Blvd. S - Brookhurst & Ball E - Harbor W - Highway 39	About 1-1/2 mi. radius N - Westminster S - Katella E - Chapman to Euclid W - Chapman to Highway 39

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Thriftimart Brookhurst & Chapman Garden Grove	1000 ft.	Smaller. Older - about 4-1/2 years in the area.
2. Safeway Brookhurst & Chapman Garden Grove	2000 ft.	Smaller. Newer - opened about 1-1/2 years ago.
3. Food Giant Euclid and Katella	1-3/4 mi.	Newer. Opened 2-1/2 years ago.
4. Shopping Bag 9922 Katella Anaheim	1 mile	About same size. Older - 3-1/2 yrs. in area.
5. All-American Garden Grove Blvd.	1 mile	Smaller. Older - 6-7 yrs. old.
6. Cole's Market Garden Grove Blvd.	1-1/2 mi.	Smaller. Older.
7. John Carter Market Highway 39 and Chapman	1-3/4 mi.	Larger - 50,000 sq.ft. Newer - 2 years.

EXHIBIT D

719 f 337

2910

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drive
#27 15740 Whitewood Lane Whittier 4 years	2-1/2 mi. radius: N - Friendly Hills Dist. S - Lutweiler E - Hacienda Blvd. W - Painter	2-1/2 mi. radius

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Thriftimart Whittier Blvd. at Santa Gertrudes Whittier	Across boulevard	Smaller. Older - 4 to 4-1/2 years old
2. Safeway Corner Cole Rd. (very short block east of Colima) and Whittier Blvd. Whittier	3/4 mile	Smaller. Newer - opened Dec. 19[illegible]
3. Eako 15707 E. Leffingwell Rd. Whittier	3/4 mile	Smaller. Newer - opened Jan.-Feb. 1960
4. Alpha Beta Corner Colima & Whittier Blvd. Whittier	3/4 mile	Smaller. Older - probably opened 1951-2.
5. Gateway Market 2050 W. Central La Habra	2-1/4- 2-1/2 miles	Smaller. New - opened about March 1960.
6. A & P Whittier Blvd. & Bogardus Whittier	3/4 mile	Smaller. Newer - opened first of 1960.
7. Shopping Bag #1 1611 W. Whittier La Habra	2-1/2 miles	About same size. Newer - within last [illegible]
8. Probably 10 Mom & Pops and small independents in area.	Within 2-1/2 mile radius	

EXHIBIT D

7204

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
# 29 1000 E. Valley Blvd. Alhambra 2 years	About 1-1/2 mi. radius	1-1/2 mile radius

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Crawford's 1101 E. Valley Alhambra	Across street	About same size Older - at least 20 yrs.
2. Boys Market Valley and Del Mar San Gabriel	About 1 mile	Larger building - selling area smaller-16-18,---sq. ft. Older (but remodeled completely) - about 10 yrs.
3. Market Basket Valley and Del Mar San Gabriel	About 1 mile	Building approx. as large Older - about 8 years
4. LaMar's (Fox) Market Las Tunas Dr., San Gabriel	About 1-1/2 miles	Smaller Older - long time
5. Gateway E. Valley Blvd. Alhambra (City of)	About 1 mile	Smaller Older - remodeled just before we opened.
6. Crawford's (About) 1000 W. Valley Blvd. Alhambra	1-1/4 mi.	Smaller Older
7. Star Market Garvey Boulevard, Monterey Park	1 to 1-1/2 miles	Smaller Older
8. Mayflower Del Mar Street	1-1/2 mi.	Smaller Older -- recently remodeled
9. Bradbury's Market	less than or about 1 mile	Smaller Older
10. Miscellaneous Mom and Pop Stores	radius of 2 mi.	

EXHIBIT D

721 F 339

2912

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#31	2 mi. radius:	3/4 mile radius
973 S. Glendora West Covina 8 months	N - Covina S - La Puente E - West Covina W - Baldwin Park	

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Food Giant 13525 E. Elliott, La Puente	2 mile	Larger - probably about 30,000 sq. ft. Older
2. Fairgrove's 1206 N. Glendora La Puente	1 mile	About same size Older
3. Woodland Park Ranch Market 522 E. Vine Street West Covina	Across street	Smaller Older
4. Shopping Bag #28 15427 Amar Rd. La Puente	1-1/2 miles	Little larger Older
5. Alexander's La Puente	2.4 miles	Slightly larger Newer - almost 2 weeks
6. Shopping Bag #32 1170 W. Garvey West Covina	1-1/2 miles	Larger Older
7. Codd's Market 15978 E. Francisquito La Puente	1-1/2 miles	Smaller, about 12,000 sq. ft. Older
8. Thriftimart 1320 W. Francisquito West Covina	1 mile	Larger-about 25,000 sq. Older
9. Alpha-Beta 600 S. Sunset West Covina	1-3/4 miles	Little larger Older
10. McDaniel's Hollenbeck Ave. & Garvey West Covina	3/4 mile	Smaller Older

(Con'd)

EXHIBIT D

722f

Number, Address and Age of Von's Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
931		

(Cont'd - 2)

Names and Addresses of Competitors In Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
11. Carl[illegible] Market 197[illegible] E. Naplegrove La Puente	About 2-1/2 mi.	
12. Center Market 1102 E. Garvey Blvd. West Covina	About 1-1/2 mi.	
13. McDonald's Glendora and Garvey	1-1/4 mi.	
14. Lucky Stores Citrus and Garvey	2-1/2 mi.	

EXHIBIT D

2914

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#1	About 1 mi. radius:	1/2 mi. radius:
1611 West Whittier LaHabra	N - [illegible] Drive S - Central E - Walnut W - Rounds Ave.	N - Hacienda Blvd. S - W. Portal E - Citrus W - Rounds Ave.
1 year		

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Von's #27 13704 Whittwood Lane Whittier	About 1-1/2 mi.	Same size Older - 5 years
2. Alpha Beta 580 West Central LaHabra	About 1 mi.	Smaller Older - 6 - 7 years
3. Gateway Market 2050 West Central LaHabra	About 1 mi. south	Smaller Newer - - 8 months
4. A & P Whittier Blvd. & Bogardus Whittier	About 1 mi. West	Little smaller Newer - - months
5. Ralphs Market 13707 East Leffingwell Road Whittier	About 2 mi.	Same size Newer - about months
6. Market Whittier Blvd. & Russell St. Whittier	About 1-1/2 mi.	Smaller Older - 3 years
7. Town & Country Market 9261 E. Whittier Blvd. Whittier	1/4 mi. west	Smaller Older
8. Mayfair Market 1100 West Central LaHabra	About 2 mi.	Smaller Older
9. Eleven (11) Markets - independents - About 2 Mom & Pops, About 2 Supersettes	2 mi. radius	

NOTE. A large Food Giant market located in a large shopping center approximately one mile south of Shopping Bag Store #1 is scheduled to be opened at the end of [illegible], 1960, and when it is opened the Food Giant market will replace Von's as the major competition to Shopping Bag Store #1.

EXHIBIT E

...mber, Address and Age ...f Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
...2	2 mi. radius:	1 mile:
...335 Foothill Blvd. ...unland	N - Mountains S - Mountains E - Tujunga Canyon Blvd. W - Whitsett and Sunland Blvd.	N - Mountains S - Mountains E - Commerce St. W - Sunland
... years		

...mes and Addresses of ...mpetitors in Order ...f Importance	Distance From Competitor	Comparative Size and Age of Competitor
... Piggly-Wiggly 6850 Foothill Blvd. Sunla...	.25 mi.	Smaller About same age
... Sunval Glenoaks at Sunland	2.5 mi.	Bigger Newer - 1 year
... Piggly-Wiggly 7295 Foothill Tujunga	2.0 mi.	Smaller Older - 15 years
... Safeway Stores 9933 Commerce Tujunga	2.0 mi.	Smaller Older - 15 - 20 years
... Sunland Market 6355 Foothill Blvd.	2 doors away	Smaller Older - 15 years
... Re-Bee Market 7670 Foothill	1 mi.	Smaller Older - 15 years
... Valley Center Market 7819 Foothill Blvd.	0.75 mi.	Smaller Older - 10 - 12 years
... Pix Market (formerly Shopping Bag) 6656 Foothill Blvd. Tujunga	3 mi.	Smaller Older - 10 - 12 years
... Tom's Market 7518 Foothill Blvd.	1.5 mi.	Smaller Older

NOTE: A major shopping center is scheduled to be constructed in this area and it is understood that Safeway will construct a large supermarket in this shopping center, and when this store is opened it will no doubt affect the competitive situation in this area.

EXHIBIT B

#2916

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#3 3100 Foothill Blvd. La Crescenta 11 years	About 2.5 mi.: N - Mountains S - Whiting Woods Area E - Ocean View W - Tujunga	2 mi. radius: N - Mountains S - Honolulu Ave. E - Verdugo W - Tujunga Canyon

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Ralph's 2111 Foothill LaCanada	3 mi.	Same size Newer - 6 years
2. Safeway 3200 Foothill La Crescenta	1 blk.	Smaller Newer - 4 years
3. Rebal 2931 Honolulu Verdugo City	1.5 mi.	Smaller Recently enlarged and remodeled within last year
4. Spike Jones 2770 Foothill (used to be Shopping Bag #3 location)	3/4 mi.	Much smaller 2 years newer
5. Pix (former Shopping Bag) About 2800 Foothill	2 mi.	Smaller Under Pix only 6 mos.
6. Ramsdell About 2430 Foothill	1/2 mi.	Much smaller Older
7. Anderson About 2500 Foothill	1 mi.	Smaller Older - several years
8. Ralph's About 2200 Pennsylvania	1/2 mi.	Smaller Newer

EXHIBIT E

mber, Address and Age f Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
816 North Beech ncaster, Cal. 1/2 years	4-5 mi. radius: N - Ridgecrest S - Palmdale E - Edwards W - 100th St.	2 mi. radius

mes and Addresses of mpetitors in Order f Importance	Distance From Competitor	Comparative Size and Age of Competitor
Shopping Bag #37 1111 Avenue I	1 mi.	Much larger. Shop. center Newer - 1-1/2 yrs.
Fox Markets Division & J Streets	8 blks.	Smaller. Shopping center Newer - 4-1/2 yrs. (3 yrs. under Fox.)
Safeway Lancaster Blvd.	4 blks.	About same size Older - 8 years
Thriftimart West 10th Street	3 mi.	Larger. Shopping center with Sears and Bank of America. Newer - 1-1/2 years.
Three Government Post Exchanges, one at Edwards Air Base, two at Channel Lake, third at Mojave	Edwards 35 mi. Channel Lake 60 mi. Mojave 20 mi.	Smaller Older - probably World War II vintage
Miscellaneous: Neighborhood markets, Mom & Pop Stores.	2 mi.	Smaller Generally older

EXHIBIT E

175

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2918

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#5 2256 Honolulu Montrose 20 years	2 mi. furthest extent: N - Foothill S - N. Glendale E - La Canada W - La Crescenta Ave.	1 mi. radius: Montrose Proper N - Montrose Ave. S - Sparr Heights E - La Canada W - Rosemont Ave.

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Ralph's 2200 Foothill La Canada	1.5 mi.	Larger, approx. 25,000 sq. ft. selling area Newer - 5 years
2. Revalls 2700 Block Foothill	1.5 mi.	Approx. same size New and remodeled
3. Shopping Bag #3 3100 Foothill	2.0 mi.	Larger, approx. 25,000 sq. ft. Newer - about 12 years.
4. Ajax 3100 Verdugo Road (Old Thriftimart, now Mom & Pop type)	2 blks.	Smaller, 5000 sq.ft. Pretty old
5. Gelsinger's Meat Market 2200 Honolulu	Adjacent	Very little - Newer - being remodeled

EXHIBIT E

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
6 20 Foothill Blvd. LaCanada 2 years	3 mi. radius: N - Mt. Wilson S - Linda Vista E - Flintridge area W - Palm Drive	1 mi. radius: N - Green Lane S - Flintridge area E - Altadena W - Gold Ave.

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Alexander's 421 Foothill LaCanada	6 blks	Larger Newer - about 4 years
2. Ralphs [illegible] Foothill LaCanada	Ab. 1 mi.	Larger Newer - about 5 years
3. Lorin Market 1000 block Foothill LaCanada	Almost next door	Smaller Under new management within past six months
4. Olson's Market 800 block Foothill LaCanada	1 blk.	Smaller Older - probably in area 20 years
5. O'Leary's Market 1300 block Foothill LaCanada	4 blks.	Smaller Older - about 15 years in area

EXHIBIT E

2920

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#7 2403 Lincoln Altadena 8 years	About 3 mi. N - Mountains S - Colorado St. E - Lake Street W - Flintridge area	1-1/2 mi. radius: N - Mountain View S - Washington E - Fair Oaks W - Rosemi

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Pantry Market Lincoln and Altadena Dr. Altadena	1-1/2 mi.	Smaller Older but recently remodeled
2. Market Basket 2505 N. Fairoaks	1/2 mi.	About 3/4 as large Older
3. Market Basket 1160 N. Fairoaks	1/2 mi.	About same age and size
4. Safeway Fair Oaks and Montana Pasadena	1 mi.	About 2/3 size Little bit older
5. Pantry Fair Oaks and Orange Pasadena	2 mi.	Smaller - probably about half size Older
6. Crockett's About 2400 Lincoln	Across street	Smaller Older but recently remodeled
7. Johnnie Ota Market Washington & Lincoln Altadena	1 mi.	Very small Older but remodeled recently

EXHIBIT E

3
7 30

ber, Address and Age Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#8 2222 Colorado Blvd. Los Angeles 41 (Eagle Rock) 12 years	About 6 mi Radius: Pasadena Highland Park Glendale	Eagle Rock: N - Hill Dr. S - Yosemite E - One mile W - One Mile

es and Addresses of petitors in Order Importance	Distance From Competitor	Comparative Size and Age of Competitor
Ralphs Glendale: Colorado St. and Verdugo	2.0 mi.	Larger - probably about 1/3 larger Older: remodeled
Safeway Glendale: Wilson and Verdugo.	1.0 mi.	About same size Newer - 4 years.
Shopping Bag No. 9	1.0 mi.	About half size of this store. Probably older.
Lee's Ranch Market 4400 (approx.) Eagle Rock Blvd.	1.0 mi.	Not known Not known
Econo-Mart (1500 Colorado Blvd. [approx.])	1.0 mi.	Smaller
Shopping Bag #38 Glendale: Glendale Blvd. and Wilson	2.5 mi	Much larger Newer
Approximately 10 other Mom and Dad stores, family stores, etc. in this area	within 1 mile	

EXHIBIT E

34

7301

2922

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#9 1566 Colorado Blvd. Eagle Rock 11 - 12 years	5 miles Pasadena Highland Park Flintridge	1 mile radius Eagle Rock Neighborhood

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Shopping Bag #8 2222 Colorado, Eagle Rock	1.4 mi.	Larger About same age
2. Yosemite Market Townsend and Yosemite	1 mile	Smaller Newer - 2 years old
3. Econo-Mart 1557 Colorado Blvd.	Across street	Smaller Older
4. Charlie Kline 1200 (?) Yosemite	1.2 mi.	Smaller Newer

EXHIBIT E

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#10 304 E. Foothill Blvd. Upland, California 7 years	about 5 mile radius N - Mountains S - San Bernardino Frwy E - Edwards Ave. W - Mountain Ave.	about 2-1/2 mile radius N - 16th St. S - 1st St. E - Cucamonga Ave. W - Mountain Ave.

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. MacDaniels Market Chaffey and N. Grove Ave., Upland	3/4 mile	About same size New - about 1-1/2 years in location.
2. Stater Brothers Foothill Blvd. and Indian Hill Blvd., Claremont	3 miles	Little smaller New - 3 years in area
3. Alpha Beta 1339 E. 4th Street, Ontario	3 miles to SE	About same size New - about 2 yrs. old
4. Market Basket 1040 North Mountain Ave. Ontario	4-1/2 miles	About same size Newer - 4 years.
5. Central Market 904 N. 2nd Ave., Upland	6 blocks	Smaller Older 10-12 years.
6. 3 Mom and Pop stores in area	inside 8 blocks	

EXHIBIT E

#2924

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#11 2270 Huntington Drive San Marino About 15 years. (Re modaled 7 years ago.)	2-mile radius: N - California S - Las Tunas E - Rosemead W - Atlantic	1-1/2 mile radius: N - California S - (2 or 3 blocks) E - San Gabriel W - St. Albans

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Gambrell Market 2100 block Huntington Drive	1 block	Smaller (about 5,000 sq. ft.). Older, but remodeled.
2. Market Basket E. Huntington & Oak Knoll	2 miles	Smaller. Newer and remodeled.
3. San Marino Market 985 E. Huntington Drive	2 miles	About same size. Older.
4. LaMar's (Fox) Las Tunas and Mission	2-1/2 mi.	Larger. Older.
5. Gateway Market 440 W. Las Tunas Drive San Gabriel	2-1/2 mi.	Larger. Newer.
6. Shopping Bag #25 2960 Huntington Drive San Marino	1 mile	Smaller. Older

EXHIBIT E

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
12 3841 E. Sierra Madre Pasadena 5-1/2 years	3 mi. radius	1/2 mi. radius: N - Riviera Drive S - Sierra Madre Blvd. E - Baldwin W - Madre Villa

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
. Market Basket 3601 E. Foothill Blvd. Pasadena	1-1/2 mi.	Slightly smaller; in shopping center Newer - ab. 3 years old
. A & P About 3500 E. Foothill Blvd. Pasadena	1-1/2	Smaller Very new store in shopping center, 1-1/2 years open.
. Roess Market 331 Sierra Madre Blvd.	1/2 mile or less	Smaller Older - probably 15 years in town.
. Robert's Market Sierra Madre Blvd.	1 mile	Smaller Older - 10 years or older

EXHIBIT E

2926

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#15 1407 Baldwin Avenue 10 years	Ab. 10 mi. Radius: N - Sierra Madre S - N. El Monte E - Azusa W - San Gabriel	Ab. 2-1/2 mi. radius: N - Huntington Drive S - Las Tunas E - May Flower Ave. W - San Gabriel Blvd.

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Gateway Market Duarte and Baldwin Ave. W. Arcadia	1 blk.	Slightly smaller Newer - about 1 year old
2. El Rancho Market 1101 W. Huntington Dr., W. Arcadia	1/2 to 3/4 mi.	Slightly smaller Newer - about 8 yrs. old
3. Market Basket Cor. Rosemead and Longden W. Arcadia	Approx. 1-1/2 mi.	Larger Newer - open about 1-1/2 years
4. Charlie's Market Las Tunas and Baldwin Ave. W. Arcadia	Ab. 1-1/2 mi. south	Slightly smaller About same age as this store.
5. Ralph's Cor. Double Drive & Live Oak	2-1/2 mi.	Slightly larger Newer - about 5 years in location
6. Safeway First and Duarte Road Arcadia	2 mi.	Slightly smaller Newer - about 6 years in location.
7. Approximately 4 or 5 Mom & Pop's in the area	Within 2 miles	

EXHIBIT E

736

2927

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#16 2200 West Valley Blvd. Alhambra 11-12 years	About 1 mile N - Main S - Garvey E - Atlantic W - LA State College	About 3/4 mi. radius: N - Mission S - San Bern. Frwy. E - Atlantic W - Fremont

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Gateway Market Valley & Fremont Alhambra	3 blks.	Ab. same size, possibly smaller. Older - about 15 years.
2. Crawford's Market 9th & Valley Alhambra	Ab. 1 mi.	Somewhat larger Bldg. same age - remodeled.
3. Shopping Bag #27 127 N. Garfield Monterey Park	Ab. 2 mi.	Larger Newer store
4. Gateway Market 4th & Valley Alhambra	Ab. 1-1/2 mi.	Ab. same size as this store Bldg. probably older.
5. Probably 4 neighborhood Mom & Pop's in area	Within 3/4 mi. area.	

EXHIBIT E

35

2928

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#17	Ab. 8 mi, radius:	Ab. 1-1/2 mi. radius:
4806 N. Peck Road El Monte	N - Live Oak Blvd. S - San Bern. Frway E - Covina W - Alhambra	N - Live Oak Blvd. S - Freeway E - Ab. 2-3 miles W - Baldwin
Ab. 12 years		

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. MacDaniel's 1000 Lower Azusa Road El Monte	Ab. 1-1/2 mi.	In shopping center, and twice size of this store. Newer and remodeled.
2. Food Giant Cor. Valley Blvd. & Park Road El Monte	Ab. 1-1/2 mi.	In shopping center and twice size of this store. New - during the past year.
3. Mayflower Market Peck Road Monrovia	Ab. 3 mi.	Ab. same size Ab. same age
4. Commonwealth Market Tyler Avenue El Monte	Ab. 2 mi.	About same age as this store. Smaller
5. Shopping Bag #18 137 E. Valley El Monte	Ab. 5 mi.	Larger Newer - remodeled
6. About 30 Mom & Pop neighborhood stores	Radius of 5 miles	

EXHIBIT E

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
718 37 E. Valley Blvd. El Monte 12 years	Radius 3-1/2-4 mi: N - Magill St. S - Rush E - Durfee W - Rosemead Blvd.	3 or 4 flks. N, S, E. W.

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Food Giant Valley & Peck El Monte	Ab. 1 mi.	Larger New - 1 year old
2. Crawford's Market Valley & Garvey El Monte	1-1/2 mi.	Larger Newer, since 1949-50
3. MacDaniel's Market Lower Azusa Rd. & Arden Drive	2-1/2 mi.	Larger Older, remodeled about 6 months ago.
4. Market Basket Valley & Garvey El Monte	1-1/2 mi.	Size not known New building
5. Safeway San Bernardino & Valley	1/2 blk.	Smaller Newer - 1 year
6. Commonwealth Market Tyler	6 blks.	Smaller Older
7. Santa Fe Farms Durvee & Peck Road	4 mi.	About twice size of this building Newer - 4 years
8. Carleton's El Monte Super Food Market	1-1/2 mi.	Smaller - continually enlarging Much older
About 4 other small (Mom & Pop) markets in area	less than 1 mi.	

EXHIBIT E

351

2930

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#19	3-mile radius:	1-mile radius:
140 W. Foothill Blvd. Monrovia	N - Mountains S - Las Tunas, El Monte E - San Gabriel River W - Double Dr., Arcadia	N - Mountains S - Huntington Dr. E - Mountain Ave. W - Madison Ave.
11 years.		

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Alexander's 328 W. Huntington, Monrovia	About 1 mi.	Twice as large. Newer, about 2 years in location.
2. Market Basket 128 W. Lemon, Monrovia	4 blocks	Smaller. Newer - about 7 years in area.
3. McDaniels 415 W. Huntington, Monrovia	About 1 mi.	About same size. Newer - about 8 years in area.
4. Alpha Beta About 1200 E. Huntington, Duarte	2 miles	Larger. Newer - about 3 years in area.
5. Safeway 100 E. Huntington, Monrovia	Approx. 1-1/2 mi.	Twice as large. Newer - about 6 months at a new location.
6. Ken's Market 613 S. Myrtle, Monrovia	1/2 mile	Smaller. Older.
7. Foothill Market 5th Ave. & Foothill, Monrovia	1-1/2 mi.	Smaller. Older.
8. Gould's Market 200 E. Foothill Blvd.	1 block	Smaller. Older.

EXHIBIT E

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
20 9206 E. Washington, Rivera 3 years	4-mile radius: N - Whittier Blvd. S - Telegraph Rd. E - Norwalk W - 5th Ave., Montebello	2-mile radius: N - [illegible] S - [illegible] E - [illegible] River W - [illegible]

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Food Giant 11101 E. Washington Whittier	About 1-1/2 miles	Larger. Newer - opened 1956/1957.
2. Fox Market	1/2 to 3/4 mi.	Larger. New - Jan. 1960.
3. Shopping Bag #22 9140 E. Whittier, Pico	1-1/4 mi.	Same size. Newer (1962).
4. King Cole Market 11245 E. Washington Whittier	About 1 mi.	About same size. Newer (1955).
5. Jim's Market 13335 E. Telegraph, Whittier	About 1-3/4 mi.	Smaller. Newer - opened 1959.
6. Safeway Washington & Norwalk, Whittier	About 1 mi.	About same size. Newer - opened first of 1959.
7. Probably 3 or 4 Mom & Pops in area.	Within 4-mile radius	

EXHIBIT E

359
7417

2932

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#21 1183 Quad Way Whittier About 7 years.	3-4 miles radius: N - The foothills S - Telegraph Rd. E - Colima Rd. W - Broadway	1-1/2 mi. radius: N - Whittier Blvd. S - Telegraph Rd. E - Gunn Ave. W - Santa Fe Springs Rd.

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Market Basket 401 E. Whittier Blvd., Whittier	1/2 mile	Smaller. Older - 10 yrs. in area
2. Esko Market 15707 E. Leffingwell Rd., Whittier	1-1/2 mi.	Smaller. Newer.
3. Stater Bros. 14212 E. Mines, Whittier	About 2 mi.	Smaller. Newer. In area about 3 years.
4. Alpha Beta Whittier Blvd. & Colima Rd. Whittier	About 3 mi.	Smaller. Newer - in area about 4 years.
5. Box Market 11530 E. Whittier Blvd., Whittier	About 2-1/2 mi.	Smaller. Older - probably in business in Whittier 25 years.
6. Safeway Cole Rd. (near Colima) & Whittier Blvd. Whittier	About 3 mi.	Smaller. Newer - in area 1 year
7. Ralphs Grocery Co. 202 W. Philadelphia Whittier	2-1/2 mi.	Smaller. Older - in area about 18 years.
8. Von's #27 15740 Whittwood Lane Whittier	2-1/2 miles	Larger (37,000 sq.ft.) Newer.
9. Approximately 4 or 5 Mom & Pops in area.	Within 2-mile radius	

EXHIBIT E

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
22 1140 East Whittier Pico years	3-mile radius: N - Whittier Narrows Dam S - Slauson E - Norwalk (and further) W - Montebello Blvd.	1-mile radius: N - Whittier Narrows S - Washington Blvd. E - Norwalk Blvd. W - Rio Hondo River

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
Food Giant Market 9100 E. Beverly Blvd. Pico Rivera	1/2 mile	Larger. Newer - opened May 5.
Shopping Bag #20 9405 E. Washington Rivera	1-1/4 mi.	Same size. Older.
Crawford's Market 8th and Whittier Blvd. Montebello	2 miles	Newer (giant 50,000 sq.ft. store) - built on old location.
Buyfair Market 11246 E. Whittier Blvd. Whittier	1-1/2 mi.	Somewhat smaller. Same age.
Patton's Market (formerly a Shopping Bag store) Whittier & Norwalk Blvd.	1 mile	Smaller. Older.
Fox Market Slauson & Passons Pico Rivera	2 miles	Larger. Newer - opened May 4, 1960.
Safeway Washington & Norwalk Blvd. Whittier	3 miles	Smaller. Newer. (In same shopping center as Food Giant and King Cole.)
Food Giant Washington & Broadway Whittier	3 miles	Larger. Newer.
King Cole Market Washington & Broadway Whittier	3 miles	Larger. Older.

(Continued on next page)

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Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#22	PAGE 2.	

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
10. Newmart Market 9252 E. Whittier Pico Rivera	2 blocks	Smaller. Older.
11. Beverly Rose Market 4621 S. Rosemead Blvd. Pico Rivera	4 blocks	Smaller. Newer - 1 year.
12. [illegible] Market 10704 East Beverly Blvd. Whittier	1 mile	Smaller. Older.
13. Shopping Bag #40 1201 W. Whittier Montebello	2 miles	Larger. Newer - about 1 year
14. Poppy's Market 4700 So. Durfee Pico Rivera	5 blocks	Smaller. Building is older - remodeled and change hands.
15. Vickery's Market 4560 South Durfee Pico Rivera	5 blocks	Smaller. Building older - remodeled and change hands.
16. Highway 101 Market Whittier & Lexington Pico Rivera	1/2 mile	Smaller. Probably older.

EXHIBIT E

36

mber, Address and Age f Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
23 846 West Orangethorpe ullerton years	4 mi. radius: N - LaHabra S - City of Garden Grove E - Harbor Blvd. W - Highway 39	2 mile radius N - Commonwealth S - Lincoln Blvd. E - Euclid Blvd. W - Magnolia

mes and Addresses of mpetitors in Order f Importance	Distance From Competitor	Comparative Size and Age of Competitor
Alpha Beta 1701 W. Orangethorpe, Fullerton	400 yds.	About same size Older
Patton's Market 134 W. Commonwealth Fullerton	About 1 mile	Smaller Newer - opened about 1-1/2 yrs. ago
Food Bin Market Cor. Valencia & Gilbert Fullerton	About 1 mile	Smaller Older
Minute Market 1614 Valencia Drive Fullerton	About 1 mile	Smaller Newer - opened about 6 months ago
Market Basket 920 W. Commonwealth Fullerton	About 2-1/2 miles	About same size
Alpha Beta LaPalma & Euclid Anaheim	About 2-1/2 miles	Slightly smaller Older
Ralph's 407 N. Laora Anaheim	3 miles	About same size Newer - open about 2 yrs.
Thriftimart 8228 LaPalma Buena Park	About 4 miles	About same size New - opened in last 9 months
7-11 Market Cor. Orangethorpe & Euclid Fullerton	About 1 mile	Very small New - 7 months

No other markets in immediate area.

2936

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Draw
#24	1 mi. radius:	1 mi. radius
2150 N. Glenoaks Burbank	N - Hollywood Way S - Magnolia E - Verdugo Hills (Mountain) W - San Fernando Rd.	N - Buena Vista S - Birmingham E - Mountain W - San Fernando Rd.
8 years		

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. McDaniels 1100 N. San Fernando Rd. (at Scott)	3/4 mi.	Larger. Newer - 2 years
2. Gelsons 3325 W. Victory (at Hollywood Way)	1-1/2 - 2 miles	Roughly same size. Older - 10-11 yrs. old
3. Sun-Val Market 8876 Glenoaks Blvd. (at Sunland)	3 miles	Same size. Newer.
4. Alexander's 260 E. Magnolia (at First St.) Burbank	3 miles	Smaller. Older - 12 years old
5. Bill's Ranch Market 1028 S. San Fernando Rd. (at Alameda)	4 miles	Slightly smaller. Older - 15 years old

EXHIBIT K

...aber, Address and Age ...Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area: i.e., Area From Which Majority of Customers Drawn
...5	3 mi. radius:	3 mile radius
...60 Huntington Drive ...n Marino ...years	N - Las Tunas, San Gabriel S - Calif.Blvd., Pasadena E - Rosemead W - San Marino Ave.	Same as Geographical Area

...mes and Addresses of ...petitors in Order ...Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. El Rancho Market 1101 W. Huntington Arcadia	3 miles	Larger - twice size of this store New - 6-7 years
2. Shopping Bag #11 4270 Huntington Drive San Marino	1 mile	Larger Older
3. Safeway Las Tunas and San Gabriel Blvd. San Gabriel	2-1/2 miles	Much larger - probably 60,000 sq. ft. Fairly new store

EXHIBIT E

365

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#26 16823 Foothill Blvd. Fontana 5 years	About 3 mi. radius: N - Highland S - San Bernardino Frwy. E - Locust St. W - Etiwanda St.	About 1/2 mile radius N - Baseline S - Arrow Blvd. E - Palmoto W - Citrus

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Food Giant 17263 Foothill Blvd. Fontana	2 blocks	Larger New - opened June 1960
2. Stater Brothers 16923 Foothill Fontana	across street	Smaller Older - about 10 years
3. MacDaniels Market 17575 Foothill Fontana	6 blocks	Larger Newer - opened in 1959
4. Stater Brothers 9976 Sierra Fontana	2 miles	Smaller Newer - opened 1956
5. Safeway Corner Arrow & Juniper Fontana	3 blocks	Smaller Older - over 10 years
6. Foodspot 8542 Sierra Fontana	4 blocks	Smaller Older
7. Budget Market 16724 Merrill Fontana	4 blocks	Smaller Older
8. Several Mom and Pop Stores	within core area	

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
27	4 mi. radius:	About 1 mile radius
27 N. Garfield Monterey Park bout 6 years	N - Alhambra S - Monterey Park E - S. San Gabriel W - Monterey Park	

ames and Addresses of ompetitors in Order f Importance	Distance From Competitor	Comparative Size and Age of Competitor
. Alpha Beta 300 N. Atlantic Ave. Monterey Park	3/4 mi.	Larger. Newer.
. Von's #29 1000 E. Valley Alhambra	1-1/2 mi.	Larger. About same age. In shopping center.
. Gateway Market Garvey & Garfield Monterey Park	1 block	Smaller. Newer - remodeled when took over from Crawford's.
. Star Market Garvey Blvd.	3 blocks	Smaller. Older - 8-10 years in area.
. Bradbury Garfield Blvd.	2 blocks	Smaller. Older.
. Von's #4 2280 Atlantic Ave. Alhambra	3 miles	Larger. Newer - 3-4 years. In shopping center.

EXHIBIT E

2940

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#28 15427 Amar Road La Puente 5 years	2 mi. radius: N - Service Ave. S - Yale St. E - Pass & Covina Rd. W - California St.	About 1 mi. radius: N - Vine St. S - Valley Blvd. E - Pass & Covina Rd. W - California St.

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Food Giant La Puente & Elliott St. La Puente	2 mi.	About same size Newer - 3-1/2 yrs.
2. Fairgroves Market Fairgrove & Glendora La Puente	2 blocks	Smaller Older
3. Market Basket 155 N. Glendora La Puente	1 mi.	Same size Newer - 4 yrs.
4. Alpha Beta Pass & Covina Rd. & Valley Blvd. La Puente	About 2-1/2 mi.	Smaller Newer - 2 yrs.
5. Shopping Bag #32 1170 W. Garvey Blvd. West Covina	2 mi.	Larger Newer - 4 yrs. In shopping center.
6. Thriftimart- 1120 S. Hacienda Blvd. La Puente	About 1 mi.	About same size Newer - 3-1/2 yrs.
7. Von's #31 973 So. Glendora West Covina	1 mi.	Smaller Newer - 7 - 8 mos.
8. Codd's Market Francisquito & Walnut La Puente	1/2 mi.	Smaller Older
9. Alexander's Puente & Francisquito La Puente	About 3 mi.	Larger Newer

EXHIBIT E

umber, Address and Age f Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#29	35 mi. radius:	10 mi. radius:
115 East Ave. Q-6 Palmdale 5 years	N - Lancaster S - Saugus E - Wrightwood & Victorville W - Lake Hughes	

mes and Addresses of mpetitors in Order f Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Fox Markets 2101 East Palmdale Blvd. (Palmdale)	1 mile	Same size Newer - 3 yrs.
2. Safeway Q-6 Palmdale	Across street	About same size Older in previous location but newer (by 5 months) in present location.
3. Shopping Bag #37 1111 Ave. I Lancaster	8 miles	Larger Newer - 1-1/2 yrs. old
4. Fox Markets 130 East Ave. J Lancaster	8 miles	Smaller Newer
5. Safeway Lancaster Blvd. Lancaster	8 miles	Smaller Older - 6 years old
6. Mom & Pop Stores, Fox Markets at Edwards Air Base, Shopping Bag #4 in Lancaster, Post Exchange at Edwards Air Base, Thriftimart in Lancaster	8 miles to 50 miles	All smaller, except Thriftimart, which is same size; Mom & Pop Stores, some newer and some older. Edwards Air Base PX older. Shopping Bag 44 older. Fox Markets at Edwards Air Base older.

EXHIBIT E

2942

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#30 960 W. Arrow Highway Covina 4-1/2 yrs.	About 2 mi. radius: N - Foothill Blvd. S - San Bernardino Fry. E - Grand Ave. W - Irwindale	1 mi. radius: N - 1st St., Azusa S - Cyprus E - Citrus W - Vincent

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. MacDaniels 700 Block W. Arrow Highway Covina	About 1/2 mi.	Somewhat smaller - In Shopping Center Newer - 1-1/2 yrs.
2. Alexander's Market 273 East Gladstone Azusa	About 1/2 mi.	Slightly smaller - In Shopping Center Newer - 3-1/2 yrs.
3. Market Basket 949 West San Bernardino Rd. Covina	About 1 mi. south	About same size - In Shopping Center Older - 7 yrs.
4. Valley dale Market Arrow Highway & Jackson Ave. Azusa	About 1/2 mi. or less	Smaller Older but remodeled
5. Yor-Way Market 200 Block South Azusa Ave. Azusa	1-1/2 mi.	Smaller Older
6. Safeway 400 Block So. Azusa Ave. Azusa	About 2 mi.	Smaller Older
7. MacDaniels Market Off Freeway on Hollenbeck Rd. West Covina	About 2 mi.	Smaller Little bit newer
8. Food Giant Irwindale & San Bernardino Rd. West Covina	About 3 mi.	About same size Newer - 2 yrs.
9. Codd's Market Citrus Avenue Covina	About 1-3/4 mi.	Smaller Older

2943

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#30		

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
10. Mayflower Market 940 South Grand Ave. Glendora	About 3-1/2 mi.	Smaller Newer - 3-1/2 yrs.
11. Mayfair Market 6307 N. Citrus Ave. Azusa	About 2-1/2 mi.	About same size Newer - 3-1/2 yrs.
12. Probably 4 or 5 Mom & Pop stores in area	Within 3 mi. radius	Smaller Older

#2944

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#31 2470 N. San Antonio No. Pomona 3 yrs.	About 3 mi. radius: N - Mountains S - Holt Ave. E - Central Ave. W - Town of San Dimas	About 1-1/2 mi. radius N - Foothill Blvd. S - Holt Ave. E - Hills Ave. W - Garey Ave.

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. MacDaniels 2190 N. Garey Pomona	1/2 mi.	About same size Newer - opened 1958
2. Stater Bros. Foothill Blvd. & Indian Hill Blvd. Claremont	1 mi.	Smaller Newer - About 2 yrs.
3. Alpha Beta 1670 Alexander Pomona	2 mi.	Smaller Older - 6 - 8 yrs.
4. Boy's Market 1575 East Holt Pomona	2-1/2 mi.	About same size Older - 6 - 7 yrs.
5. Safeway Holt Ave. Pomona	3 mi.	Smaller Older
6. Thriftimart Garey Blvd. and Foothill Blvd. Pomona	2 mi.	Somewhat smaller Newer - 2-1/2 yrs.
7. Market Basket 1485 East Holt Pomona	3-1/2 mi.	About same size - In Shopping Center Older - 5 yrs.
8. Crossroad's Market 2090 N. Garey Pomona	3/4 mi.	Smaller Older - probably 15 yr
9. Bentley's 233 Yale Claremont	1-1/2 mi.	Smaller Older - long time

EXHIBIT E

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#31		

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
10. Wolf's Market 160 West Foothill Claremont	2 mi.	Smaller Older - 10 - 20 yrs.
11. Alpha Beta Third Street La Verne	2 mi.	Smaller (somewhat) Newer - 2-2-1/2 yrs.
12. Probably 3 Mom & Pop's	About 1 mi. radius	All Smaller All Older
13. Stater Bros. North Garey St. Pomona	1-1/2- 2 mi.	Smaller Older

2946

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#32 1170 West Garvey Blvd. West Covina 3-1/2 years	About 2-1/2 mi. radius: N - San Bernardino Rd. S - Francisquito Ave. E - Azusa Ave. W - Puente Ave. in Baldwin Park	About 2-1/2 mi. radius.

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Alpha Beta 600 South Sunset West Covina	300 yds.	Smaller. Older - opened in 1955.
2. Food Giant 15906 E. San Bernardino Rd. Covina	2 mi.	Smaller. Newer - opened about 1-1/2 years ago.
3. Von's #31 973 S. Glendora West Covina	1-1/2 mi.	Smaller. Newer - opened Nov. 195
4. McDaniel's Glendora St. West Covina	1/4 mi.	Smaller. Older - quite a few ye
5. McDaniel's Garvey Blvd. West Covina	1/2 mi.	Smaller. Newer - opened in 1959.
6. Center Market 1102 E. Garvey West Covina	1/4 mi.	Smaller. Older - many years.
7. Thriftimart Francisquito & Sunset West Covina	About 2-1/2 - 3 miles	About same size. Newer - opened in 195
8. Alexander's Market (Puente & San Francisquito)	2 mi.	Larger. Newer - just opened.
9. Food Giant (San Bernardino & Irwindale)	1-1/2 mi.	Larger. Newer.

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
3 22 Katella heim 1/2 years	1 mi. radius: NW - Highway 39 and Ball Rd. NE - Ball Rd. and Euclid SW - Chapman and 39th SE - Chapman to Euclid	1/4 mi. radius

mes and Addresses of mpetitors in Order Importance	Distance From Competitor	Comparative Size and Age of Competitor
Food Giant Corner Euclid and Katella Anaheim	3/4 mi.	About the same size. Shopping center. Newer - opened about 1-1/2 yrs. ago.
Thriftimart	1 mile	Smaller but in large shopping center with Von's #26 and Safeway. Older - about 5 yrs. in area.
Von's #26 12156 Brookhurst Ave. Garden Grove	1 mile	Little smaller, but in same large shopping center as the Safeway store listed below and Thriftimart listed above. Newer - opened 1-1/2 years ago.
Alpha Beta 915 S. Brookhurst Anaheim	1 mile	Smaller, but in shopping center. Older - opened about 4-1/2 years ago.
Mayfair Market 929 S. Euclid Anaheim	1-1/4 mi.	Smaller. Newer - opened about 1-1/2 years ago.
Safeway Corner Chapman and Brookhurst Garden Grove	1 mile	Smaller. In same large shopping center as Von's #26 and Thriftimart. Newer - opened about 8 months ago.
All-American Market 9858 Garden Grove Blvd. Garden Grove	1 mile	Smaller. Older - about 5-1/2 years in area.

EXHIBIT E

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#33		

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
8. Wheeler's Market 12791 Euclid Garden Grove	1 mi.	Smaller Older
9. Cole's Market 10581 E. Garden Grove Garden Grove	3/4 mi.	Smaller Older

ber, Address and Age Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#34	1/2 mi. radius:	1 mi. radius
13730 Foothill Blvd. San Fernando	N - Glenoaks & Polk S - Van Nuys Blvd. E - Foothills W - Glenoaks	
2-1/2 yrs.		

es and Addresses of petitors in Order Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Phil's Market 13820 Foothill San Fernando	0.25 mi.	Smaller Older - 10-15 yrs.
2. Country Cousins 13040 Glenoaks Blvd. San Fernando	1.0 mi.	Smaller Older - 12-15 yrs.
3. Piggly-Wiggly 972 N. Maclay St. San Fernando	1.5 mi.	Smaller Older - 12-15 yrs.
4. Fox Market 1320 San Fernando Rd. San Fernando	2.5 mi.	Smaller Older - 8 or 9 yrs. old
5. Safeway San Fernando	2.5 mi.	Smaller Older - 10-12 yrs. old
6. Ralphs (Van Nuys at Woodman) Pacoima	4 mi.	Older - 5 yrs. Same size
7. Banana Ranch Market 13620 Foothill Blvd.	0.25 mi.	Smaller Older

2950

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#35 9058 E. Firestone Blvd. Downey 2-1/2 years	2 mi. radius: N - Florence S - Imperial Highway E - Studebaker Rd. W - Paramount Blvd.	1 mi. radius

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Alpha Beta (Florence and Lakewood)	1 mi.	Smaller. Older store - 7 yrs.
2. Ralphs 9055 E. Firestone	Across street	Nearly same size. Older - 4 or 5 years.
3. All-American Markets 7814 E. Firestone	2 mi.	Bigger. Newer - 2 years old.
4. Von's #5 10001 Paramount Blvd.	2 mi.	Bigger. Older - 5 years.

EXHIBIT E

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ber, Address and Age Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
6 7 S. Glendora, Glendora Years	Radius: about 5 mi. N - to mountains S - Arrow Highway E - LaVerne W - Azusa	2-1/2 mile radius. N - Sierra Madre S - Gladstone E - W - Azusa Blvd.

es and Addresses of petitors in Order Importance	Distance From Competitor	Comparative Size and Age of Competitor
Mayflower 940 South Grand, Glendora	2 miles	Smaller - but in excellent location in shopping center. Older - 5-6 years in location.
Stater Bros. 526 Foothill, Glendora	1 mile (approx.)	Smaller. Older - in area about 7-8 years.
Mayfair Market 6307 N. Citrus, Azusa	2-1/2 mi.	About same size, but in a huge shopping center. Older - about 4 years.
Pinkbiner Market 201 N. Michigan, Glendora	1/2 mile	Smaller - Older - at least 12 years.
Four family (Mom & Pop) operations in area	radius of 1/2 mi.	

2952

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#37 1111 West Avenue I, Lancaster, California 2 Years	Radius: 67 miles N - Mojave S - Soledad Canyon E/SE - Pear Blossom W - Gorman	4 miles, except for considerable Edwards Air Base trade (20 miles)

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Fox Market 130 East Avenue J	1 mile	Smaller - in shopping center. Older.
2. Safeway Lancaster Boulevard	3/4 mile	Smaller. Older (6 years old)
3. Thriftimart 43422 - 10th Street West	1 mile	Smaller. About same age.
4. Shopping Bag #4 44816 North Beach	.8 mile	Smaller. Older (6 years old).
5. Mom & Pop stores, Edwards Post Exchange, Fox at Edwards Air Base, Shopping Bag and Fox Palmdale, and miscellaneous.	Extends beyond Principal Geographic area.	Smaller. Generally older.

EXHIBIT E

ber, Address and Age Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
8 1 North Glendale Ave. ndale proximately 2 years	5 mile radius: N - Verdugo Road S.- Los Feliz Blvd. E - Colorado & Chevy Chase W - Glenoaks & Western	2 mile radius

s and Addresses of petitors in Order Importance	Distance From Competitor	Comparative Size and Age of Competitor
Ralphs Colorado & Verdugo	1.5 mi.	Smaller. Older (17 years) but modernized.
Ralphs Orange & Broadway (downtown Glendale)	3/4 mi.	Smaller. Older (30 years old).
Cracker-Barrel Glendale and Los Feliz	1.3 mi.	Somewhat smaller, but in complete shopping center. Older (5 years old).
Safeway Verdugo & Wilson	1 mi.	Slightly smaller. Older (4 years old).
Crawford's Glenoaks & Central	2.3 mi.	Somewhat smaller. Older (12/15 years) - modernized.
Thriftimart 500 Block, Glendale Ave.	2 blocks	Larger Brand new, in complete shopping center.
Yor-Way 100 Block, Glendale Ave.	2 blocks	Smaller. Older (10/12 years).
About ten miscellaneous Mom & Pop stores	2.5 mi.	Small stores of assorted sizes - family operations.

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#39 19333 Victory Boulevard, Reseda 1.5 years	0.5 - 1.5 mile radius: not a circle. N - Vanowen S - Ventura Blvd. E - Lindley W - Corbin	1/2 mi. radius: south of Victory

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Food Giant 22471 Victory Blvd. (Fallbrook and Victory)	1 mi.	Same size. Newer - 1 year.
2. Food Giant 18135 Sherman Way (Sherman Way at Lindley)	1.5 mi.	Same size. Older (approx. 5 years)
3. Piggly-Wiggly 19255 Vanowen Street Reseda	1/2 mi.	Smaller. Older - 10 years.
4. Fox Market 18630 Ventura Blvd.	2 miles	Larger. Older - 2 years.
5. Dales Market 19301 Saticoy Street (Tampa and Saticoy)	1 mile	Smaller. Older - 4 years.
6. Thriftmart 19718 Sherman Way (Sherman Way at Corbin)	1 mile	Smaller. Older - 10 years.
7. Butler Bros. 6051 Tampa Ave. (On Tampa, south of Victory)	1/2 mile	Smaller. Older (5 years).
8. Ralphs 22035 Roscoe Blvd.	2.5 mi.	About same size. Newer (1 year old).
9. Ralphs 17800 Ventura Blvd. (Ventura Blvd. at Lindley)	2.5 mi.	Older (5 years). About same size.

(Continued on following page)

ber, Address and Age Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn

#39 - PAGE 2

es and Addresses of petitors in Order Importance	Distance From Competitor	Comparative Size and Age of Competitor
0. Fox 18345 Vanowen Street (Reseda at Vanowen)	1.0 mi.	Smaller. Older (10 years old).
1. Von's #22 18247 Sherman Way	2.5 mi.	Smaller. Older - 2 years old.

2956

Number, Address and Age of Shopping Bag Store	Approximate Geographic Trading Area	Principal Geographic Trading Area; i.e., Area From Which Majority of Customers Drawn
#40 1201 West Whittier Montebello 11 months	1-1/2 - 2 mi. radius: N - Lincoln Ave. S - Washington E - Rosemead Blvd. W - Garfield	Radius about 1 mi. N - Lincoln Ave. S - Industrial area E - 1st St. (Bluff) W - Garfield

Names and Addresses of Competitors in Order of Importance	Distance From Competitor	Comparative Size and Age of Competitor
1. Crawford's Market 800 W. Whittier Blvd. Montebello	4 Blocks	Larger. Older (14 years in area but new store (4 yrs)
2. Jim's Market 1721 W. Whittier Blvd. Montebello	Approx. 6 blocks	Smaller. Older (10 years in area
3. Food Giant 5646 Whittier Blvd. Los Angeles	1 mile	Smaller. Older - about 4 years.
4. Safeway About 22-2300 block Whittier Blvd.	9-10 blocks	Smaller. Older - about 10 years.
5. McMoon Brothers Whittier Blvd. at Atlantic Montebello	2-1/2 mi.	Smaller. Older (10/15 years).
6. Shopping Bag #22	2 miles	Smaller. Older.
7. Probably eight Mom & Pop stores in the area (one produce stand).	within 1 mi. radius	

EXHIBIT E

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STORES WHICH WERE PLANNED AS OF APRIL 1, 1960

Store	Potential Competitors	Approximate Distance
Von's #6	Magic Chef	2.5 mi.
5035 Pacific Coast Hwy	Hawthorne & Del Amo	
Torrance	Lucky's Market	1.0 mi.
(opened June 23, 1960)	Sepulveda Blvd.	
	Redondo Beach	
	Shopper's Market	2.5 mi.
	2750 Pacific Coast Hwy	
	Food's Market	2.5 mi.
	2655 Pacific Coast Hwy	
	Food Giant	1.25 mi.
	3731 Pacific Coast Hwy	
	Thriftimart	1.5 mi.
	Del Amo near Linda Dr.	
Von's #28	Thriftimart	1.0 mi.
20151 Roscoe Blvd.	Alexander's Market	1.5 mi.
Canoga Park	Dale's Market	2.5 mi.
(Scheduled to open	Food Giant	3.0 mi.
in 1960)	Several independents	1-3 mi.
Von's #30	Thriftimart	1.0 mi.
179 Moorpark Rd.	4 or 5 small independents	.5 - 2 mi.
Thousand Oaks		
(Ventura County)		
(Scheduled to open in 1960)		

EXHIBIT F

Store	Potential Competitors	Approximate Distance
Von's #53	Camp Pendleton Post Exchange	3.0 mi.
1046 Mission Avenue	Buy & Save Oceanside	2.0 mi.
Oceanside	Safeway Oceanside	.25 mi.
(San Diego County)	Safeway Oceanside	2.0 mi.
(Opened May 12, 1960)	Miscellaneous Independents	2-mile radius
Von's #54	Alpha Beta Market	1.5 mi.
130 West G Street	Market Basket	2.0 mi.
Ontario	McDaniels Market	2.0 mi.
(San Bernardino County)		
(Scheduled to open 1960)		
Von's #72	Safeway	across street
2764 Thompson Blvd.	Fox Market	2 blocks
Ventura	McDaniels Market	1.5 mi.
(Ventura County)	Several Independents	
(Scheduled to open in 1960)		
Von's _____	Food Giant (proposed)	1.0 mi.
Granada Hills	Fox Market	1.5 mi.
(Scheduled to open in 1960)	Ralphs Market	1.5 mi.
	Hughes Market	1.75 mi.
	Thriftimart (proposed)	3.0 mi.

EXHIBIT F

Store	Potential Competitors	Approximate Distance
Von's _____	Several Independents	1.5 - 3 mi.
Sepulveda	Hughes Market	2.5 mi.
(Scheduled to open in 1961)	Alexander's Market	2.5 mi.
Von's _____	Alpha Beta (proposed)	across street
Northridge	Fox Market	.5 mi.
(Scheduled to open in 1961)	Alexander's Market	1.0 mi.
	Thriftimart (proposed)	1.75 mi.
	3 Independents	1 - 2 mi.
Von's _____	Safeway	1.0 mi.
Santa Paula	7 Independents	adjacent 2 mi.
(Scheduled to open in 1961)		
Von's _____	Safeway (proposed)	adjacent
Santa Maria	2 Williams Markets	2.5 mi.
(Scheduled to open in 1961)	Purity Market	3.0 mi.
	5 Independents	1 - 3 mi.
Von's _____	Thriftimart	1.5 mi.
Santa Ana	Mayfair Market	1.5 mi.
(Scheduled to open in 1961)	Cole's Market	2.0 mi.
	All-American	2.0 mi.
	6 Independents	.5 - 2.5 mi.

EXHIBIT F

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Store	Potential Competitors	Approximate Distance
Von's _____	Boy's Market	1.0 mi.
La Mirada	Safeway	1.25 mi.
	Thriftimart	2.0 mi.
	Food Giant	2.5 mi.
	Von's	2.5 mi.
	Thriftimart	2.5 mi.
	A & P	2.75 mi.
	Gateway	2.5 mi.
	Several independents	1-3 mi.

EXHIBIT F

Description of Document	Date of Document	Writer of Document	Addressee of Document	Location and Custodian of Document
Study of Shopping Habits of housewives living in the vicinity of 80th Street and Emerson Avenue in Los Angeles, California	August 1951	Facts Consolidated	Von's Grocery Co.	O'Melveny & Myers
Study of customers' preference in shopping for meat and fish products	March 1955	Facts Consolidated	Von's Grocery Co.	O'Melveny & Myers
Comparative table of self-service meat vs. butcher service meat in eight areas	March 1955	Facts Consolidated	Von's Grocery Co.	O'Melveny & Myers
Study of customers' shopping habits in the vicinity of Riverside Drive and Fulton Avenue	March 1955	Facts Consolidated	Von's Grocery Co.	O'Melveny & Myers
Study of customers' shopping habits in Area 1 in the vicinity of 80th Street and Emerson Avenue	March 1955	Facts Consolidated	Von's Grocery Co.	O'Melveny & Myers
Study of customers' shopping habits in the vicinity of Florence Avenue and Paramount Boulevard	March 1955	Facts Consolidated	Von's Grocery Co.	O'Melveny & Myers

Description of Document	Date of Document	Writer of Document	Addressee of Document	Location and Custodian of Document
Map overlay study for Von's Grocery Co. to determine the number, per cent and cumulative per cent of customers falling into a 1, 2 and 3-mile radius of 22 Von's markets	October 1955	Facts Consolidated	Von's Grocery Co.	O'Melveny & Myers
Study of customers' shopping habits in the vicinity of Roscoe and Laurel Canyon Boulevards	February 1956	Facts Consolidated	Von's Grocery Co.	O'Melveny & Myers
Study of customers' shopping habits in the vicinity of Carson Street and Woodruff Avenue - Lakewood	February 1956	Facts Consolidated	Von's Grocery Co.	O'Melveny & Myers
Study of customers' shopping habits in the vicinity of Santa Gertrudes and Whittier Boulevard	February 1956	Facts Consolidated	Von's Grocery Co.	O'Melveny & Myers
Study of resident reaction to a proposed shopping center at Pacific Coast Highway and Calle Mayor, Hollywood Riviera	June 1958	Facts Consolidated	Von's Grocery Co.	O'Melveny & Myers
Opinion study of stores in the Crenshaw Area, Los Angeles	August 1959	Facts Consolidated	Von's Grocery Co.	O'Melveny & Myers

Description of Document	Date of Document	Writer of Document	Addressee of Document	Location and Custodian of Document
Study of shopping habits among residents in a portion of the Sherman Oaks area	April 1960	Facts Consolidated	Von's Grocery Co.	O'Melveny & Myers
An observational study of a group of supermarket chains in the Los Angeles, California area	August 28, 1957	Howard Kruger of The Kroger Company	The Kroger Company	O'Melveny & Myers
Report on proposed purchase of Von's Markets in Los Angeles	September 5, 1957	Harris Lawless of The Kroger Company	The Kroger Company	O'Melveny & Myers
Report on study of Von's Store No. 27 in Whittier, California, including share of market and shopping habits, store image and customer attitudes, attitudes in general, and comparison of Whittier to other cities	March 1, 1960	Consumer Panel Division - Market Research Corporation of America	The Pillsbury Company	O'Melveny & Myers
Report on study of Shopping Bag Store No. 21 in Whittier, California, including share of market and shopping habits, store image and customer attitudes, attitudes in general, and comparison of Whittier to other cities	March 1, 1960	Consumer Panel Division - Market Research Corporation of America	The Pillsbury Company	O'Melveny & Myers

Description of Document	Date of Document	Writer of Document	Addressee of Document	Location and Custodian of Document
Unofficial recap of surveys made by Continuing Consumer Panel of Research furnishing information as to Von's and Shopping Bag Stores	February 24, 1960	Continuing Consumer Panel of Research	Von's Grocery Co. and Shopping Bag Food Stores	O'Melveny & Myers
Study of advertising theme, budget, etc. in anticipation of merger, including a study of consumer reactions in certain areas where Von's and Shopping Bag had stores	Undated	Von's Advertising Department and Gould, Gleiss & Benn, Inc.	None	O'Melveny & Myers

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EXHIBIT G - 4

DEFENDANT'S EXHIBIT AW

2965

VON'S GROCERY CO.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

March 17, 1960

Notice is hereby given that a special meeting of the stockholders of Von's Grocery Co. will be held the office of the Company in Los Angeles, California, at 3750 West Santa Barbara Avenue, Los geles, California, on Thursday, March 17, 1960, at 1:45 o'clock P.M. for the following purpose:

To consider and vote upon the adoption of the Agreement of Merger dated January 25, 1960 viding for the merger of Shopping Bag Food Stores, a California corporation, into Von's Grocery A copy of the Agreement of Merger is attached as an exhibit to the accompanying Proxy Statement.

Stockholders of record on the books of the Company at the close of business on February 5, 1960 be entitled to vote at the meeting.

By order of the Board of Directors.

EDWARD C. FREUTEL, JR., Secretary

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

March 17, 1960

Notice is hereby given that the annual meeting of stockholders of Von's Grocery Co. will be held he office of the Company in Los Angeles, California, at 3750 West Santa Barbara Avenue, Los eles, California, on Thursday, March 17, 1960, at 2:00 o'clock P.M., for the purpose of electing n directors, and transacting such other business as may properly come before the meeting.

Stockholders of record on the books of the Company at the close of business on February 5, 1960, be entitled to vote at the meeting.

By order of the Board of Directors.

EDWARD C. FREUTEL, JR., Secretary

The Annual Meeting will follow immediately after adjournment of the Special Meeting held to ove the merger.

IF YOU CANNOT BE PRESENT IN PERSON AT THESE MEETINGS, PLEASE SIGN AND E THE ENCLOSED PROXY AND RETURN IT TO THE CORPORATION IN THE SELF-RESSED, POSTAGE PREPAID ENVELOPE ENCLOSED FOR THAT PURPOSE.

This proxy is solicited by the Management of the Company.

PURPOSE OF THE MEETING

The special meeting of stockholders to be held on March 17, 1960 has been called to consider and upon the approval of the Agreement of Merger dated January 25, 1960 providing for the merger of pping Bag Food Stores, a California corporation ("Shopping Bag"), into Von's Grocery Co., a aware corporation ("Von's"). The Agreement of Merger, a copy of which is attached as Exhibit A his Proxy Statement, was approved by the Boards of Directors of both companies at meetings held uary 25, 1960, and has been executed by both companies subject to the approval of their respective eholders. Approval of the Agreement of Merger requires the affirmative vote of the holders of two- is of the issued and outstanding shares of each class of stock of each corporation.

ADVANTAGES OF THE PROPOSED MERGER

The management of each company believes that the proposed merger will have substantial advantages benefits for both companies and for their respective stockholders. Of immediate interest to stock- lers is the fact that, by increasing the number of outstanding shares and the number of public kholders, the merger will have the effect of broadening the market for the shares of stock of the viving corporation, thus making the stock less likely to be subject to price fluctuations, and offering opportunity of listing the stock on a national securities exchange.

From a financial point of view, the merged companies will be in a better position to obtain either ity or debt financing, if necessary, on terms more favorable than either one of them could expect to otiate alone.

From a business point of view, the following advantages and economies are expected to accrue to combined companies as a result of the merger:

(a) Overhead, general and administrative expenses are expected to be reduced as a result of the elimination of duplication.

(b) Total advertising expenses are expected to be substantially reduced, since duplication will be avoided, and the advertising campaigns of the combined companies can be more economically and effectively carried out.

(c) It will be possible as a result of the merger to combine certain office and warehouse facilities, with a resulting saving in rent, taxes and related expenses.

(d) More efficient utilization of warehousing and trucking facilities is expected as a result of the merger, with related economies in the operation of warehouses and rolling stock, more rapid distribution from warehouses to retail outlets, greater product diversification and resulting better service to customers.

(e) The combined companies will be able to share the specialized management abilities which each of them now possesses, through the pooling of executive talent.

(f) The inventory of the combined companies will be substantially lower than the aggregate of their separate inventories.

RECOMMENDATION OF THE BOARD OF DIRECTORS

Your Board of Directors is unanimously of the opinion that the proposed merger is desirable and its terms are fair and equitable and recommends that the stockholders vote in favor of the merger.

MATERIAL FEATURES OF THE AGREEMENT OF MERGER

The material features of the Agreement of Merger are as follows:

1. Shopping Bag will be merged into Von's. The separate corporate existence of Shopping Bag cease and Von's will remain as the surviving corporation.

2. The Articles of Incorporation of Von's will be amended to authorize a capital stru 5,000,000 shares of Common Stock, par value $1.00 per share.

3. The number of directors of Von's will be increased from seven to eleven.

4. One share of Von's Common Stock will be issued in exchange for each share of Common and each share of Class B Common Stock of Shopping Bag outstanding on the effective date of the m

5. The outstanding shares of Von's Common Stock will not be converted or altered as a re the merger, and will remain outstanding.

6. Prior to the effective date of the merger, neither Von's nor Shopping Bag may issue or sel additional shares of stock except that Shopping Bag may issue shares of its Common Stock upon co sion of its outstanding 4½% Sinking Fund Convertible Subordinated Debentures, due May 15, and upon conversion of its outstanding Class B Common Stock. Neither Von's nor Shopping Bag issue any options for the purchase of any shares of its stock of any class or pay any dividends or any distributions on any of its shares of stock prior to the effective date of the merger, except that Sho Bag may continue to pay regular quarterly dividends on its Common Stock at a quarterly rate not exce 15¢ per share and Von's may continue to pay regular quarterly dividends on its Common Stock quarterly rate not exceeding 10¢ per share.

7. The merger will become effective, if it is approved by the stockholders of Von's and Sho Bag, upon the filing and recording of the Agreement of Merger and related documents in Delawa California in accordance with the applicable laws of each state. It is contemplated that the merger effective on March 28, 1960, or as soon thereafter as the Boards of Directors of the respective com deem expedient.

8. The Board of Directors of each company reserves the right to terminate and abando merger proceedings under certain circumstances, including failure to obtain necessary per approvals of governmental agencies having jurisdiction with respect to the merger. In addition Boards of Directors of both companies may abandon the merger by mutual consent at any time p its effective date.

TAX STATUS OF THE MERGER

It is the opinion of counsel for Von's and Shopping Bag that under present Federal tax l merger will not result in the recognition of gain or loss for Federal income tax purposes to either corporations or to their shareholders.

RIGHTS OF STOCKHOLDERS TO DISSENT FROM THE MERGER

Shopping Bag:

If the merger is approved by the stockholders of Shopping Bag, any stockholder who do approve of the merger may, by complying with the conditions set forth in the California Corpo Code, require the corporation to purchase his dissenting shares and to pay him their fair marke determined as of March 16, 1960, the day before the special stockholders' meeting, excluding any ciation or depreciation in consequence of the proposed merger. Any stockholder who desi corporation to purchase his dissenting shares must make written demand within thirty days af date of notice of the approval of the merger by the stockholders was mailed him, and must within th period submit to the corporation or its transfer agent his certificates representing the shares wi demands that the corporation purchase, for endorsement as dissenting shares. Dissenting shares are which were held of record on February 5, 1960, the record date for the meeting, by any holder who vote such shares in favor of the merger at the special stockholders' meeting and who has demanded t corporation purchase such shares at their fair market value, and who has submitted the cer

senting such shares for endorsement as dissenting shares. The compensation of dissenting stockers is dealt with in sections 4300 through 4318 of the California Corporations Code, to which rence is made for the rights of dissenting stockholders and the procedures to be followed.

Section 262 of the Delaware General Corporation Law affords to stockholders of Von's who object e merger the right to payment in cash of the value of their stock on the date of the recording of the ement of Merger in New Castle County, Delaware, exclusive of any element of value arising from the ctation of the proposed merger. In order to be entitled to such right, a stockholder of Von's must file itten objection to the merger with the company before the taking of the vote on the merger and must ote his shares in favor of the merger. Von's will notify by registered mail any stockholder who files an objection of the filing and recording of the merger agreement within ten days after such filing and rding. An objecting stockholder who wishes to perfect his rights must, within twenty days after the of mailing such notice, demand payment for his stock from Von's in writing. If the parties cannot e on the value of the shares either party may institute appraisal proceedings, in accordance with the isions of Section 262 of the Delaware General Corporation Law.

CONVERSION OF SECURITIES ON MERGER

Each share of Common Stock and each share of Class B Common Stock of Shopping Bag outstanding e effective date of the merger will be converted into one share of Common Stock of Von's. No change e made in Von's shares outstanding as of the effective date of the merger, which will continue as s of Von's.

After the effective date of the merger, holders of Shopping Bag Common Stock certificates and B Common Stock certificates may exchange them for certificates for Common Stock of Von's on asis of one share of Von's for each share of Common Stock of Shopping Bag and one share of for each share of Class B Common Stock of Shopping Bag. Until so surrendered, each such nding Shopping Bag certificate shall be deemed, for all corporate purposes other than the payment idends, to evidence ownership of a like number of shares of Common Stock of Von's. Unless and ny such outstanding Shopping Bag certificates shall be so surrendered, no dividend payable to olders of record of Common Stock of Von's as of any date subsequent to the effective date of the r shall be paid to the holders of outstanding Shopping Bag certificates, but upon surrender of any outstanding Shopping Bag certificates for exchange there shall be paid to the record holders of the icates of the Common Stock of Von's into which such Shopping Bag shares are converted the total nt of dividends which would have been paid to the holder of such certificates had they been nding continuously since the effective date of the merger.

COMPARATIVE MARKET PRICES

The Common Stock of Von's and the Common Stock of Shopping Bag are both traded on the he-counter market. The high and low bid prices of Von's stock and Shopping Bag stock in overunter transactions as reported by sources believed by Von's and Shopping Bag to be accurate, for quarterly period commencing with the last quarter of 1958, were as follows:

Quarter Ending	Von's		Shopping Bag	
	High	Low	High	Low
nber 31, 1958	18⅜	17¼	15½	12
31, 1959	24¼	19¼	16⅝	15
30, 1959	20⅞	17⅝	17	13⅜
nber 30, 1959	19	16⅞	16	13¾
nber 31, 1959	20¼	17	18½	14¾

2970 EARNINGS AND BOOK VALUE PER SHARE

The following tabulation sets forth the earnings per share of Shopping Bag and Von's and pro forma combined earnings of the two companies for each of the past five fiscal years, and the b value per common share as at January 3, 1960:

	Earnings Per Share		
Ye...	Von's Grocery Co.	Shopping Bag Food Stores	Combined (pro forma)
1959	$1.06	$ .72	$ .93
1958	1.04	.86	.98
1957	1.00	1.36	1.14
1956	.84	1.07	.91
1955	.81	.87	.83

	Book Value Per Common Share		
	Von's Grocery Co.	Shopping Bag Food Stores	Combined (pro forma)
Book value, ...nuary 3, 1960	$7.12	$9.47	$8.00

A five-year summary of earnings of each company is contained in the financial statements inc herein. The accountants' opinions and the notes to financial statements, which set forth in detail basis on which earnings were calculated, should be read in conjunction with the foregoing tabulation

As a result of an industry-wide strike in the Southern California area by members of certain l of the Retail Clerks Union, 21 out of 27 of Von's stores were closed and 29 out of 36 of Shopping B stores were closed from January 2, 1959 through January 28, 1959. This event had an adverse e on the sales and earnings of both companies for the current year.

DIVIDENDS

Both companies have long followed a policy of financing the major cost of expansion and imp ments from retained earnings and as a consequence earnings have been used for equipping and establi new stores and enlarging and improving existing facilities. Nevertheless, quarterly cash dividends been paid on the stock of Von's for each quarter since the last quarter of 1954, and annual cash divi were paid in 1951, 1952 and 1953. Dividends have been paid (adjusted on the basis of 1,871,480 s outstanding) in the periods indicated as follows:

1954	.016¢ per share
1955	.064¢ per share
1956	.064¢ per share
1957	.064¢ per share
1958	.064¢ per share
1959	.390¢ per share

Because of its policy of using retained earnings for expansion, dividends were not paid o outstanding stock of Shopping Bag prior to 1956. Since that date, cash dividends have been paid o Common Stock but not on the Class B Common Stock. The following table shows the amount of cash dividends actually paid on the Common Stock, and the amount of such dividends comput forma on the basis of the average total number of shares (including shares of Class B Common S outstanding in each year, after adjustment for the stock split in 1956 and the stock dividend in 19

	Dividends Paid on Common Stock	Dividends (pro forma) on both classes of stock
1956	.24¢ per share	.029¢ per share
1957	.58¢ per share	.123¢ per share
1958	.58¢ per share	.152¢ per share
1959	.58¢ per share	.181¢ per share

The Board of Directors of Von's in October of 1958 declared its intention to pay cash dividends in future on a quarterly basis and to distribute stock dividends annually. This statement of policy, wever, is not to be taken as a representation or assurance that dividends either in cash or in stock will paid in the future at any particular time or in any particular manner or amount. The payment of ure dividends, if any, will necessarily depend on the earnings and the financial position of the mbined companies following the merger, and upon other factors.

ORGANIZATION OF VON'S AS THE SURVIVING CORPORATION

On the effective date of the merger of Shopping Bag into Von's, all the rights, privileges, powers, nchises and other property of Shopping Bag will become the property of Von's as the surviving rporation and Von's will assume all liabilities of Shopping Bag.

The following table shows the capitalization of Von's and Shopping Bag, and the pro forma pitalization of the merged companies, as of January 3, 1960:

	Von's	Shopping Bag	Combined (pro forma)
g-term debt:			
5¼% Note	$ 272,032		$ 272,032
5% Note		$1,687,500	1,687,500
5¼% Trust Deed Notes		2,251,830	2,251,830
Equipment Purchase Contracts		194,507	194,507
4½% Convertible Debentures		226,000	226,000
	$ 272,032	$4,359,837	$4,631,869
ital Stock:			
Common Stock, $1 par value	1,871,480 shs.①	337,131 shs.②	2,985,595 shs.①②
Class B Common Stock, $1 par value	—	776,984 shs.	—

80,000 shares of Von's are now, and 180,000 shares of Von's as the surviving corporation will be, reserved for issuance upon exercise of options which may be granted under Von's restricted stock option plan. No such options are presently outstanding.

9,584 shares of Shopping Bag are, and 19,584 shares of Von's as the surviving corporation will be, reserved for issuance upon conversion of the 4½% Convertible Debentures described below.

In June of 1956 Shopping Bag sold $1,500,000 of its 4½% Sinking Fund Convertible Subordinated entures, due May 15, 1971, $226,000 of which were outstanding on January 3, 1960. The Deben- s are subordinate by their terms in right of payment to the prior payment in full of all other otedness of Shopping Bag for money borrowed from banks, insurance companies and other financial tutions. After the consummation of the merger the Debentures will be convertible into Common k of Von's as the surviving corporation at the conversion price of $11.54 to and including May 16, and at slightly higher prices thereafter. The conversion price is subject to adjustment in certain nces to prevent its dilution.

ctors:

The By-Laws of Von's provide that its authorized number of directors shall be not less than seven more than fifteen, the exact number within such limits to be fixed by the Board of Directors. After the

merger has become effective, the Board of Directors of Von's, as the surviving corporation, will consist of eleven members as follows:

Name of Director	Principal Occupation
James E. Bates	Member of the law firm of Johnson, Bates & Sheffield.
Edward C. Freutel, Jr.	Member of the law firm of O'Melveny & Myers.
W. D. Hayden	Vice President of Shopping Bag.
W. R. Hayden	President of Shopping Bag.
Victor Hinson	Secretary and Treasurer of Shopping Bag.
Ernest J. Loebbecke	President of Title Insurance and Trust Company.
Charles L. Morse, Jr.	Partner of the investment banking firm of Hemphill, No & Co.
Charles T. Von der Ahe	President and Chairman of the Board of Directors of Vo
Theodore A. Von der Ahe	Executive Vice President of Von's.
Wilfred L. Von der Ahe	Vice President of Von's.
Walter R. Von der Ahe	Treasurer of Von's.

Officers:

After the merger has become effective, the officers of Von's will be as follows:

Chairman of the Board of Directors	Charles T. Von der Ahe
President	Theodore A. Von der Ahe
Senior Vice President	W. R. Hayden
Executive Vice President	Wilfred L. Von der Ahe
Treasurer	James C. Ball
Secretary	Victor Hinson
Assistant Secretary and Assistant Treasurer	Edward C. Freutel, Jr.

Shareholdings of Directors and Officers:

The number of shares of Common Stock and of Class B Common Stock of Shopping Bag the number of shares of Common Stock of Von's owned beneficially, directly or indirectly, by directors and officers of both companies and certain related persons were as follows on December 31,

Name and Function	Common Stock of Shopping Bag		Class B Common Stock of Shopping Bag		Common Stock of Von's	
	Number of Shares	Percent of Class	Number of Shares	Percent of Class	Number of Shares	Percent of Class
James E. Bates Director of Shopping Bag	—	—	—	—	—	—
James C. Ball Comptroller of Von's	—	—	—	—	1,872	0.0
George A. Carter Vice President and Director of Shopping Bag	—	—	39,000	5.02	—	—
Edward C. Freutel, Jr. Secretary and Director of Von's	—	—	—	—	104	0.0

Name and Function	Common Stock of Shopping Bag		Class B Common Stock of Shopping Bag		Common Stock of Von's	
	Number of Shares	Percent of Class	Number of Shares	Percent of Class	Number of Shares	Percent of Class
D. Hayden ice President and irector of Shopping g	3,312	0.98	36,920	4.75	—	—
D. Hayden and ictor Hinson, rustees for D. Hayden	—	—	104,000	13.39	—	—
R. Hayden esident and Director Shopping Bag	364	0.11	475,696	61.22	—	—
or Hinson cretary, Treasurer d Director of opping Bag	3,120	0.93	83,200	10.71	—	—
iam S. Hughes irector of opping Bag	—	--	—	—	—	—
st J. Loebbecke irector of Von's	—	—	—	—	62	0.01
les L. Morse, Jr. irector of Von's	—	—	—	—	6,000	0.32
W. Plumb ice President and irector of Shopping g	—	—	38,168	4.91	—	—
les T. Von der Ahe esident and Chairman the Board of irectors of Von's	—	—	—	—	40,928	2.19
dore A. Von der Ahe ecutive Vice President d Director of Von's	—	—	—	—	344,000	18.38
er R. Von der Ahe easurer and irector of Von's	104	0.03	—	—	176,716	9.44
ed L. Von der Ahe ce President and irector of Von's	1,852	0.55	—	—	462,925	24.74
r members of the n der Ahe family, cluding trusts for the nefit of such persons	—	—	—	—	436,036	23.30

BUSINESS AND PROPERTIES OF VON'S AS THE SURVIVING CORPORATION

As previously noted, after consummation of the merger, the assets, liabilities, business and properties th of the companies will be owned by Von's, the surviving corporation. A description of the nt activities and properties of Von's and Shopping Bag follows:

Von's was incorporated in Delaware on October 14, 1958 and on November 3, 1958 took the entire operations of a California corporation of the same name which was the successor of the original partnership from which Von's developed. The partnership started business in 1932 under the name Von's Grocery Co. as a grocery department in a single store. From this beginning Von's has grown steadily and it now operates 28 complete supermarkets of which 27 are located in Los Angeles County and one in adjoining Orange County.

All of Von's supermarkets are of the self-service, cash and carry type and include departments selling groceries, bakery products, meats, fresh fruits and vegetables, dairy products, delicatessen products, frozen foods, drug sundries and certain other non-food items. In 22 stores the company operates a department handling alcoholic beverages. All departments are owned and operated by the company except that each market contains a sweet goods bakery department operated by Van de Kamp's Holland Dutch Bakeries Division of General Baking Co.

For many years Von's has had a continuous program for the development and modernization of its markets. Within the past five years, 11 new supermarkets have been opened and two small markets have been closed. Von's intends to continue its modernization, improvement and expansion program in its present marketing area.

All of Von's supermarkets are held under leases, of which two expire in 1960 and the remainder expire at various times from 1964 through 1985. Ten of the store leases provide for a fixed rental only, three provide for a rental based on a percentage of gross sales only, and fifteen provide for minimum rentals against a percentage of gross sales.

Von's owns and operates a modern distribution center as well as a delicatessen kitchen at 2 South Garfield Boulevard in Los Angeles in a 216,000 square foot building located on a parcel of approximately twenty acres in area. The distribution center provides facilities for warehousing and distributing groceries, drug sundries, fresh fruits and vegetables and products prepared in the delicatessen kitchen. Von's owns and operates approximately thirty-three tractors and thirty-nine trailers which uses for transporting merchandise.

The offices of Von's are located at 3750 West Santa Barbara Avenue in Los Angeles in a two-story building containing approximately 23,000 square feet which is held under lease.

The office building and ten of the stores are leased by Von's from Von's Property Co. and Von's Investment Company, landholding corporations owned and controlled by members of the Von der Ahe family.

On January 31, 1960 one of Von's supermarkets located in Van Nuys was destroyed by fire. The entire loss, including Von's inventory and fixtures located in the building, was adequately covered by insurance. A temporary replacement building is presently being erected on a portion of the parking lot and is expected to be open for business about March 15, 1960. A permanent new store building on the premises is expected to be completed in about eight months.

Employee Relations:

Von's employs approximately 2,150 people. All hourly employees in the markets and in the distribution center are represented by labor unions with which the company has had satisfactory relations. Union contracts have been negotiated on an industry-wide basis by Food Employers Council, Inc. representing the market operators. The present contract with the Retail Clerks Union representing the majority of store employees expires early in 1964.

Restricted Stock Option Plan:

In October of 1958 Von's adopted a Restricted Stock Option Plan providing for the issuance to officers and other key employees of the company of "restricted stock options" (as defined in Section 421 of the Internal Revenue Code of 1954) entitling such employees to acquire shares of the common

mon Stock at not less than 95% of the market price on the date of the grant of the option. The authorizes the granting of options with respect to an aggregate of 180,000 shares subject to adjust- to protect against dilution in the event of occurrence of certain changes in the capitalization of the pany. The Plan provides that the aggregate number of shares for which options may be granted to les T., Theodore A., Wilfred L. and Walter R. Von der Ahe individually or as a group shall not d 60,000 shares. As of the date of this proxy statement, no options have been granted under the

SHOPPING BAG

At the time of its organization in 1933 Shopping Bag acquired as a going concern all of the business ssets of a partnership consisting of W. R. Hayden and W. D. Rorex. It was incorporated under the "The Shopping Bag Market" and in 1947 its name was changed to "Shopping Bag Food Stores." plan of business followed by Shopping Bag since its inception has always involved the operation of ervice, cash and carry stores.

Shopping Bag presently operates 38 supermarkets in California, 34 in Los Angeles County, San Bernardino County and 2 in Orange County. All stores handle complete lines of groceries, , bakery goods, dairy products, delicatessen items, frozen foods, fresh fruits and vegetables, household , drug sundries and alcoholic beverages. During the past five years the company has opened ew stores and has sold 4 stores.

Shopping Bag's general offices and principal warehouse are located at 10150 Lower Azusa Road, onte, California. A central bakery and delicatessen kitchen are also operated at this location.

To facilitate deliveries of products to its stores from its warehouse and central baking and delicatessen en, Shopping Bag owns and operates a fleet of trucks, trailers and automobiles comprising about nits in all.

It has been the policy of Shopping Bag to limit its investment in fixed assets in the belief that its al may be more profitably employed in store operations. In accordance with this policy all of its s are leased. The company's general offices and warehouse on 10150 Lower Azusa Road in El e, and its central bakery, delicatessen kitchen, garage and maintenance facilities at that location wned in fee.

Rentals called for by store leases are of three types: a fixed sum, a fixed sum plus a specified per- of gross sales and the greater of a fixed sum or specified percent of gross sales. Fifteen stores are ted under leases of the first type; two under the second and twenty-one under the third type of

Eight of Shopping Bag's stores are leased from Shopping Bag Properties, a corporation owned and olled by members of the Hayden family, and three such stores are leased from W. R. Hayden, W. D. Rorex and Mrs. Mary K. Koch who own them as tenants in common.

oyee Relations:

Shopping Bag employs approximately 2,250 people. All hourly employees in the markets and in the ouse operations are represented by labor unions with which Shopping Bag has had satisfactory ons. Union contracts have been negotiated on an industry-wide basis by Food Employers Council epresenting the market operators. The present contract with the Retail Clerks Union representing ority of store employees expires early in 1964.

petition of Von's and Shopping Bag:

n the areas in which they operate both companies compete with two major national food chain organizations, numerous local chains and many large, independent food stores and smaller stores. is no substantial competition between Von's and Shopping Bag.

RELATIVE RIGHTS OF SHOPPING BAG STOCKHOLDERS

The rights of the holders of Common Stock and of Class B Common Stock of Shopping Ba identical except as follows: The Common Stock is entitled to non-cumulative cash dividends i amount of 70¢ per share per year before any cash dividends may be declared or paid on the C Common Stock. After payment of 70¢ per share on the Common Stock, cash dividends declared i year are payable to holders of Common Stock and Class B Common Stock, share and share alike. Class B Common Stock is convertible into Common Stock, share for share, at the option of the ho of the Class B Common Stock.

Approximately 61% of the Class B Common Stock is held by W. R. Hayden, the Presid Shopping Bag. In connection with a public offering of debentures and Common Stock in 1956, Hayden entered into an agreement with the underwriters which provided that he would not w their consent, except in the event of merger or consolidation, sell nor convert into Common Stock than 50% of his Class B Common Stock prior to June 1, 1961. This agreement, which is still in e will terminate in accordance with its terms upon the effective date of the merger. To date, Mr. Ha has not sold or converted any of the Class B Common Stock originally covered by the agreement.

SOLICITATION OF PROXIES

The accompanying proxy is solicited by management for use at the special meeting of stockh to be held on March 17, 1960, and at any and all adjournments thereof. All shares represented by properly executed, unrevoked proxy received in time for the meeting will be voted. If a stockh specifies a choice, the proxy will be voted in accordance with the specification. If no choice is mad proxy will be voted in favor of the merger. Any proxy given may be revoked at any time prior t exercise. The Company will reimburse brokers, banks, and similar organizations for their reaso out-of-pocket expenses incurred in forwarding proxy material to their principals.

OUTSTANDING SHARES AND VOTING RIGHTS

Stockholders of record of Von's at the close of business on February 5, 1960 will be entitled to at the meeting. On that date there were 1,871,480 shares of Common Stock outstanding, all of w are entitled to be voted at the meeting. The only stockholders who own of record or beneficially than ten percent of the outstanding Common Stock of Von's are listed under "Shareholdings of Dir and Officers" above. Such persons together with other members of the Von der Ahe family own in aggregate, of record or beneficially, 1,460,605 shares of Common Stock.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

As of the date of the mailing of this Proxy Statement, the management knows of no bu other than that described herein which will be presented for consideration at the meeting. If, how any other business shall properly come before the meeting, the proxyholders intend to vote the pr in accordance with their best judgment.

The Board of Directors,
Von's Grocery Co.,
Los Angeles, California.

We have examined the balance sheet of Von's Grocery Co. (a Delaware corporation) as at January 960 and the related statement of income and retained earnings for the three years then ended and summary of earnings for the five years then ended. Our examination was made in accordance with rally accepted auditing standards, and accordingly included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and the related statement of income and retained ings present fairly the financial position of Von's Grocery Co. as at January 3, 1960 and the results s operations for the three years then ended, and the summary of earnings presents fairly the net me and the other data shown therein for the five years ended January 3, 1960, all in accordance generally accepted accounting principles applied on a consistent basis.

LYBRAND, ROSS BROS. & MONTGOMERY

Angeles, California
uary 17, 1960

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VON'S GROCERY CO.

BALANCE SHEET

January 3, 1960

ASSETS

Current:		
Cash		$ 6,15
Claims and other accounts receivable		2
Note receivable		
Merchandise inventories, at cost (Note 1)		5,27
Rental deposits, supplies, and other prepaid expense		57
Total current assets		12,2
Properties, at cost (Note 2):		
Furniture, fixtures, and automotive equipment	$ 5,465,410	
Buildings	2,330,246	
Leasehold improvements	788,382	
	8,584,038	
Less, allowance for depreciation	4,145,427	
	4,438,611	
Land	1,424,128	5,8
Other assets:		
Note receivable, less current installments	16,786	
Corporate securities, at cost	21,914	
Other	123,827	1
		$18,2

The accompanying notes are an integral part of this statement.

VON'S GROCERY CO.

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BALANCE SHEET

January 3, 1960

LIABILITIES

nt:		
counts payable, vendors, and others		$ 2,193,746
e payable (due within one year) (Note 3)		7,828
crued expense:		
Compensation, including vacation		469,356
Rent		112,686
Property and payroll taxes, including withholdings		478,351
Insurance and sundry		53,798
posits received		48,979
deral income tax, less required prepayment		1,296,626
Total current liabilities		4,661,370
payable (due after one year) (Note 3)		272,032
itments (Notes 4 and 5)		

CAPITAL

l shares:		
horized 3,000,000 shares of $1 par value each; sued and outstanding 1,871,480	$ 1,871,480	
l surplus:		
ss of fair market value over par value of common shares issued as a stock dividend	1,336,676	
ed earnings	10,120,297	13,328,453
		$18,261,855

The accompanying notes are an integral part of this statement.

VON'S GROCERY CO.

STATEMENT OF INCOME AND RETAINED EARNINGS

	53 Weeks Ended January 3, 1960	52-Week Periods Ended December 28, 1958	Dec... 19...
Net sales	$86,605,829	$94,485,993	$89,9...
Cost of goods sold (Note 1)	65,861,862	73,270,273	70,0...
Gross profit	20,743,967	21,215,720	19,9...
Operating, selling, and administrative expenses (Notes 2 and 5)	16,669,546	17,416,169	16,1...
Operating profit	4,074,421	3,799,551	3,8...
Other income:			
Interest	10,462	86,379	9...
Gain on sale of depreciable property	6,994	89,632	
Other	14,875	—	
	32,331	176,011	1...
Interest expense	3,842	1,973	
Income before provision for federal income tax	4,102,910	3,973,589	3,9...
Provision for federal income tax	2,121,552	2,026,222	2,0...
Net income	1,981,358	1,947,367	1,9...
Retained earnings beginning of period	10,097,339	8,449,972	6,6...
	12,078,697	10,397,339	8,5...
Dividends:			
Cash	550,244*	300,000*	1...
Stock	1,408,156	—	
	1,958,400	300,000	2...
Retained earnings end of period	$10,120,297	$10,097,339	$ 8,4...

The accompanying notes are an integral part of this statement.

* A quarterly dividend of $180,000 declared in December, 1958 and included in the amount shown for that ... paid in January, 1959.

For statement as to the effect of the industry-wide strike on current year's earnings see "Earnings and Div... Per Share" elsewhere in this Proxy Statement.

NOTES TO FINANCIAL STATEMENTS

1. Merchandise Inventories:

All inventories are priced at the lower of cost or market. The retail inventory method is applied to groceries, produce, drugs, liquor and delicatessen items in retail market locations.

Merchandise inventories entering into the computation of cost of goods sold for the three years ended January 3, 1960 were:

January 3, 1960	$5,271,426
December 28, 1958	5,856,193
December 29, 1957	5,424,512
December 30, 1956	4,913,899

2. Properties:

The company maintains detailed property records including related depreciation. Useful life by categories follows:

	In Years
Store equipment:	
Refrigeration systems, cash registers, counters, scales, etc.	8 to 10
Sundry equipment	3 to 5
Automotive equipment:	
Trailers	10
Tractors, trucks, and automobiles	5
Buildings	30 and 40

Leasehold improvements are written off over the life of the applicable lease.

For both financial and tax basis reporting the sum of the years-digits method was adopted in 1954 for the purpose of computing depreciation. Where such method may not be applied either the straight line method or the 150% of declining balance method is used.

Upon the disposal of depreciable property, the accounts are relieved of the related costs and accumulated depreciation. The resulting gains and losses are reflected in the income statement.

Costs of major remodeling and improvements are capitalized. Repairs and maintenance are expensed as incurred.

3. Note Payable:

The note payable dated October 15, 1959 bears interest at the rate of 5¾% per annum and is payable in monthly installments of $1,976, including principal and interest. The note is secured by a deed of trust on land and building having a net carrying value at January 3, 1960 of $484,661.

4. Leases:

At January 3, 1960, the company had under lease 28 retail store premises, general office building and certain parking lots which with respect to annual minimum rentals are summarized as follows:

	Minimum Annual Rentals
Leases with:	
Affiliates	$175,300
Others	480,237
	$655,537

Three of the store leases with affiliates contain no provision for minimum rentals.

The company has received proposed federal income tax deficiences for the years 1956 and 1957 which, in the opinion of management and company counsel, are without foundation.

NOTES TO FINANCIAL STATEMENTS (Continued)

Supplementary Profit and Loss Information:

	Charged to Cost of Goods Sold and Operating Expenses①		
	53-Week Period Ended Jan. 3, 1960	52-Week Periods Ended Dec. 28, 1958	Dec. 29, 1957
Maintenance and repairs	$ 332,803	$ 350,175	$ 341,753
Depreciation and amortization:			
Straight-line	141,281	149,434	128,212
150% declining-balance	76,273	17,159	
Sum of the years-digits	579,719	522,091	432,439
Life of lease	64,328	66,227	77,821
	861,601	754,911	638,472
Taxes other than federal income:			
Payroll taxes	325,337	266,001	240,910
Property	234,868	193,176	169,702
State franchise	172,025	163,360	128,165
Sales, excise, and use	737,742	783,093	765,202
Licenses	59,180	53,072	56,568
	1,529,152	1,458,702	1,360,547
Rents (net) ②	$1,112,070	$1,208,111	$1,106,747

① Sales, excise, and use taxes were charged to cost of goods sold. All other items in the foregoing tabulation were charged to operating expenses.

② No royalties were paid during the foregoing periods.

VON'S GROCERY CO.

SUMMARY OF EARNINGS

	53 Weeks Ended January 3, 1960②	52-Week Periods Ended December (or January)			
		1958	1957	1956	1955
Net sales	$86,605,829	$94,485,993	$89,990,056	$84,535,249	$74,674,882
Cost of goods sold	65,861,862	73,270,273	70,080,510	66,629,952	59,117,290
Operating, selling, and administrative expenses	16,669,546	17,416,169	16,106,416	14,663,157	12,425,676
Interest expense	3,842	1,973	5,872	26,830	4,615
Other income, net	32,331	176,011	102,249	33,626	589
Federal income tax	2,121,552	2,026,222	2,026,564	1,677,990	1,608,216
Net income	1,981,358	1,947,367	1,872,943	1,570,946	1,519,674
Earnings per share①	$1.06	$1.04	$1.00	$.84	$.81

① Earnings per share have been computed based upon the 1,871,480 shares outstanding in each period after giving effect, retroactively, to the recapitalization in 1958 and the 4% stock dividend issued in 1959.

② For statement as to the effect of the industry-wide strike on current year's earnings see "Earnings and Book Value Per Share" elsewhere in this Proxy Statement.

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To the Board of Directors,
Shopping Bag Food Stores,
El Monte, California.

We have examined the balance sheet of Shopping Bag Food Stores (a California corporation) a
January 3, 1960 and the related statements of income and retained earnings and of capital surplus
the year then ended and the summary of earnings for the year then ended. Our examination was
in accordance with generally accepted auditing standards, and accordingly included such tests of
accounting records and such other auditing procedures as we considered necessary in the circumst

In our opinion, the accompanying balance sheet and the related statements of income and reta
earnings and of capital surplus present fairly the financial position of Shopping Bag Food Stores a
January 3, 1960 and the results of its operations for the year then ended, and the summary of ear
presents fairly the net income and the other data shown therein for the year ended January 3, 19
all in accordance with generally accepted accounting principles applied on a consistent basis.

LYBRAND, ROSS BROS. & MONTGOMER

Los Angeles, California
February 17, 1960

To the Board of Directors,
Shopping Bag Food Stores,
El Monte, California.

We have examined the statements of income and retained earnings and of capital surplus of Shopping Bag Food Stores for the two years ended December 31, 1958 and the summary of earnings of Shopping Bag Food Stores for the four years ended December 31, 1958. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Our opinion on our last examination was dated February 28, 1959.

In our opinion, the statements of income and retained earnings and of capital surplus of Shopping Bag Food Stores for the two years ended December 31, 1958 and the summary of earnings of Shopping Bag Food Stores for the four years ended December 31, 1958 present fairly the results of operations of each company for those years, in conformity with generally accepted accounting principles applied on a consistent basis.

SCOVELL, WELLINGTON & COMPANY

Los Angeles, California
February 17, 1960 as of February 28, 1959

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SHOPPING BAG FOOD STORES

BALANCE SHEET

January 3, 1960

ASSETS:

Current:		
Cash		$ [illegible]
Claims and other accounts receivable		337,[illegible]
Notes receivable (Note 1)		617,[illegible]
Merchandise inventories at cost (Note 2)		7,372,[illegible]
Deposits, supplies, and other prepaid expense		998,[illegible]
Total current assets		14,926,[illegible]
Properties, at cost (Note 3):		
Furniture, fixtures, and automotive equipment	$ 8,047,879	
Buildings	2,861,331	
Leasehold improvements	949,160	
	11,858,370	
Less, Allowance for depreciation	3,743,208	
	8,115,162	
Land	389,827	8,504,[illegible]
Other assets:		
Cash surrender value of life insurance	53,647	
Deposits, licenses, etc.	236,478	
Debenture issue expenses unamortized	13,195	303,[illegible]
		$23,734,[illegible]

The accompanying notes are an integral part of this statement.

SHOPPING BAG FOOD STORES

BALANCE SHEET

January 3, 1960

LIABILITIES:

Current:		
Accounts payable, vendors and others		$ 5,476,502
Notes and contracts payable (due within one year):		
Bank note (Note 4)	$ 250,000	
Trust deed notes (Note 5)	116,589	
Equipment purchase contracts	378,083	744,672
Accrued expense:		
Compensation	408,327	
Rent	123,944	
Property and payroll taxes	727,004	
Interest and insurance	69,837	
Premium redemption provision	406,963	
Other	224,641	1,960,716
Federal income tax		634,568
Total current liabilities		8,816,458
Notes and contracts payable (due after one year):		
Bank note (Note 4)	1,687,500	
Trust deed notes (Note 5)	2,135,241	
Equipment purchase contracts	194,507	4,017,458
6½% sinking fund convertible subordinated debentures due May 15, 1971 (Note 6)		226,000
Deferred federal income tax (Note 7)		127,707
Commitments (Notes 8 and 9)		

CAPITAL:

Capital shares:		
Common, authorized 2,000,000 shares of $1 par value each; issued and outstanding 337,131 shares	337,131	
Class B common, authorized 1,000,000 shares of $1 par value each; issued and outstanding 776,984 shares	776,984	
Capital surplus	3,191,942	
Retained earnings (Note 10)	6,241,113	10,547,170
		$23,734,583

The accompanying notes are an integral part of this statement.

SHOPPING BAG FOOD STORES

STATEMENT OF CAPITAL SURPLUS

	368 Days Ended Jan. 3, 1960	Year Ended Dec. 31, 1958	1957
Balance beginning of period	$2,212,541	$1,569,872	$ 992,7
Excess of par value of preferred shares converted over par value of common shares issued therefor			395,2
Excess of principal amount of 4½% sinking fund convertible subordinated debentures converted over par value of common shares issued therefor	259,026	642,669	181,8
Excess of fair market valie over par value of common shares issued as a stock dividend	720,375		
Balance end of period	$3,191,942	$2,212,541	$1,569,8

SHOPPING BAG FOOD STORES

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STATEMENT OF INCOME AND RETAINED EARNINGS

	368 Days Ended January 3, 1960	Year Ended December 31, 1958	1957
et sales	$84,403,866	$90,531,209	$87,007,857
ost of goods sold (Note 2)	64,995,858	70,910,913	67,786,694
Gross profit	19,408,008	19,620,296	19,221,163
perating, selling, and administrative expenses (Notes 3 and 11)	17,955,817	17,713,383	16,625,511
Operating profit	1,452,191	1,906,913	2,595,652
ther income:			
Gain on sale of depreciable property	198,393	108,666	224,770
Other	90,866	35,506	47,496
	289,259	144,172	272,266
terest expense	280,328	198,234	181,932
Income before provision for federal income tax	1,461,122	1,852,851	2,685,986
rovision for federal income tax	691,000	940,000	1,325,000
Net income	770,122	912,851	1,360,986
etained earnings beginning of period	6,427,321	5,674,426	4,446,475
	7,197,443	6,587,277	5,807,461
ividends:			
Preferred shares:			
Cash	—	—	11,572
Common shares:			
Cash	193,580	159,956	121,463
Stock	762,750	—	—
	956,330	159,956	133,035
Retained earnings end of period	$ 6,241,113	$ 6,427,321	$ 5,674,426

The accompanying notes are an integral part of this statement.

For statement as to the effect of the industry-wide strike on current year's earnings see "Earnings and Book Value Share" elsewhere in this Proxy Statement.

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SHOPPING BAG FOOD STORES

NOTES

1. Notes Receivable:

Note bearing 6% interest, secured by deed of trust on land located in Granada Hills, San Fernando Valley, executed on October 2, 1959 by Balboa Mission, a partnership, due on October 2, 1960..... $379,

Note bearing 6% interest, secured by deed of trust on land located in the City of Ventura, California, executed on October 6, 1959 by Thompson-Borchard Ventura Corporation, due on or before October 14, 1960..... 238,

$617,

On January 22, 1960 the $238,500 note was subordinated to a construction loan made by a bank to Thomp Borchard Ventura Corporation.

2. Merchandise Inventories:

Merchandise inventories are valued at the lower of cost or market. Inventories entering into the computatio cost of goods sold are as follows:

January 3, 1960	$7,372,994
December 31, 1958	7,676,575
December 31, 1957	7,150,246
January 1, 1957	5,486,604

3. Properties:

The depreciation policy of the company is to provide depreciation on a straight-line method based upo estimated life of the assets for book and statement purposes and upon an accelerated method where allow for tax purposes. The principal rates used during the three years ended January 3, 1960 were:

	In Years
Buildings	33⅓
Furniture and fixtures	10
Automobiles and trucks	4 and 6
Leasehold improvements (estimated useful life or period of lease)	

Upon disposal of depreciable property, the accounts are relieved of the related costs and accumulated dep tion. The resulting gains and losses are reflected in the income statement.

Costs of major remodeling and improvements are capitalized. Repairs and maintenance are expensed as inc

4. Bank Note:

The bank note dated August 9, 1957, bearing interest at 5%, and having a balance at January 3, 19 $1,937,500.00 is payable in quarterly installments of $62,500, aggregating $250,000 annually. The agreement provides, among other covenants, that the company will maintain a net worth of not les $7,000,000 and net current assets of not less than $5,000,000.

5. Trust Deed Notes Payable:

	Due Within One Year	Due After One Year	Total
E. M. Sloan	$ 44,575		$ 44,57
The Equitable Life Assurance Society of the United States	72,014	$2,135,241	2,207,25
	$116,589	$2,135,241	$2,251,83

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NOTES (Continued)

The note payable to E. M. Sloan was assumed in connection with the acquisition of unimproved land, which is adjacent to the office and warehouse property. The note bears interest at the rate of 5% per annum payable $450.00 or more per month, including principal and interest. It is intended that the note will be paid during the ensuing year.

The note payable to The Equitable Life Assurance Society of the United States having a balance at January 3, 1960 of $2,207,255 is secured by a trust deed on land and office, warehouse and central bakery buildings, and is payable in quarterly installments of $43,594, aggregating $174,376 annually in the years 1959-1978, inclusive, including interest at 5¼%. The note agreement provides, among other covenants, that the company maintain net current assets of not less than $4,000,000.

4½% Sinking Fund Convertible Subordinated Debentures:

Of the original $1,500,000 issue, $226,000 remained outstanding at January 3, 1960. Certain provisions of the 4½% sinking fund convertible subordinated debentures due May 15, 1971 are summarized as follows:

The indenture requires the company to provide for retirement of the debentures through a sinking fund. At January 3, 1960, the company had acquired sufficient debentures through conversion to satisfy the 1959 sinking fund requirement. The debentures are convertible at their principal amount into common stock of the company at any time at $12.00 per share of common stock until May 15, 1961, $14.00 until May 15, 1966, and $16.00 thereafter until maturity. The conversion price is subject to adjustment in certain cases, and at January 3, 1960 the current conversion price was $11.54 per share. The indenture places certain restrictions on the payment of cash dividends on the stock of the company and on the purchase or redemption of its stock.

Deferred Income Tax:

Deferred income taxes in the amount of $127,707 are taxes to be paid in the future as the result of the company using the sum of the years-digits method of depreciation for federal income tax purposes as compared to the straight-line method of depreciation used for book and report purposes.

Leases:

The approximate minimum annual rental liability on property and fixtures leased to the company at 38 locations is summarized by periods of expiration as follows:

	Leases	Amount
January 1, 1962 — December 31, 1966	13	$ 176,139
January 1, 1967 — December 31, 1976	19	447,101
January 1, 1977 — September 30, 1981	13	517,010
		$1,140,250

Commitments:

The company's federal income tax returns have been examined to December 31, 1958, and all additional assessments have been paid.

Dividends:

The common stock is entitled to cash dividends in the amount of 70 cents per share per year before any dividends may be declared or paid on Class B stock. After payment of 70 cents per share on common stock, dividends declared in any year are payable to holders of common stock and Class B stock, share and share alike. Each share of Class B stock is convertible into one share of common stock at the discretion of the holders of the Class B stock.

Restriction on the declaration of dividends are referred to in Note 6.

SHOPPING BAG FOOD STORES

NOTES (Continued)

11. Supplementary Profit and Loss Information:

The following items are charged to operating, selling, and administrative expenses in the foregoing statement of income:

	368-Day Period Ended Jan. 3, 1960	Year Ended Dec. 31, 1958	1957
Maintenance and repairs	$ 519,090	$ 390,640	$ 317,0
Depreciation and amortization, straight-line	1,066,381	956,519	779,0
Taxes other than federal income①:			
Payroll taxes	378,580	287,284	275,2
Property	637,619	491,701	357,6
State franchise and other	152,489	163,643	120,3
	1,168,688	942,628	753,2
Rents②	$1,489,871	$1,466,516	$1,301,8

① California state and local taxes collected from customers are included in sales and the provision for payment thereof is charged against sales.

② No royalties were paid during the foregoing periods.

SHOPPING BAG FOOD STORES

SUMMARY OF EARNINGS

	368 Days Ended January 3, 1960①②	Year Ended December 31, 1958	1957	1956	1955
Net sales	$84,403,866	$90,531,209	$87,007,857	$72,187,344	$63,694,339
Cost of goods sold	64,995,858	70,910,913	67,786,694	56,148,534	49,643,008
Operating, selling, and administrative expenses	17,955,817	17,713,383	16,625,511	13,952,776	12,473,655
Interest expense	280,328	198,234	181,932	154,458	136,602
Other income, net	289,259	144,172	272,266	148,445	161,367
Federal income tax	691,000	940,000	1,325,000	1,056,000	801,400
Net income	770,122	912,851	1,360,986	1,024,021	801,041
Dividends on preferred shares			11,572	55,846	55,846
Earnings applicable to common shares	770,122	912,851	1,349,414	968,175	745,195
Earnings per share, common③	$.72	$.86	$1.36	$1.07	$.87

① An election was made during the year to change the accounting period from a calendar year to a 52/53-week year ending on the Sunday which is closest to the end of December.

② Earnings per share, common, have been computed based upon the average number of shares outstanding in each year after giving effect, retroactively, to the 2½ for 1 stock split in 1956 and the 4% stock dividend issued in 1959.

③ For statement as to the effect of the industry-wide strike on current year's earnings see "Earnings and Book Value Per Share" elsewhere in this Proxy Statement.

VON'S GROCERY CO.
and
SHOPPING BAG FOOD STORES

CONDENSED PRO FORMA COMBINED BALANCE SHEET

January 3, 1960

ASSETS

	Von's Grocery Co.	Shopping Bag Food Stores	Pro Forma Combined
Current:			
Cash	$ 6,156,516	$ 5,599,709	$11,756,2
Claims and other receivables	229,767	337,025	566,7
Notes receivable	1,291	617,785	619,0
Merchandise inventories	5,271,426	7,372,994	12,644,4
Deposits, supplies, and other prepaid expense	577,589	998,761	1,576,3
Total current assets	12,236,589	14,926,274	27,162,8
Properties, less accumulated depreciation	5,862,739	8,504,989	14,367,7
Other assets	162,527	303,320	465,4
	$18,261,855	$23,734,583	$41,996,0

LIABILITIES

Current:			
Accounts payable	$ 2,193,746	$ 5,476,502	$ 7,670,2
Notes and contracts payable (due within one year)	7,828	744,672	752,5
Accrued expense	1,114,191	1,960,716	3,074,9
Deposits received	48,979		48,9
Federal income tax	1,296,626	634,568	1,931,1
Total current liabilities	4,661,370	8,816,458	13,477,8
Notes and contracts payable (due after one year)	272,032	4,017,248	4,289,2
4½% debentures, due 1971		226,000	226,0
Deferred federal income tax		127,707	127,7

CAPITAL

Capital shares:			
Par value $1; issued and outstanding after merger and retirement of Shopping Bag Food Stores shares — 2,985,595 shares	1,871,480	1,114,115	2,985,5
Capital surplus	1,336,676	3,191,942	4,528,6
Retained earnings	10,120,297	6,241,113	16,361,4
	$18,261,855	$23,734,583	$41,996,0

EXHIBIT A

Agreement of Merger

AGREEMENT OF MERGER dated the 25th day of January, 1960, made and entered into by and tween VON'S GROCERY CO. (hereinafter sometimes referred to as "Von's") and a majority of the rectors thereof, and SHOPPING BAG FOOD STORES (hereinafter referred to as "Shopping Bag") and a jority of the directors thereof,

WITNESSETH:

WHEREAS, Von's was organized pursuant to the General Corporation Law of the State of Delaware Certificate of Incorporation filed in the office of the Secretary of State of the State of Delaware on tober 14, 1958; and

WHEREAS, Shopping Bag was organized pursuant to the laws of the State of California by Articles Incorporation filed in the office of the Secretary of State of the State of California on March 7, 1933; and

WHEREAS, Von's has issued and outstanding 1,871,476 shares of Common Stock of the par value of .00 per share; and

WHEREAS, Shopping Bag on January 15, 1960 had issued and outstanding 342,656 shares of mmon Stock of the par value of $1.00 per share (designated "Common Stock") and has issued no ditional shares of such stock since said date except shares issued upon conversion of its 4½% Sinking nd Convertible Debentures due May 15, 1971; and

WHEREAS, Shopping Bag on January 15, 1960 had issued and outstanding 772,584 shares of Class Common Stock of the par value of $1.00 per share (designated "Class B Common Stock") and has ued no additional shares of such stock since said date; and

WHEREAS, Shopping Bag is also authorized to issue fifty thousand (50,000) shares of Preferred ck of the par value of $25.00 per share, none of which shares at the date hereof are issued and standing;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements, provisions, enants, promises and grants herein contained, the parties hereto agree, in accordance with the provi- ns of the General Corporation Law of the State of Delaware and the Corporations Code of the State California that Von's and Shopping Bag shall, on the effective date of the merger hereby agreed upon reinafter sometimes called the "Merger"), be merged into a single corporation, to wit, Von's, one he parties hereto (hereinafter sometimes called the "Surviving Corporation"); and that the terms conditions of the Merger and the mode of carrying the same into effect and the manner of converting res of Shopping Bag into shares of Von's, the outstanding shares of which are not to be changed converted as a result of the Merger, are and shall be as hereinafter set forth.

ARTICLE I

The indentity, existence, purposes, objects, properties, franchises, powers, rights, privileges and unities of Von's shall continue unaffected and unimpaired by the Merger; and upon the effective date he Merger the indentity, existence, purposes, objects, properties, franchises, powers, rights, privileges, immunities of Shopping Bag shall be merged into Von's and Von's shall be fully vested therewith.

ARTICLE II

The Certificate of Incorporation of Von's, the Surviving Corporation, as amended herein, shall continue in full force and effect until altered, amended, or repealed as provided therein, or as provided by law.

The first paragraph of Article FOURTH of the Certificate of Incorporation of Von's, the Surviving Corporation, shall be amended as of the effective date of the Merger to read in full as follows:

"FOURTH. The total number of shares of stock which the corporation shall have authority to issue is five million (5,000,000) shares of Common stock and the par value of each of such shares of Common stock is One Dollar ($1.00) amounting in the aggregate to Five Million Dollars ($5,000,000.00). The holders of the Common stock shall be entitled to one vote for each share held at all meetings of the stockholders of the corporation. At all elections of directors of the corporation, each holder of Common stock of the corporation entitled to be voted thereat shall be entitled to as many votes as shall equal the number of such shares of stock of such holder multiplied by the number of directors to be elected, and each such stockholder may cast all of such votes for a single director or may distribute them among the total number of directors to be voted for, or among any two or more of such directors, as such stockholder may see fit."

ARTICLE III

The By-Laws of Von's, the Surviving Corporation, as in effect on the effective date of the Merger shall continue in full force and effect until altered, amended, or repealed as provided therein, or as provided by law.

ARTICLE IV

The names of the directors and principal officers of the Surviving Corporation who, subject to the provisions of the By-Laws of the Surviving Corporation and the laws of the State of Delaware, shall hold office until the first annual meeting of the stockholders of the Surviving Corporation held subsequent to the effective date of the Merger and the election or appointment of their respective successors are as follows:

DIRECTORS

JAMES E. BATES
EDWARD C. FREUTEL, JR.
W. D. HAYDEN
W. R. HAYDEN
VICTOR HINSON
ERNEST J. LOEBBECKE
CHARLES L. MORSE, JR.
CHARLES T. VON DER AHE
THEODORE A. VON DER AHE
WALTER R. VON DER AHE
WILFRED A. VON DER AHE

PRINCIPAL OFFICERS

CHARLES T. VON DER AHE	Chairman of the Board
THEODORE A. VON DER AHE	President
W. R. HAYDEN	Senior Vice President
WILFRED L. VON DER AHE	Executive Vice President
VICTOR HINSON	Secretary
JAMES C. BALL	Treasurer
EDWARD C. FREUTEL, JR.	Assistant Secretary and Assistant Treasurer

If, on the effective date of the Merger, a vacancy shall exist in the Board of Directors of the rviving Corporation, such vacancy may be filled in the manner provided in the By-Laws of the rviving Corporation.

ARTICLE V

The shares of Von's outstanding on the effective date of the Merger (including any shares held in e Treasury of Von's) shall not be converted as a result of the Merger, and shall remain outstanding as ares of the Surviving Corporation.

The manner of converting the shares of Shopping Bag into shares of the Surviving Corporation ll be as follows:

Forthwith upon the effective date of the Merger the shares of Common Stock and Class B Common ck of Shopping Bag then outstanding (other than shares of such Common Stock and Class B Common ck held by Shopping Bag in its Treasury, if any) shall be converted into shares of Common Stock the Surviving Corporation upon the basis of one (1) share of Common Stock of the Surviving Corpo- ion for each share of Common Stock of Shopping Bag and one (1) share of Common Stock of the rviving Corporation for each share of Class B Common Stock of Shopping Bag.

All shares of Common Stock and Class B Common Stock of Shopping Bag held by it in its easury on the effective date of the Merger shall be surrendered to the Surviving Corporation for ncellation, and no shares of the Surviving Corporation shall be issued or issuable in respect thereof.

All shares of Common Stock of the Surviving Corporation issued to holders of shares of Common ck and Class B Common Stock of Shopping Bag shall be issued in full satisfaction of all rights rtaining to such shares of Common Stock and Class B Common Stock of Shopping Bag.

ARTICLE VI

Upon the effective date of the Merger, the separate existence of Shopping Bag which is merged o and with Von's pursuant to this Agreement of Merger shall cease, and in accordance with this reement of Merger the Surviving Corporation shall possess all of the rights, privileges, powers and nchises as well of a public as of a private nature, and be subject to all the restrictions, disabilities d duties of Shopping Bag, and all and singular the rights, privileges, powers and franchises of Shopping g, and all property of Shopping Bag, real, personal and mixed, and all debts due to Shopping Bag on atever account, or belonging to Shopping Bag shall be vested in the Surviving Corporation; and all operty, rights, privileges, powers and franchises, and all and every other interest shall be thereafter as ctually the property of the Surviving Corporation as they were of Shopping Bag; provided, that all hts of creditors and all liens upon the property of Shopping Bag shall be preserved unimpaired, limited lien to the property affected by such liens at the effective date of the Merger, and all debts, liabilities and ties of Shopping Bag shall thenceforth attach to the Surviving Corporation, and may be enforced against o the same extent as if said debts, liabilities and duties had been incurred or contracted by the Surviving rporation. If at any time the Surviving Corporation shall deem or be advised that any further assign- nts, assurances in law or other acts or instruments are necessary or desirable to vest or confirm in Surviving Corporation the title to any property of Shopping Bag, Shopping Bag and its proper officers d directors shall and will do all such acts and things as may be necessary or proper to vest or confirm e to such property in the Surviving Corporation and otherwise to carry out the purposes of this reement of Merger.

The Surviving Corporation shall pay all expenses of the Merger. It is expressly provided, however, t in the event this Agreement of Merger is terminated or abandoned in any manner for any reason, h corporation shall pay all expenses incurred by it as of the date of such termination or abandonment.

ARTICLE VII

Until the effective date of the Merger or termination or abandonment of this Agreement of Mer neither corporation shall, without the consent of the other:

(1) Pay any dividend or make any distribution on any of its shares of stock, except t Shopping Bag may continue to pay regular quarterly dividends on its Common Stock at a quarte rate not exceeding fifteen cents (15¢) per share and Von's may continue to pay regular quarte dividends on its Common Stock at a quarterly rate not exceeding ten cents (10¢) per share.

(2) Issue any shares of its stock of any class except that Shopping Bag may issue sh of its Common Stock upon conversion of its 4½% Sinking Fund Convertible Subordinated Deb tures due May 15, 1971 outstanding at the date of this Agreement of Merger and upon conver of its Class B Common Stock outstanding at the date of this Agreement of Merger.

(3) Issue any options for the purchase of any shares of its stock of any class.

ARTICLE VIII

This Agreement of Merger shall be submitted to the stockholders of Shopping Bag and Von's provided by the applicable laws of the States of California and Delaware, at meetings which shall held on or before March 17, 1960, or on such later date as the Boards of Directors of Shopping B and Von's shall mutually approve. After the approval and adoption thereof by the holders of n less than two-thirds of the outstanding shares of Common Stock of Von's and by the holders of not than two-thirds of the outstanding shares of Common Stock and not less than two-thirds of the o standing shares of Class B Common Stock of Shopping Bag, this Agreement of Merger shall be f and recorded in the manner required by the General Corporation Law of the State of Delaware filed in the office of the Secretary of State of California in the manner required by the Corporations C of the State of California, unless terminated as provided in Article IX of this Agreement of Mer The Merger shall become effective upon such filing and recording.

ARTICLE IX

This Agreement of Merger may be terminated and the Merger may be abandoned at any t prior to the effective date of the Merger by mutual consent of the Boards of Directors of the respec corporations. In addition, this Agreement of Merger may be terminated and abandoned at any t prior to the effective date of the Merger by action of the Board of Directors of either Von's or Shop Bag in the event that any one or more of the following shall occur:

(a) All necessary permits or approvals of governmental agencies having jurisdiction t respect to the Merger shall not have been obtained within six months after the date hereof;

(b) Shopping Bag shall not, within six months after the date hereof, have obtained a favo ruling from the Internal Revenue Service that the exchange of shares of Common Stock and Cl Common Stock of Shopping Bag for shares of Common Stock of Von's in accordance with terms and provisions of this Agreement of Merger, will be a non-taxable transaction to the s holders of Shopping Bag under the provisions of Section 354 of the Internal Revenue Code of 1

(c) Either corporation shall be enjoined by a court from holding a meeting of its stockho to consider and vote upon this Agreement of Merger or from taking any other action necessa consummate the Merger;

(d) Either corporation shall fail to obtain, within six months after the date hereof, at a me of its stockholders the approval and adoption of this Agreement of Merger by the vote o holders of not less than two-thirds of the outstanding shares of its stock of each class;

(e) Claims of stockholders of Von's and Shopping Bag who dissent from the Merger amoun in the aggregate to a sum in excess of $1,000,000; or

(f) In the reasonable opinion of the Board of Directors of either corporation any materia adverse change shall have occurred in the properties, assets or business of Von's or Shopping Bag

In addition this Agreement of Merger may be terminated and abandoned at any time prior to th effective date of the Merger by action of the Board of Directors of Von's in the event that on or prio to March 20, 1960 any stockholder of Shopping Bag reasonably deemed by Von's to be a controllin stockholder or a member of any controlling group or groups of stockholders of Shopping Bag shall hav failed or refused to deliver to Von's a statement in form satisfactory to Von's to the effect that it is hi intention to acquire shares of Common Stock of Von's upon the Merger for investment and not with view to the distribution or resale of any thereof.

In the event of termination of this Agreement of Merger as herein provided, this Agreement o Merger shall become wholly void and of no effect and there shall be no liability to any stockholder o other person or to any corporation or to the respective parties hereto on the part of either Von's o Shopping Bag or their respective Boards of Directors or stockholders.

ARTICLE X

Pursuant to the terms and conditions of a Negotiating Permit dated October 20, 1959 grantec by the Commissioner of Corporations of the State of California, the parties hereto expressly agree tha Von's shall not be liable for failure to issue any securities pursuant to this Agreement of Merger unless and until a further permit authorizing the sale and issuance of such securities has first been granted by said Commissioner of Corporations. Said permit dated October 20, 1959 further requires the following legend be included herein:

"THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA HAS MADE NO FINDING OR DETERMINATION IN RELATION TO THE FAIRNESS OF THE NEGOTIATION OR AGREEMENTS HEREBY PERMITTED AND THIS NEGOTIATING PERMIT IS PERMISSIVE ONLY AND DOES NOT CONSTITUTE A RECOMMENDATION OR ENDORSEMENT OF THE SECURITIES PERMITTED TO BE OFFERED AND SHOULD NOT BE UNDERSTOOD AS AN INDICATION THAT SUCH FINDING OR DETERMINATION OF FAIRNESS WILL BE MADE OR THAT A DEFINITIVE PERMIT AUTHORIZING SALE OR ISSUANCE OF SECURITIES, IF APPLIED FOR, WILL BE GRANTED."

IN WITNESS WHEREOF, Von's and Shopping Bag have caused this Agreement of Merger to be igned in their respective corporate names by the President or a Vice President and have caused their espective corporate seals to be hereunto affixed and attested by the Secretary or an Assistant Secretary, nd a majority of the directors of Von's and Shopping Bag, respectively, have hereunto set their hands, ll as of the day and year first above written.

VON'S GROCERY CO.

By CHARLES VON DER AHE
President

CHARLES VON DER AHE

ERNEST J. LOEBBECKE

WALTER R. VON DER AHE

WILFRED VON DER AHE

T. A. VON DER AHE

C. L. MORSE, JR.

EDWARD C. FREUTEL, JR.

All or a Majority of the Directors of Von's Grocery Co.

Corporate Seal)

ATTEST:

EDWARD C. FREUTEL, JR.
Secretary

SHOPPING BAG FOOD STORES

By W. R. HAYDEN
President

JAMES E. BATES

E. W. PLUMB

W. D. HAYDEN

VICTOR HINSON

G. A. CARTER

WM. S. HUGHES

All or a Majority of the Directors of Shopping Bag Food Stores

Corporate Seal)

ATTEST:

VICTOR HINSON
Secretary

DEFENDANT'S EXHIBIT BG

LYBRAND, ROSS BROS. & MONTGOMERY
Certified Public Accountants

Coopers & Lybrand
in areas of the world outside the United States

June 10, 1963

Mr. William W. Vaughn
O'Melveny & Myers
433 South Spring Street
Los Angeles 13, California

Dear Mr. Vaughn:

When discussing the theoretical draw and adjusted draw areas of Von's and Shopping Bag stores involved in Civil No. 336-60-CC, government counsel asked whether the barriers cited in Appendix I of the affidavit by Roy L. Bouque constitute complete barriers in developing the estimated population in the "adjusted draw areas".

In each section of Appendix I entitled "Adjusted Draw Area", there is a paragraph explaining the reasons for adjusting the theoretical draw area. Each barrier cited in these paragraphs constitutes a complete barrier in developing the estimated population counts, unless it is stated that it is a partial barrier. Examples of these exceptions appear on pages 28 and 67 of the affidavit.

Very truly yours, Lybrand, Ross Bros. & Montgomery

RLB:as

DEFENDANT'S EXHIBIT BJ

Jenssen, Beam, & Martin
1908 Wilshire Boulevard, Los Angeles, California

Summary of Motivation Research Study Conducted for The Shoppers Market in Norwalk

Practical Purposes of this Study

The primary purpose of this research was to investigate consumer attitudes toward the Shoppers Market in Norwalk in order to (1) more accurately determine the psychological picture which now exists in the consumers mind regarding this store and shopping center, and (2) to ascertain the ideal psychological picture which it is desirable to develop among these consumers.

The broad term "consumer attitudes" is here meant to include such elements as awareness and familiarity with the market, attitudes toward prices, customer service, variety and quality of merchandise, and any other factors which relate to consumer selection of a supermarket. Each item is considered with reference to competitive stores as well as the Shoppers Market.

The Method

The technique we have employed in making this survey is called motivation research. It is based on "depth" interviewing by trained interviewers. The respondents are encouraged to express their spontaneous attitudes and feelings in a free, conversational manner.

The interviewers were provided with a guide-list of relevant subjects or "areas" that were to be investigated. They bring up each aspect of the subject, giving the respondent every opportunity to "talk herself out". No predetermined questions were employed. The interviewers have been trained to draw forth all the respondent's own ideas without leading or influencing the replies, and to cover all points indicated.

Whenever spontaneous response on the part of the respondent ceases, the interviewer "probes" further. Through this "digging" he induces the respondent to talk

further, to explain, to look beneath the surface, to re-examine.

When the interviews are completed, both surface and underlying attitudes and motivations have been thoroughly examined. The respondent generally reveals more than she is aware of, not only in what is said, but in what is not said as well. Reading "between the lines" in terms of known "laws" of human behavior is part of the analysis during these intensive interviews.

A good "depth" interview, in which close rapport has been established between interviewer and respondent, generally lasts twenty minutes to one hour. The respondent's remarks are noted verbatim in order to preserve the consumer's own language and wording as much as possible.

Samples of Respondents

A total of 240 respondents comprised the sample upon which this report is based. These respondents were selected at random within a one mile radius of each store. Because this was a random sample, included in it were individuals who do 100% of their shopping at the Shoppers Market, individuals who might be termed "multi-store" shoppers (in that they consistently shop at most of the stores in the area), individuals who do most of their shopping at markets other than Shoppers; individuals who have never shopped at Shoppers; and virtually all possible combinations of shopping preferences.

Survey Results

The results of our motivation research in the Norwalk area indicates that, in general, the Shoppers Market and shopping center have done a very notable job in satisfying the shopping requirements of a significantly large percentage of homemakers in this area. It is very rare, indeed, to find a market which satisfies so completely the shopping requirements of so many. Such verbal accolades as "It's the ideal shopping center", or "I have never shopped at a finer market", or "It is *the* friendly market in town", or "I can't think of a single thing that should be changed about the market which would further improve it" were bestowed upon the market by the majority of the consumers in our

sample who make most of their purchases at Shoppers. Even many of the consumers who only occasionally shop at Shoppers displayed generally positive attitudes toward this market. These are people who, for one reason or another, find it more convenient to shop at one or more of the other markets in the area. In short, the psychic picture which now exists in the consumers mind regarding this store and shopping center is a very favorable one.

One of the basic reasons for this almost universal satisfaction among the Norwalk homemakers toward Shoppers is related to the unique degree of homogeneity of the socio-economic, age, and ethnic components of the Norwalk area. As a result of these homogeneous characteristics of the residents within the one mile radius of the market, it is not surprising that Shoppers has been able to capture so much of the total shopping volume in the area. This point becomes more understandable when one considers the fact that the area is not broken up into distinct socio-economic or racial districts or "islands", each with its own set of shopping preferences (as is the case in so many other Southern California communities). In such heterogeneous communities it is very difficult, if not impossible, for one market to be "all things to all people". Consequently, in such areas of mixed socio-economic and racial groups, one usually finds considerable variety in the types and sizes of markets which service the area. Such, of course, is very definitely not the case in the Norwalk area. Here we find a district which is almost completely dominated by the large supermarkets and shopping centers, and with very few "mamma and papa" markets. Additionally, we find that, in the main, these supermarkets are catering to a fairly homogeneous group of shoppers, and that which satisfies one customer will usually satisfy the other.

This suggests two things which are pertinent to the purpose of this research study. First, it suggests that up to the present time, Shoppers Market (by virtue of its variety of merchandise, its quality of produce and meat, its friendly shopping atmosphere, its customer service, and the various other factors which make for an effective market operation) has been highly effective in establishing a strong degree of customer loyalty with the major percentage of this homogeneous group of consumers within the area

under investigation. Second, this observation, in combination with the fact that the shopping habits of the consumers in the area are very deeply ingrained, suggests that increased competition in the area would have a negligible effect on the shopping habits of consumers who are currently trading at Shoppers Market.

The Norwalk Homemakers

Based upon statistical averages, the typical Norwalk Homemaker is an American born woman in her early middle thirties. She is married and is the mother of 2.13 children. She spends on the average of $23.98/week at 1.4 supermarkets in the area. Although she is extremely budget and priceminded, in the strict sense of the word she cannot be classified as a true "price-shopper". She follows the ads in the paper quite religiously, but reads only the ads of the specific market where she is accustomed to shopping. She likes to keep herself well informed of which prices are lower when the time comes for actual buying so that she may plan her week-end shopping on the basis of the "specials" which are offered; she also likes to know the brands involved on week-end sales.

Through a process of trial and error, she has found the market or markets in her neighborhood which offer her (in her perception) the most compatible shopping environment. To this market she extends most of her shopping loyalty, even though another market in the area may occasionally offer lower week-end prices on specific items. She reasons that if she were to make the entire circuit of markets in the area in order to take advantage of their week-end "specials", her savings would be dissipated by the cost of increased gasoline consumption and the time lost; "anyway", she rationalizes, "the differences in 'special' prices among the various markets is not sufficiently great to justify such a shopping tour".

Advertising

In this area the principal medium of advertising for markets is newspapers. Of the two local papers, the strongest degree of preference was expressed by interviewees in favor of the Herald American for market advertising. (ap-

proximately 70% of the population follow the grocery ads quite consistently from week to week. Of this group, 90% read the ads in the Herald American, while only 10% follow the ads in the Norwalk Advertiser). This preference for the Herald American over the Norwalk Advertiser is related to the fact that these people, as was the case with the Santa Monica respondents, feel that it is a "newspaper" and not merely a "throwaway".

The price consciousness of the Norwalk homemaker, as indicated in an earlier section of this report, is extremely high. This tends to negate the advisability of switching to a completely institutional type of campaign. However, we do feel that a properly handled semi-institutional type of advertisement could contribute to increased customer volume.

Since shoppers in this area tend to choose one market at which they do virtually all of their shopping, they develop strong habits and feelings of loyalty toward this store. They are as vitally interested in quality of merchandise and customer service as they are in price. The establishment of a semi-institutional type of advertising would further fortify this perception among loyal Shoppers customers. It would also tend to develop a more clear cut and positive personality for the market among these customers who now rarely or never shop at Shoppers, but who do read Shoppers ads occasionally. Since price advertisements are read by the Norwalk shopper primarily for the convenience of knowing what is on special at her own market, and price ads for other markets are read mostly for the sake of mere comparison; a semi-institutional ad which established Shoppers as a market where low prices, quality products and service are combined might more effectively entice the shopper with previously established habits and loyalties to "experiment" at Shoppers.

Premium Stamps

With regard to premium stamps, approximately 85.5% of the population within the area saves stamps. 76.4% of this group save S&H green stamps, but only 4% of the population is interested enough in premium stamps to change their shopping habits in order to obtain them. The others save them merely because they are given away. The at-

tractiveness of premium stamps appears to be only a minor motivating factor in the consumer's choice of a market. They are motivated primarily in their selection of places to shop by other factors such as prices, quality of merchandise, and plain habit. However, all other things being equal, 57% of these "stamp savers" indicated that they would give preference to a new market which offers premium stamps over a new market which does not. What is more significant is that the remaining 43% indicated that they would probably shop at the store which did not give stamps "because the prices of items are usually a little higher in such stores". Included in this latter group were a significant number of Shoppers customers.

In summary, the above data tends to indicate that it would be unwise at the present time to incorporate premium stamps in your general sales policy, unless such could be accompanied by a properly handled institutional campaign designed to alter and counteract the negative attitudes of the population toward the premium stamp—even then, it is quite doubtful that the resulting increase in volume would cover the cost of the stamps.

Competition

There are six supermarkets within a mile radius of Shoppers Market, and one market—Ralph's—beyond this radius, which draw upon the total shopping volume of the area; however, All American, Raisin's, Arvos, and Market Basket are the chief competitors. All American draws 17.2% of the total shopping volume in the area; Raisin's draws 10.6%; arvos draws 10.3%; Market Basket draws 6.0% and Ralph's draws 3.2%. Wong's, Food Fair, and the few "mamma and papa" markets combined draw 10.2% of the total volume. The remaining 42.3% of the total volume is drawn from the area by Shoppers Market.

It is essential to determine the basic motivating factors which cause consumers to select a particular market. On the basis of our research findings the strongest factors influencing the Norwalk shoppers are price, convenience, habit, and loyalty.

Most shoppers have selected the market closest to them, or one which is on their route home. Once a market has been selected, they have a tendency quickly to form strong

habits and experiment with other stores only to a slight degree.

Significantly, most of the shoppers who patronize stores other than Shoppers have never even visited the Shoppers location. On the other hand, a large percentage of Shoppers customers have experimented with several stores and have chosen Shoppers Market over all the others.

Interviews revealed another surprising fact. There was an almost total absence of negative comments about Shoppers Markets both from those who patronize Shoppers regularly and those who do not. Of those who do not use Shoppers, of course, many had never tried the store. However, among all those who had ever used the store, virtually all comments were favorable. Another phase of this picture is that Shoppers' regular customers do have negative attitudes toward other stores. They feel that they have in Shoppers the "ideal" shopping center, that prices are higher in other stores, and that quality of merchandise is much better than other stores in the area.

Those who do not use Shoppers Market regularly believe that prices and quality are about the same at all the stores in the area. Most homemakers who believe this have not experimented with all the stores. In short, the 42.3% who use Shoppers are satisfied and loyal. The 57.7% who do not use Shoppers have based their selection of a store mainly on convenience, and are bound by habit to continue using the first store selected. An advertising program combining (1) price advertising (which at present is not convincing non-Shoppers customers that prices are lower there) and (2) institutional copy which would make them aware of the other advantages of Shoppers Market, would probably be more effective as a lever to pry them from established shopping habits.

The Area and its Potential

The mile radius around Shoppers Market is bounded on the north by Florence, the south by Leffingwell Road, the east by Pioneer, and the west by Woodruff. It is a very densely populated residential area, now almost saturated with private dwelling units. Approximately 90% of the area available for residential growth has been developed. There is an almost total absence of multiple dwelling units,

and it is possible that further property developments will be additional private dwelling units. The remaining 10% will most likely be covered by 400 to 500 private dwelling units during the next year to two years. If the present average of 4.13 per family continues, this should mean a population increase of approximately 2,065. This represents an increased shopping potential for the area from the present figure of $116,111.16 to about $128,536.00 per week. If it is assumed that Shoppers will at least continue their 42.3% of the shopping volume, this should mean an increase in Shoppers' volume of from $5,000 to $6,000 per week within the next two year period.

Statistical Data

Shoppers Market—Norwalk

1—Total population within one mile radius of Shoppers Market.... 20,000

2—Total number of dwelling units..... 4,842

3—Number of people per dwelling unit..... 4.13

4—Ethnic groups:

A—White	72.4%
B—Mexican	16.0
C—Jewish	6.0
D—Chinese	3.0
E—Other	2.6

5—Average weekly expenditure for:

Groceries	$11.14
Meat	7.23
Produce	3.56
Deli	1.40
Liquor	.65
Total expenditure	$23.98

6—Weekly volume per markets—(8 markets)

Shoppers	42.3%
All American	17.2
Raisin's	10.6
Arvos	10.3
Market Basket	6.0
Wong's	5.3
Ralph's	3.4
Food Fair	3.2
Miscellaneous	1.7

7—Total amount of money spent in area for food per week

4,842 dwelling units x $23.98..... $116,111.16

The above data indicates that Shoppers is drawing fully 67% of its total volume from within a mile radius of the store location. The remaining 33% is coming from outside

the mile radius. In order to more accurately determine the exact source of this 33%, additional interviews were conducted outside the mile radius. The results of this additional research indicate that approximately 80% of this outside volume is coming from within the segment between the mile radius and the two mile radius. The remaining 20% (or 6% of the store's total weekly volume) stems from transient traffic, either from passing motorists or from persons visiting Auction city.

Defendant's Exhibit BK

Summary Total of All Interviewed Areas

(N = 1,167)

	N	Shop * Regularly	Shop * Frequently	Shop * Occasionally	Never * Shop	Shop Either * Regularly or Frequently	Shop Regular * Frequently, or Occasionaly
San Fernando	202	33%	27%	10%	30%	60%	70%
Downey—Norwalk	120	31	22	17	30	53	70
Rivera—Sante Fe Springs	143	33	26	15	26	59	74
Montebello	72	35	15	15	35	50	65
Fullerton—La Habra	110	31	22	20	27	53	73
West Covina—La Puente	134	29	21	16	34	50	66
Garden Grove	106	32	19	23	26	51	74
Pomona—Ontario	120	44	14	12	30	58	70
South Pasadena—Alhambra	160	35	14	19	32	49	68
Total	1,167	34%	20%	16%	30%	54%	70%

*. . . at retail food stores located ten or more minutes from home.

San Fernando Area
(N = 202)

Percent who *regularly* shop at one or more food stores located ten or more minutes from home	33%		
Percent who *frequently* shop at one or more food stores located ten or more minutes from home	27%	Percent who shop at one or more food stores located ten or more minutes from home either *regularly* or *frequently*	60%
Percent who *occasionally* shop at one or more food stores located ten or more minutes from home	10%	Percent who shop at one or more food stores located ten or more minutes from home either *regularly*, *frequently*, or *occasionally*	70%
Percent who *never* shop at one or more food stores located ten or more minutes from home	30%		

Downey—Norwalk Area
(N = 120)

Percent who *regularly* shop at one or more food stores located ten or more minutes from home	31%		
Percent who *frequently* shop at one or more food stores located ten or more minutes from home	22%	Percent who shop at one or more food stores located ten or more minutes from home either *regularly* or *frequently*	53%
Percent who *occasionally* shop at one or more food stores located ten or more minutes from home	17%	Percent who shop at one or more food stores located ten or more minutes from home either *regularly*, *frequently*, or *occasionally*	70%
Percent who *never* shop at one or more food stores located ten or more minutes from home	30%		

Rivera—Santa Fe Springs
(N = 143)

Percent who *regularly* shop at one or more food stores located ten or more minutes from home	33%		
Percent who *frequently* shop at one or more food stores located ten or more minutes from home	25%	Percent who shop at one or more food stores located ten or more minutes from home either *regularly* or *frequently*	59%
Percent who *occasionally* shop at one or more food stores located ten or more minutes from home	15%	Percent who shop at one or more food stores located ten or more minutes from home either *regularly, frequently*, or *occasionally*	74%
Percent who *never* shop at one or more food stores located ten or more minutes from home	26%		

Montebello
(N = 72)

Percent who *regularly* shop at one or more food stores located ten or more minutes from home	35%		
Percent who *frequently* shop at one or more food stores located ten or more minutes from home	15%	Percent who shop at one or more food stores located ten or more minutes from home either *regularly* or *frequently*	50%
Percent who *occasionally* shop at one or more food stores located ten or more minutes from home	15%	Percent who shop at one or more food stores located ten or more minutes from home either *regularly, frequently*, or *occasionally*	65%
Percent who *never* shop at one or more food stores located ten or more minutes from home	35%		

Fullerton—La Habra
(N=110)

Percent who *regularly* shop at one or more food stores located ten or more minutes from home	31%		
Percent who *frequently* shop at one or more food stores located ten or more minutes from home	22%	Percent who shop at one or more food stores located ten or more minutes from home either *regularly* or *frequently*	53%
Percent who *occasionally* shop at one or more food stores located ten or more minutes from home	20%	Percent who shop at one or more food stores located ten or more minutes from home either *regularly, frequently,* or *occasionally*	73%
Percent who *never* shop at one or more food stores located ten or more minutes from home	27%		

West Covina—La Puente
(N=134)

Percent who *regularly* shop at one or more food stores located ten or more minutes from home	29%		
Percent who *frequently* shop at one or more food stores located ten or more minutes from home	21%	Percent who shop at one or more food stores located ten or more minutes from home either *regularly* or *frequently*	50%
Percent who *occasionally* shop at one or more food stores located ten or more minutes from home	16%	Percent who shop at one or more food stores located ten or more minutes from home either *regularly, frequently,* or *occasionally*	66%
Percent who *never* shop at one or more food stores located ten or more minutes from home	34%		

Garden Grove
(N = 106)

Percent who *regularly* shop at one or more food stores located ten or more minutes from home	32%		
Percent who *frequently* shop at one or more food stores located ten or more minutes from home	19%	Percent who shop at one or more food stores located ten or more minutes from home either *regularly* or *frequently*	51%
Percent who *occasionally* shop at one or more food stores located ten or more minutes from home	23%	Percent who shop at one or more food stores located ten or more minutes from home either *regularly, frequently*, or *occasionally*	74%
Percent who *never* shop at one or more food stores located ten or more minutes from home	26%		

Pomona—Ontario
(N = 120)

Percent who *regularly* shop at one or more food stores located ten or more minutes from home	44%		
Percent who *frequently* shop at one or more food stores located ten or more minutes from home	14%	Percent who shop at one or more food stores located ten or more minutes from home either *regularly* or *frequently*	58%
Percent who *occasionally* shop at one or more food stores located ten or more minutes from home	12%	Percent who shop at one or more food stores located ten or more minutes from home either *regularly, frequently*, or *occasionally*	70%
Percent who *never* shop at one or more food stores located ten or more minutes from home	30%		

South Pasadena—Alhambra

(N = 160)

Percent who *regularly* shop at one or more food stores located ten or more minutes from home 35%

Percent who *frequently* shop at one or more food stores located ten or more minutes from home 14%

Percent who *occasionally* shop at one or more food stores located ten or more minutes from home 19%

Percent who *never* shop at one or more food stores located ten or more minutes from home 32%

Percent who shop at one or more food stores located ten or more minutes from home either *regularly* or *frequently* 49%

Percent who shop at one or more food stores located ten or more minutes from home either *regularly*, *frequently*, or *occasionally* 68%

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION

No. 336-60-CC Civil

UNITED STATES OF AMERICA, Plaintiff,

v.

VON'S GROCERY COMPANY AND SHOPPING BAG FOOD STORES, Defendants

MEMORANDUM OPINION—September 14, 1964

This is an action instituted by the United States to enjoin the acquisition of Shopping Bag Food stores by Von's Grocery Company which, it is alleged, violates Section 7 of the Clayton Act (15 U.S.C. § 18). Prior to March 28, 1960, the defendants operated as separate corporations, they are now merged. Jurisdiction exists in this court under Section 15 of the Clayton Act (15 U.S.C. § 25). Plaintiff contends and defendants deny that the effect of the merger between the defendants in this proceeding may be substantially to lessen competition or tend to create a monopoly, in violation of Section 7 of the Clayton Act.[1]

The complaint was filed on March 25, 1960, and on

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[1] Clayton Act, § 7, 15 U.S.C.A. 18 (1963), 38 Stat. 730 (1914):

"No corporation engaged in commerce shall acquire, directly or indirectly, the whole or any part of the stock or other share capital and no corporation subject to the jurisdiction of the Federal Trade Commission shall acquire the whole or any part of the assets of another corporation engaged also in commerce, where in any line of commerce in any section of the country, the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly.

• • • • • • •

March 28, 1960, an application for a temporary restraining order was denied by another judge of this court. Thereafter an application was made by plaintiff for a preliminary injunction to require Von's and Shopping Bag to be operated as separate entities pending trial of the action. This application was also denied by another judge of this court on June 13, 1960, and on July 1, 1960, interlocutory findings of fact and conclusions of law and the interlocutory order denying the motion for preliminary injunction were filed.

On April 24, 1961, a pretrial conference order, signed by the parties, was approved by the court. On December 15, 1961, plaintiff filed a motion for summary judgment which was also denied by another judge of this court.

Beginning in November, 1962, and while discovery proceedings were in progress, efforts were made by the court and counsel to arrive at a method for the presentation of the evidence which would expedite the trial which had been estimated to consume from two to three months. A plan was finally formulated and stipulated to by the parties whereby either side might present, in lieu of oral testimony, affidavits of persons who had been expected to testify. Thereafter the opposing party, if it were desired, could cross-examine such witness by taking a deposition. This procedure was followed with respect to practically all of the witnesses which the parties had anticipated calling at the trial. Both parties called a relatively few witnesses to present oral testimony at the trial. As a result of the pretrial procedures, the case consumed only approximately five days in actual trial time. Also a great many of the facts in the case were either stipulated to or admitted.

In accordance with the pretrial order, as amended, the following facts were admitted and required no proof:

It was agreed that the trial should be confined to the issue of whether the merger violated Section 7 of the Clayton Act and the matter of relief; in the event it was determined that Section 7 had been violated, hearings would thereafter be held as to appropriate relief; Von's was a Delaware corporation with its principal place of business at Los Angeles, California; subsequent to the merger it moved its offices to the former Shopping Bag headquarters

at El Monte, California; Von's was one of the leading chains of supermarkets in the Los Angeles area; and its predecessors had been engaged in the purchase, distribution, and retail sale of a complete line of groceries and related products since 1932; in 1959, Von's operated 28 supermarkets in the Los Angeles area with a total annual sales of approximately $85,000,000 for an average of approximately $3,000,000 in sales per store; also its super markets are of the self-service, cash and carry type;

Von's also owned and operated a modern distribution center; direct railroad and truck shipments were made to this distribution center which provided facilities to receive and distribute the groceries to Von's supermarkets throughout the Los Angeles area; after the merger Von's sold its distribution center to a competitor and has since used the former Shopping Bag distribution center;

Shopping Bag was a California corporation with principal offices at El Monte, California; on the date of the merger, Shopping Bag was merged into Von's prior to the merger, Shopping Bag was a leading chain of supermarkets; it and its predecessors had been engaged in the purchase, distribution, and retail sales of a complete line of groceries and related products in the Los Angeles area since 1933; in 1959, Shopping Bag operated 36 complete supermarkets in the area, which had a total annual sales of approximately $79,000,000 for an average of approximately $2,100,000 in sales per store; all of its stores were of the self-service, cash and carry type;

In 1958, Von's ranked third and Shopping Bag fifth in terms of total sales by grocery stores in the Los Angeles metropolitan area; Von's had approximately 4.10% and Shopping Bag approximately 3.09% of all grocery store sales in the area; Shopping Bag ranked sixth and Von's eighth in terms of total number of markets operated in the area in that year; combined, Von's and Shopping Bag ranked second in terms of dollar of sales and in terms of total number of supermarkets in the metropolitan area; following the merger, Von's accounted for approximately 8% of all grocery sales in the area; taken as a whole, the following products were agreed to constitute the relevant line of commerce in the case: groceries, meats, produce, bakery goods, dairy produce, delicatessen produce, frozen foods,

fruits, vegetables, household supplies, drugs, and sundries; in 1959, the sale of food products accounted for 90% of all sales by grocery stores in the area;

The relevant trade area in which defendants operated prior to the merger was the Los Angeles metropolitan area consisting of Los Angeles and Orange Counties; Los Angeles ranks as the second largest metropolitan area in the United States in terms of population, income, and retail dollar sales; approximately 6,750,000 persons reside in the area and total retail sales were approximately $9,100,000,000 in 1957; the Los Angeles metropolitan area is an appreciable trade area and a section of the country within the meaning of Section 7 of the Clayton Act; sales of groceries in the area approximate $2,500,000,000 annually;

Von's and Shopping Bag prior to the merger were engaged in interstate commerce and Von's presently is engaged in interstate commerce; several cooperatives operate in the metropolitan area, some who sell to nonmembers; Orange Empire, a cooperative, services numerous retail members and nonmembers in California, Arizona, and Nevada with an annual wholesale sales of approximately $280,000,000; prior to the merger, the twenty leading chains of supermarkets were all a part of the retail grocery competition in the area and each of the chains competed with each other; there was direct competition between some of the Von's stores and some of the Shopping Bag stores, particularly in those instances where the stores were so located that they were competing for the same customers.

With respect to the issues of fact and law, the parties are in agreement as follows: (1) that the defendant corporations were engaged in interstate commerce; (2) that the court has jurisdiction; (3) that any products or groups of products which are of sufficiently peculiar characteristics and uses as to make them distinct from all other products are in line of commerce within the meaning of Section 7 of the Clayton Act and that groceries and related products, taken as a whole, have such peculiar characteristics and uses in the operation of retail grocery stores; (4) that groceries and related products are the relevant line of commerce for determining whether the instant merger violates Section 7; (5) that the area of effective competition is a section of the country in the instant case; (6) that the

relevant section of the country need not be the entire nation; (7) that the Los Angeles metropolitan area is a relevant section of the country for determining the effect of the merger.

In view of the stipulations and pretrial orders, it thus appears that the court is called upon to decide only the issue as to whether the merger may be substantially to lessen competition or to tend to create a monopoly in the line of commerce and section of the country here involved.

The government apparently in one of its latest memoranda insists, at least inferentially, that the impact upon suppliers is involved as one of the issues in the case. However, it is to be noted that in the pretrial order, as amended, it is stated that defendants assert that the Los Angeles area is not the relevant section of the country as to the wholesale sale and purchase of groceries. There also appears the following:

> "The government assumes no burden of proof as to the relevant section of the country at the wholesale level since *it intends to base its case on the probable effects of the merger in the relevant section of the country for grocery retailers which is the Los Angeles metropolitan area.*" (Emphasis supplied.)

Obviously the pretrial order confined the parties to the matters agreed to therein. Furthermore, the government made no attempt to predicate its case upon the basis that suppliers had been eliminated.

Both the legislative history [2] and decisions of the Supreme Court, beginning with *Brown Shoe Co.* v. *United States,* 370 U.S. 294, set forth the purpose of Section 7 of the Clayton Act. The act was intended to prevent a merger or acquisition of assets when the effect may be to substantially lessen competition or tend to create a monopoly, It was noted in Brown Shoe Co. v. United States, at page 332, United States Reports: "But the very wording of § 7 requires a prognosis of the probable future effect of the merger" (italics original). It would appear that in order to determine the future effect resort must be had to the devel-

[2] Senate Report No. 1775, 2 U. S. Code Congressional Service, pp. 4293-4300 (81st Congress, 2nd Session, 1950)

opments in the retail grocery business in the area in question. In making this determination it must be kept in mind that the act intended to cover more than the Sherman Act, yet to stop short of the stated test of Section 7 as it existed at the time the matter was before the Congress for amendment.

The legislative history[3] indicates that the purpose of the proposed amendment to Section 7 was to prohibit the acquisition of the assets of another corporation when the effect of the acquisition may be substantially to lessen competition or tend to create a monopoly. The over-all purpose was to limit further growth of monopoly and aid in preserving small business. On the one hand, it was desired that the test be more inclusive and stricter than that of the Sherman Act; on the other hand, it was not desired that the legislation go to the extreme of prohibiting all acquisition between competing companies. The intent was to cope with monopolistic tendencies in their incipiency and before they had attained such effects as to justify a Sherman Act proceeding. It should be noted that the Senate Report states:

> "These various additions and deletions — some strengthening and others weakening the bill—are not conflicting in purpose and effect. They merely are different steps toward the same objective, namely, that of framing a bill which, though "dropping portions of the so-called Clayton Act test that have no economic significance, reaches far beyond the Sherman Act." (p. 4297)

The words, "may be," appear in the bill in defining the effect on competition. The committee report states:

> "The use of these words means that the bill, if enacted, would not apply to the mere possibility but only to the reasonable probability of the prescribed effect, • • •" (p. 4298)

Before the merger, Von's percentage of sales was 4.7%, while Shopping Bag's was 4.2%. Combined, they represent 8.9% ofthe sales of the metropolitan area. The following

table shows the industry rank and share of the total grocery sales of the 10 leading chains in the area in 1958:

	1958 Rank in Sales Before Merger	1958 Rank in Sales After Merger	Sales in Los Angeles Metropolitan Area	Percentage
Total of Von and Shopping Bag	—	1	$177,867,000	8.9
Safeway	1	2	161,233,000	8.0
Ralph's	2	3	128,283,000	6.4
Von	3	—	93,703,000	4.7
Market Basket	4	4	88,806,000	4.4
Thriftimart	5	5	88,583,000	4.4
Shopping Bag	6	—	84,164,000	4.2
Food Giant	7	6	72,727,000	3.6
Alpha Beta Raisins	8	7	62,727,000	3.1
Fox Markets	9	8	56,438,000	2.8
Mayfair	10	9	39,360,000	2.0
			Total	42.6

The change in the number of stores in the area is indicated by the following computions, the word, "multiple," meaning units of two or more stores operated as one concern:

	Jan. 1, 1950	Jan. 1, 1961	Jan. 1, 1963
Single	5,365	3,818	3,590
Multiple	856	923	958
	6,221	4,741	4,548

Between 1948 and 1958 the market share of the 20 largest chains increased from 43.8% to 56.9%. The government contends that the merger had the effect of substantially lessening competition in that separate conduits through which substantial quantities of groceries and related products flowed were united into a single organization; also that the merger united purchasing and warehousing functions, the purchase of advertizing as well as all other functions which had formerly been carried on by each of the two corporations.

The government industry witnesses were single stores operators and in practically every instance testified that in their opinion the merger would lessen competition. In most instances, their opinions were of little assistance since at best they were merely conclusions without supporting data or explanation. The defendants presented numerous

industry witnesses who testified that the merger would increase competition rather than decrease it. The government did not cross-examine the defense industry witnesses; but the defendants cross-examined the industry witnesses produced by the government. While the government offered some evidence to account for the decrease in the number of single stores, in the main it predicated its position upon the decrease in the number of such stores with the increase in population at the same time.

Many factors appear to account for the decrease in stores and most of those factors are not necessarily connected with the growth of the chains. For example: in in 1931, Safeway had approximately 1,000 stores in the area and today it has only 147. The reason for this appears to be the development of the supermarket, the shopping centers, and the decrease of the small neighborhood grocery store. Furthermore, the shift in the population, the shift in transportation from streetcars to automobile, and many changes in merchandising methods effected the change to the supermarket era. The evidence as to closed chain stores disclosed many reasons for such closings such as failure of some of the local chains, closings to move to what were considered better locations, closings because of the change to the supermarket store, and in some instances the movement of population. Also many of the disappearing single stores became part of chains of two or more stores. One of the important factors in many of the failures was lack of previous experience in the grocery business; however, it was impossible to arrive at the number of failures in this category. It was impossible to determine the number of closings of grocery stores because of the construction of freeways, although the number must have been substantial.

The evidence showed that many persons had entered into the grocery business in recent years often as single store operators and had been successful in increasing their business from year to year. For example: Wood, a grocer, has developed a 10-store chain since 1954, while Grocer Goodnight left a major chain in 1959 and since 1960 has developed a 7-store chain. Defendants produced at least 10 witnesses who had opened single stores in recent years and who have continued to increase their sales year by year. In each instance, they have been competing with

the major chains with stores located close to them. One outstanding example was that of Grocer Gelson, who began with assets of $5,000 in 1946 in a small market in North Hollywood. In 1951, he sold this and ultimately ended up in a market in Encino. His annual sales now are approximately $6,000,000, although he is in competition with stores of the larger chains, the smaller chains, and others.

One thing that stands out in the case is the fact that many executives from chain store operations have left the various chains and opened up stores on their own, usually beginning with a single store and ultimately developing into a small chain of supermarkets. An executive for one of the chains testified that one of the great problems for the larger chains was the loss of executives who were leaving to open grocery businesses of their own. In many instances, these persons have purchased a single store of one of the chains, usually where it was not doing too well, and from that point developed a successful grocery retail business. The experience gained while employed by larger chains has apparently been the basis for the success of many of these operations.

On the other hand, it is to be noted that several of the smaller chains encountered difficulty because of lack of experience, over expansion, and lack of capitalization and were forced into bankruptcy or compelled to sell. The evidence leaves no doubt that experience in the grocery business has usually made it possible for a person to enter the retail grocery field as a single store operator and be successful.

Witness Lebhar, Editor-in-Chief of "Chain Store Age," which publishes "Chain Store Age," "Shopping Center Age," "Discount Store News," and who is also an officer of the Board of Business Guides, Inc., and other publications, testified that the number of concerns operating two or more grocery stores in Los Angeles and Orange Counties increased from 96 in 1953 to 150 in 1962 but that the greatest increase during the period occurred in the number of concerns operating 2 or 3 stores. Such concerns increase 86% —from 56 to 104. His testimony also showed that 7 of the 24 chains which operated 10 or more stores in 1962 were not in business as chains in 1953.

It is interesting to note that in 1948 Safeway accounted

for 14.2% of sales in the area and Ralph's, 6.9%, for a total of 21.1%; but in 1958, Safeway and Ralph's combined had declined to 14.3% despite a substantial increase in their sales volume. In other words, during the period when it is claimed that the competitive situation was deteriorating, single store operators and small chains were beginning, growing, and competing successfully.

In 1960, the approximately 4,800 stores in the area were operated by 4,000 separate concerns. During 1960, 128 new "single outlet" stores opened. The leading 20 chains opened 67 new stores in 1960 against 171 by smaller chains and single store operators. While the 10 leading chains accounted for 43.6%, the remainder, including 3.818 single store operators, accounted for 56.4% of the sales in the area in 1960. Another indication of the competitive situation is the fact that Shopping Bag's gross increased while its profits decreased. The witness, Hayden, president of the company, testified that this was occasioned by competition as well as the need for experienced executives.

There was considerable evidence relative to the part played in the grocery business by the so-called cooperatives, namely: the Certified Grocers of California, Ltd., Spartan Cooperative, and Orange Empire. (There is disagreement by the parties as to whether Orange is a cooperative or merely a grocery wholesaler.) Each of these sells only to its members; however, there is apparently no restriction upon those who may become members. The role of the cooperative is of major importance in the distribution of groceries. Certified is wholly owned by the grocery retailers who buy through it. Its membership consists of approximately 900 grocery concerns which operate almost 1,600 retail stores. Spartan Grocers is a wholly owned subsidiary of Certified with approximately 1,200 members who operate 1,255 stores. Most of their members are engaged in business in Los Angeles and Orange Counties. Certified handles more than 13,000 items, including dry groceries, frozen foods, delicatessen products, and various non-food products, including housewares and appliances.

The evidence indicated that some of the larger chains buy their grocery products through Certified. Certified's annual sales increased from $87,000,000 in 1948 to $345,000,000 in 1962.

Orange Empire with approximately 1,000 members accounted for wholesale sales of $321,000,000 in 1963. Certified, Spartan, and Orange do not carry fresh meat or produce or certain dairy products. Generally speaking, the three, Certified, Spartan, and Orange, are made up of a membership of smaller concerns operating from 1 to 20 stores. In so far as the products which are sold by the 3 cooperatives are concerned, there can be little doubt that the single operator or small grocer can compete effectively with the large chains or anyone else in purchasing such groceries.

As to produce which is not distributed by the 3 cooperatives, the evidence indicates that the single store or small operator could effectively compete in purchasing such produce. The government appeared to contend that the large chains had a substantial advantage in the purchase of meat supplies. However, the evidence failed to support this claim.

Another group row participating in the distribution of groceries is the discount house. The evidence indicates that this phase is expanding rapidly and may well indicate a substantially additional competitive force. While the development of the discount house apparently indicates a return to the general store, so, in turn, is the supermarket moving more and more toward the concept of a general store. Many of them now include not only groceries but hardware, appliances, liquor, and many other items which in the past have been distributed by specialty stores.

One of the contentions made by the government is that the chains have a distinct advantage over the smaller concerns in obtaining space in the shopping centers. This is probably true since the average builder of a shopping center is anxious to obtain a longtime lease by a large chain with a well advertised name which will attract attention and also induce other large concerns to lease areas in the shopping center. It is only natural that the shopping center owner would prefer the company with the greater financial resources. Shopping centers are usually in new developments and require some pioneering. The record does not disclose the number of supermarkets in shopping centers or a definition of "shopping centers."

One of the witnesses for defendants, Campbell Stewart,

gave testimony which should be accorded considerable weight. He operated retail grocery stores in the area from 1927 to 1945, at which time he became general manager and vice president of Certified. In 1955 he became president, retiring in 1961 although continuing his employment as consultant to Certified. He pointed out that his organization was started by 15 owners of 1 or 2 stores so that they could pool their purchases and enjoy quantity discounts obtained by the larger concerns. At the time of trial, he testified that Certified is the largest retail-owned food wholesaler in the United States; that Certified is directly concerned by any development in the food retail business which might affect small grocery retailers since they have always been and still are the primary source of Certified's business. He stated that, if the small retailers were placed at a competitive disadvantage, Certified would be adversely affected. He went on to state that in his opinion the merger in question would not tend to substantially lessen competition.

The government's case appears to be predicated upon the following: (1) the union of 2 substantial competitors in the area, (2) increased concentration, (3) a reduction of separate competitive factors, and (4) the elimination of the acquired firm as a separate competitive entity. It will be readily noted that propositions 2, 3, and 4 are necessarily included in proposition 1, that is, the union of 2 substantial competitors. Obviously when 2 substantial competitors merge there has to be increased concentration and a reduction of the separate competitive factors as between the two and the elimination of one as a separate competitive entity. It thus appears that the government in this case is really relying upon a mere union between "2 substantial competitive factors." This, in practical effect, goes back to the Section 7 test which was in effect prior to the amendment of the act in 1950, and was eliminated as was clearly pointed out in the Senate Report. The government argues that over-all competition has been substantially reduced by the merger, but the proof falls short of establishing such to be the case. In fact, the figures relied upon by the government tend to establish to the contrary. Again it is repeated that in 1960 the approximately 4,800 stores in the area were operated by 4,000 separate concerns. The merger here did not materially change that situation. It did not

increase or decrease competition store for store with any grocer, single store, or chain, since the acquired stores continued as before. As between stores, only a few of those of Von's and Shopping Bag were in direct competition since generally each company's stores were in different localities of the area. A few did compete directly. Apparently the reason for the failure of the evidence to pinpoint a decrease in competition was because there was actually no decrease.

The parties stipulated to the following, showing the breakdown of concerns in the area in 1962:

Concerns Operating	No. of Concerns
10 or more stores	24
4 to 9 stores	22
2 to 3 stores	104
1 store	3,709
Total	3,859

It was also stipulated as follows:

> "4. The following table compares the number of stores operated by and the combined market share of the 20 largest chains in the area in 1958 with the "smaller chains and independents.*

	No. of Stores	Market Share	
		Govt. Fig.	Def. Fig.
Top 20 chains	598	56.9%	54.3%
Independents and smaller chains	4,301	43.1	45.7"

Here it should be noted that the government seeks to have the court disregard evidence of what occurred after March 20, 1960, the date of the filing of the suit. It is difficult to take such a contention seriously in view of the government's reliance upon facts occurring up to as late as January 1, 1963. For example: Government Exhibit 35 sets forth the number of single and multiple stores as of January 1, 1963, and the government in its proposed findings of fact included these figures. The government's proposed findings of fact also set out figures for both 1961 and 1962 respecting single and multiple stores. Suffice it to say that both *Brown Shoe* and *DuPont* refer to facts occurring after suit was filed and

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* (Reference to footnote omitted.)

during the pendency of the suit. It would indeed be an incongruity for a court to close its eyes to facts which would, with a reasonable degree of certainty, establish whether or not there was reasonable probability of the lessening of competition and predicate its decision solely upon prediction or prognosis. A court of equity cannot at the time of its decree disregard changed conditions since the filing of the suit or adopt a conclusion that has since proved to be unwarranted.

The evidence respecting the economic conditions existing during the years, 1961, 1962, 1963, would appear to be far more reliable as a guide in determining the effect of the merger than the "prognosis" mentioned in *Brown Shoe*.

One of the principal witnesses for the government supplied evidence which is of material benefit to a determination of this case. He was Ward Jenssen, a market consultant who has worked for a number of chains such as Food Giant, Ralph's, Market Basket, and others. From his research it was developed that customers of supermarkets take various things into consideration including the following: price, general appearance of the store, size and variety of brands, parking space, whether the store is in a shopping center or is a free standing store, general familiarity with the store's reputation, quality of meat, quality of produce, check stand service, cleanliness of the store, etc. The average customer is willing to drive for at least 10 minutes, equivalent to about 4 miles, to shop. Jenssen found that shoppers are willing to pass by other stores in order to go to a specific store which they believed well met their top demands. Research has thus indicated what the shopper wants. The supermarket usually offers most of these things, while the corner grocery cannot. In its "Summary of the Facts" the government states that the decline in the number of individual grocery stores resulted "largely from increasing size of supermarkets * * * and fewer stores are needed to serve a comparable number of people." This appears to account for the decrease in the number of stores and it apparently is what the consumer desires.

The evidence showed that the average shopper has from 2 to 10 competing stores within convenient distance to shop. To increase the number of stores in the area may sound good but to do so may well require a return to the corner

grocery and the elimination of the services and quality and variety of products which the public now seems to demand. One thing does appear: Price reduction has gone about as far as possible. The remaining factor is service to the customer and his convenience. An effort to set up an economic environment to equalize competitors in the grocery business will not only destroy the competitive factors which afford the public the benefits which they are now receiving but may well result in much higher prices. The key to success in the grocery business in the area does not appear to rest upon the number of stores operated but how they are operated. From all of the economic factors disclosed, there appears generally to have been a change from the small corner grocery to the supermarket. This would seem to be the main reason for the decrease in the number of stores in the area.

The evidence discloses that the competition in the area appears to remain vigorous, open to anyone and especially those with experience and training, and the consumer is reaping the full benefit. From the evidence, it cannot be concluded that the merger in question would probably lessen competition in the metropolitan area either at the time of the merger or in the foreseeable future. The defendants are entitled to judgment.

Counsel for the defendants is directed to prepare proposed findings of fact and conclusions of law and judgment pursuant to Rule 58, F.R.C.P., and to serve and lodge the same with the clerk of the court within 30 days, and plaintiff shall have 15 days thereafter to serve and file objections thereto.

Dated: September 14, 1964

CHARLES H. CARR, United States District Judge.

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT

Civil Action No. 336-60-CC

[Title omitted]

THE GOVERNMENT'S OBJECTIONS TO THE DEFENDANTS' REVISED SET OF PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW—Filed December 3, 1964

These objections are submitted in response to the Court's order of November 19, 1964.

I. Introductory Statement

For the third time the defendants in this case have submitted virtually the same argumentative, verbose, redundant, strongly worded and conclusory advocate's brief which they ask the Court to adopt as its findings of fact. They do this after the Court gave them the opportunity to revise their proposed findings in an effort to conform to the Federal Rules of Civil Procedure.

Under these circumstances we respectfully submit that the words adopted by the Supreme Court in *United States* v. *El Paso Natural Gas Company*, 376 U.S. 651 (1964) describe the action proposed by the defendants:

> It is a non-compliance with Rule 52 specifically and it betrays the primary purpose of Rule 52—the primary purpose being that the preparation of these findings by the judge shall assist in the adjudication of the lawsuit. (656-657, n. 4).

For the Court's convenience in part I we briefly discuss basic problems raised by the defendants' proposed findings, in part II we enumerate our general and specific objections to the defendants' proposed findings, and in part III we propose alternative language to certain findings. We also respectfully refer the Court to the discussion on pages 2 through 18 of our objections of October 28, 1964 since that

discussion is generally applicable to the resubmitted findings.

A. The Revised Proposed Findings

The length, complexity, excessive detail and argumentative style of the defendants' revised proposed findings makes them questionable on their face.

In criticizing similar findings the late Judge Jerome Frank used the following language in *United States* v. *Forness,* 125 Fed. 2nd 928 (2nd Cir. 1942), at page 942:

> We have recently asked for "brief and pertinent findings of contested matters * * * rather than the delayed, argumentative, overdetailed documents prepared by winning counsel."

Also see *Matton Oil Transfer Corp.* v. *Tug Dynamic,* 123 Fed. 2nd 999, 1001 (2nd Cir. 1941), a *per curiam* opinion by Judges Learned Hand, Charles Clark and Jerome Frank.

Judge Frank's admonition that findings should relate to "contested matters" and be "brief and pertinent" cannot be reconciled with the defendants' repetitive and circuitous findings proposed herein which cover 40 legal-sized pages.

The length, redundancy and complexity of the defendants' proposed findings is highlighted when it is recalled that there were very few "contested matters" in this case. Indeed, the Court entered a Pretrial Conference Order and a Stipulation after Trial which crystalized most of the relevant facts. Moreover, the Court filed a 19-page memorandum opinion on September 14, 1964, setting forth the facts from which the Court concluded in favor of the defendants.

Against this background there is no need for the lengthy, detailed and argumentative set of findings which defendants would impose on the record in this case.

It is also incumbent upon us again to call the Court's attention to the general, argumentative and sweeping language retained by the defendants in this their third set of proposed findings.

In this regard we suggest that the following quotation from the hearings before this Court on Tuesday, March 24,

1964 demonstrates the weakness of the findings proposed by the defendants. There (at page 155) the Court properly addressed the following questions to Government counsel who had been using rather general language:

> Q. What is "many"? I don't know, I don't understand. . . .
> Is "many" three or 55?

It is respectfully submitted that an excessive number of the defendants' proposed findings employ the same type of general language which the Court justifiably criticized in the above quotations. Words and phrases such as "many", "few", "for the most part", "some" etc., appear with alarming frequency throughout the proposed findings.

The pattern of defendants' findings is set in proposed finding 4 which reads as follows:

> 4. For the most part, Von's stores were located in the southern and western portions of the Los Angeles Metropolitan Area.

Use of the phrase "for the most part" is meaningless. A number of maps were submitted plotting the location of various Von's stores. We suggest that the proposed finding is of no value unless the southern and western portions of the Los Angeles Metropolitan Area are defined and the actual number of stores in each area is given.

As shown in the Government's specific objections individual proposed findings are objectionable because they employ the same type of general and argumentative language.

Moreover, when viewed as a whole, the revised proposed findings are objectionable because they constitute a long advocate's brief couched in general and sweeping language, rather than an objective statement of specific facts.

B. Suggestion by the Court

The Court has suggested that it might rule that the memorandum opinion of September 14, 1964 constitutes the Court's findings of fact in this litigation.

For the reasons set forth below we suggest that such a course would be more in accord with the Federal Rules than adopting the argumentative statement proposed by

the defendants. We respectfully suggest that the Court should adopt the Pre-trial Conference Order and the Stipulation after Trial, as part of its findings of fact.

The memorandum opinion contains the Court's statement of the findings which it adopted as the basis for its conclusion. The lengthy proposed findings of the defendants do not resolve a single contested issue not considered in the memorandum opinion. Moreover, the inexact language and general wordiness of the defendants' proposed findings tend to confuse issues rather than resolve them.

Regardless of labels, the Supreme Court will go to the memorandum opinion for the factual statement upon which the District Court based its decision. As stated by Judges Hand, Clark and Frank in the *Matton Oil* case, *supra*, at page 1001, the reviewing Court will place the emphasis

> [U]pon a finding made as a part of the judge's opinion and decision, rather than the delayed, argumentative, overdetailed documents prepared by winning counsel after the event which often appear in appellate records, though they are not effective aids to adjudication. . . .

Moreover the most recent proposed findings submitted by the defendants are substantially the same as the first set submitted by them on July 3, 1963. Thus the Court has already incorporated in its memorandum opinion those parts of the defendants' proposed findings which it adopted to decide the case.

As stated by the Court of Appeals for the Second Circuit in the *Matton Oil* opinion, *supra*, at p. 1001:

> The findings and conclusions of the court, . . . which actually led it to decision are helpful, and we do not think trial courts will find it unduly burdensome to state those briefly and concisely at the time decision is made.

In the words used by Judge Jerome Frank in the *Forness* case, *supra*, at p. 942:

> [T]he better practice [is that] of filing findings with the opinion, when the evidence is still fresh in the mind

of the trial judge, and permitting the parties to file objections under Federal Rules of Civil Procedure, rule 52(b).

The Court has already made its findings in the memorandum opinion of September 14, 1964. The long, argumentative and conclusory statement proposed by defense counsel is objectionable, will not assist the Supreme Court and should not be adopted by the trial Court. It would be more consistent with the Federal Rules for the Court to adopt its memorandum opinion as its findings of fact without impairment to the rights of the parties to file appropriate motions under Rules 52(b) and 59. Moreover, we respectfully suggest that the Court may wish to reconsider the proposed findings submitted by the Government on July 3, 1963.

II. Objections

The Government's objections to the defendants' revised set of proposed findings are enumerated below. The Government's general objections are set forth in A and specific objections are set forth in B. In making these objections to the defendants' proposed findings and in suggesting alternative language the Government reserves all its right under Rule 52(b) of the Federal Rules of Civil Procedure.

A. General Objections

The Government objects generally to the defendants' proposed findings on the following grounds:

1. They represent the position of counsel for one party but do not represent the findings of the Court.
2. They seek to edit, reword, revise and otherwise color the Court's Pre-trial Conference Order nad the Stipulation after Trial, and
3. Viewed collectively they are incomplete, conclusory, argumentative and do not conform to the Court's memorandum opinion.

B. Specific Objections

In addition to the general objections set forth above, the Government objects to the following individual paragraphs and subparagraphs in the findings proposed by the defendants for the reasons stated.

Paragraphs 1 and 2. These proposed findings are objectionable because they are part of a series which seek to edit, reframe, rewrite and otherwise color the Court's Pre-trial Conference Order and Stipulation after Trial. (See recommended changes in III, *infra*).

Paragraph 3. We object to this proposed finding because it is too complex, tends to revice the Pre-trial Order, and ignores the statistics found by the Court in its memorandum opinion. Its reference to food stores sales is inconsistent with the stipulated line of commerce, viz., grocery and related products. In addition, defendants' stress on number of stores instead of sales distorts the true market shares of defendants. (See recommended changes in III, *infra*).

Paragraph 4. We object to this proposed finding on the ground that it is vague, meaningless, conclusory and unsupported by the evidence. There is evidence in the record to support more specific findings. The actual address and map location of each Von and Shopping Bag store for the year 1960 are in evidence and set forth in Exhibit 82. A proposed finding beginning with a vague "for the most part" is no finding at all. (See recommended changes in III, *infra*).

Paragraphs 5, 6, 7 and 8. These proposed findings are objectionable because they are part of a series which seek to edit, reframe, rewrite and otherwise color the Court's Pre-trial Conference Order and Stipulation after Trial. (See recommended changes in III, *infra*).

Paragraph 9. We object to this proposed finding because it is too complex, tends to revise the Pre-trial Order, and ignores the statistics found by the Court in its memorandum opinion. Its reference to food stores sales is inconsistent with the stipulated line of commerce, viz., groceries and related products. In addition, the stress on number of stores instead of sales distorts the true market shares of defendants. (See recommended changes in III, *infra*).

Paragraph 10. We object to this proposed finding on the ground that it is vague, meaningless, conclusory and unsupported by the evidence. There is evidence in the record to support more specific findings. The actual address and map location of each Von and Shopping Bag store for the year 1960 are in evidence and set forth in Exhibit 82. A proposed finding beginning with a vague "for the most part" is no finding at all. (See recommended changes in III, *infra*).

Paragraph 11. This proposed finding is objectionable because it is part of a series which seeks to edit, reframe, rewrite and otherwise color the Court's Pre-trial Conference Order and Stipulation after Trial. (See recommended changes in III, *infra*).

Paragraph 12. We object to this proposed finding because it conclusory, irrelevant and not supported by the record. The motivation behind the merger is irrelevant. Furthermore the merger discussions were commenced by Von after it had merger discussions with other chains, viz., Kroger and Alexander's. When negotiations were commenced, Shopping Bag had record sales.

Paragraph 12(a). This finding ignores the evidence in the record which shows the extent to which individual Von and Shopping Bag stores were able to serve identical customers.

Paragraph 12(b). Defendants' argument of inefficient management is not supported. Mr. W. R. Hayden and all the other officers of Shopping Bag were retained by Von subsequent to the merger. The 1957, 1958 and 1959 sales figures do not correctly reflect the fact that Shopping Bag expended a great deal of money to open a record number of supermarkets in 1958 and 1959. Shopping Bag was always a profitable corporation and at the time of the initiation of the merger negotiations it had record profits. Furthermore the Shopping Bag warehouse was among the newest, largest and most modern in the Los Angeles Metropolitan Area. This warehouse was retained by the Von chain and Von's old warehouse was sold subsequent to the merger.

Paragraph 13. The Government objects to this proposed finding because it is irrelevant and unsupported by the record which indicates Shopping Bag was a financially

sound chain. There is no evidence that Shopping Bag's earnings and profits had "steadily declined," nor is there evidence that other chains had similar problems. Furthermore the "unqualified" Shopping Bag management has been retained by Von subsequent to the merger.

Paragraphs 14 and 15. These proposed findings are objectionable because they are part of a series which seek to edit, reframe, rewrite and otherwise color the Court's Pre-trial Conference Order and Stipulation after Trial. (See recommended changes in III, *infra*).

Paragraph 16. This proposed finding is objectionable because it is part of a series which seeks to edit, reframe, rewrite and otherwise color the Court's Pre-trial Conference Order and Stipulation after Trial.

Paragraphs 17 through 22. We object to these proposed findings because they are vague and meaningless. They contain many vague references, e.g., "a number of", "few", "usually", "typical" and "virtual." This historical information is based largely upon self-serving testimony of the chief executive officers of both defendants and the weight it should be given and its relevance to this merger is questionable.

Paragraph 23. We object to the last sentence of this finding on the grounds that it is not a proper finding. These statistics are in evidence and are in the Court's memorandum opinion at p. 9.

Paragraph 24. This proposed finding is objectionable because it is speculative in that it guesses at "some" of the reasons for failures over the years. It speculates on "some" of the reasons for a decline in the number of stores, but leaves out many of the most important, viz., that small grocers were unable to compete with the larger chains, the power of which has been enhanced by mergers. Part of the economic power of large chains is used to secure better locations.

The data contained in this proposed finding does not contradict the facts set forth in paragraph 23, viz., that the number of single outlet grocery stores is steadily declining, while the number of multiple outlet stores increase.

Paragraph 25. We object to the vagueness of this finding which refers to a "large number" of Safeway stores.

Paragraph 26. This proposed finding is objectionable be-

cause it is part of a series which seeks to edit, reframe, rewrite and otherwise color the Court's Pre-trial Conference Order and Stipulation after Trial. Furthermore it is highly argumentative and incomplete. It attempts to gloss over the decline in the number of stores at the time of the increase in population in the area and fails to show that in 1950 there were 1.4 grocery stores per thousand population in the Los Angeles Metropolitan Area while in 1961 there were 0.7 stores per thousand population (Exhibits 33, 34).

Paragraph 27. This proposed finding is complex, incomplete, distorted and argumentative. It is an argumentative conclusion to state the 1950's were "characterized" by the entry of new concerns. Indeed, if the 1950's were characterized by anything, it is that the number of stores and operators decline. It ignores the fact that the entry of new concerns and the growth of existing concerns was largely by means of acquisitions and mergers with pre-existing markets and chains. The specific mergers and acquisitions are set forth in Exhibits 44, 45 and 78.

The statement that Safeway and Ralph's "were not able to maintain" their market shares because of increased competition is conclusory and unsupported by the evidence. The record merely shows that the market share of Safeway, a large national chain, declined in the Los Angeles Metropolitan Area while converting from small stores to large stores.

Paragraph 27(b). This proposed finding is objectionable because it is incomplete and misleading in that it shows openings of stores and ignores closings.

Paragraph 28. We object to this proposed finding because it is incomplete, distorted and argumentative. The seven examples of new chains entering or expanding in the relevant market since 1950 does not show, as Exhibits 44, 45 and 78 demonstrate, that most of the growth of these particular chains was attributable to mergers and acquisitions. Therefore these chains are not true entries but represent the continuation of existing businesses as new corporate entities.

Paragraph 29. Proposed findings 29 through 38 relating to the role of the cooperative in grocery retailing in the Los Angeles area are argumentative, incomplete, distorted,

speculative and one-sided. Most of this finding is based upon statements of Campbell Stewart, a former official of Certified Cooperative who was singing the praises of his employer. Many of his conclusions, which are set out in detail in defendants' proposed findings, are not substantiated by his factual testimony, e.g., in paragraph 29 his statement to the effect that cooperative buying gave the members the same quantity discount advantages enjoyed by the larger chains. No evidence has been adduced to demonstrate actual prices and quantity discounts of the chains or the cooperative.

Paragraph 30. We object to this finding because the conclusion that Certified buys at favorable prices is not substantiated by the record.

Paragraph 31. We object to the vagueness of this finding which refers to "some" and "most" of the cooperative members.

Paragraph 32. We object to this finding because the conclusion that Certified can buy "as cheaply" as the larger chains has not been substantiated by the record.

Paragraph 34. We object to this proposed finding since it is argumentative, one-sided and distorted. The statistical data on Certified's sales is grossly misleading. Virtually all of the large chains operating in the Los Angeles Metropolitan Area are members of Certified and thus their purchases and sales are represented in the statistics contained in paragraph 34. The statement that "the volume of Certified's purchases exceeds by a large measure the volume of purchases of any chain which does business in the Los Angeles Metropolitan Area . . ." is misleading since these figures include an unknown but apparently great volume of purchases by the very chains to which Certified is compared.

Paragraph 35. We object to this finding because it is vague and meaningless in that there are no specific statistics on members and sales in the Los Angeles area but rather all statistics refer to the operations of Orange Empire throughout its entire operating area on the West Coast.

Paragraph 36. The Government objects to this proposed finding because the conclusion that the small grocer can compete with the large chains in purchasing through the

cooperative is argumentative. Referral to a vague category of "small grocery retailers" is meaningless.

Paragraph 37. This proposed finding is meaningless. It is observed that many of the chains referred to in this finding grew by means of acquisition and mergers.

Paragraph 38. This proposed finding is objectionable because it is inconsistent with the evidence and is highly argumentative.

Paragraph 39. This finding is objectionable because it is a conclusion which is not substantiated by the record. Moreover it ignores advantages accruing to Von in the warehousing and distribution of groceries in the Los Angeles area as a result of the merger.

Paragraph 40. We object to this proposed finding because it is contrary to the opinion rendered by this Court on September 14, 1964. It ignores other facets of competition such as those set forth in the Government's recommended paragraph 40, *infra.* (See recommended changes, III *infra*).

Paragraph 41. We object to this proposed finding because it is incomplete and therefore misleading. (See recommended changes, III, *infra*).

Paragraph 42. This proposed finding is objectionable because it is part of a series which seeks to edit, reframe, rewrite and otherwise color the Court's pre-trial Conference Order and Stipulation after Trial. (See recommended changes, part III, *infra*).

Paragraph 44. This proposed finding is argumentative, speculative and is directly contrary to the record which shows small grocery concerns disappearing and the large chains enveloping an increasing share of the market. It stresses "many" openings but ignores many more closings which are substantiated by the record.

Paragraph 45. This proposed finding is incomplete and misleading because it stresses a very few examples of openings and ignores closings of grocery stores.

It is observed that of the witnesses cited almost all began their operation by acquisition of existing stores and they were not new entrants in the sense that they added to and increased existing competition.

Mr. Goldberg's (d) conclusion that his sales were more than his nearby competitors is unsupported and speculative.

In spite of their apparent "success", it is noted that

Messrs. Eaton, (e), Palmer (f) and Fleishman (g) concluded that:

> [I]f this merger of Von's and Shopping Bag is permitted, there will probably be subsequent mergers between and involving the other major chains, and in all likelihood it will develop that a few large grocery chains will dominate retail grocery distribution through the Los Angeles Metropolitan Area. This merger is a major stride in increasing the market share of the large chains and it will accentuate the large chains' advantages over the small grocer. The merger of Von's and Shopping Bag will have the effect of substantially lessening competition and tending to create a monopoly in the sale of groceries and related products in the Los Angeles Metropolitan Area.

Paragraph 46. This proposed finding is incomplete and misleading because it stresses openings and ignores closings of grocery stores. It is also speculative and argumentative. The record does not sustain the statement that "there are no substantial barriers to entry." The chances for success of a new entrant are not "good." Exhibit 36, e.g., demonstrates there were 128 new single outlet groceries opened in 1960 and 260 closed, resulting in a net loss of 132 single outlet stores. At the same time, 119 multiple outlet stores were opened while 42 were closed for a net gain of 77. Defendants' finding would ignore the closings. Exhibits 39 through 42 demonstrate that the small independents opening in 1960 had high mortality rates within a 21 month period whereas the larger stores had progressively smaller mortality rates. For example, Exhibit 42 demonstrates, by categories, the number of Los Angeles grocery stores obtaining grocery permits in 1960 which discontinued them by November 15, 1961:

	Ten Largest Chains	Next Ten Largest Chains	Other Multiple Outlets	All Multiple Outlets	Single Outlets	Total
Obtaining permits	45	22	52	119	127	246
Discontinuing permits	5	5	18	28	53	81
Retaining their original permits	40	17	34	91	74	165

Paragraph 47. This proposed finding is incomplete, biased and argumentative. It stresses openings and ignores closings of grocery stores. It ignores the history of acquisitions and mergers contributing to this growth.

Paragraph 48. This proposed finding is incomplete, vague and argumentative. It stresses openings and ignores closings of grocery stores. It glosses over the history of mergers and acquisitions in the area by vaguely referring to "apparent" new entries. (See recommended changes, III, *infra*).

Paragraph 49. This proposed finding is objectionable because it is incomplete and misleading in that it leaves the impression that a change of ownership, of corporate status, or the acquisition of an existing store is a new entrant and a new competitor within the industry. This assumption is not true since the substitution of one operator for another does not increase competition by adding a new entrant. This finding stresses openings and ignores closings of grocery stores in the Los Angeles area.

Paragraph 50. We object to this proposed finding as misleading because it stresses openings and ignores closings of grocery stores in the Los Angeles area. It is vague, general and worded in such a manner as to be meaningless. It is unsupported by the evidence. References to terms such as "many", "usually developing into a small chain", "one of the greatest", "in many instances", "apparently" and "several" are meaningless.

Paragraph 51. This proposed finding is objectionable because it ignores statistics found by the Court in its memorandum opinion.

Paragraph 52. This proposed finding is objectionable because it seeks to ignore chain competition as established in the Pre-trial Conference Order and accepted by the Court in its memorandum opinion. Moreover this proposed finding is a conclusion of fact and law which is not supported by the record.

Paragraph 53. This proposed finding contains conclusions of law and fact and is unsupported by the evidence.

Paragraph 54. We object to this proposed finding on the ground that it is vague, meaningless, conclusory and unsupported by the evidence. There is no evidence in the record to support more specific findings. This finding

ignores the evidence in the record which shows the extent to which individual Von and Shopping Bag stores were able to serve identical customers. See recommended changes, III, *infra*).

This proposed finding is objectionable because it seeks to ignore chain competition as established in the Pre-trial Conference Order and accepted by the Court in its memorandum opinion. (See recommended changes, III, *infra*).

Paragraphs 57, 58 and 59. These proposed findings are objectionable because they are legal and factual conclusions unsubstantiated by the record.

Paragraph 60. This finding is objectionable because it stresses grocery store openings and ignores closings.

The footnote to paragraph 60 is also objectionable because later statistics are available from the State Board of Equalization. (See recommended changes, III, *infra*).

Paragraph 62. This proposed finding is objectionable because it is an attempt to revise, rewrite and otherwise color the "Stipulation after Trial" entered by the Court.

The proposed finding fails to disclose that the so-called "discount" operations are merely supermarkets operated in discount stores and that the bulk of the operators are among the twenty leading grocery chains in the Los Angeles Metropolitan Area. It also fails to show that the President of Von does not consider discount stores as important factors in competition. The draw area attributed to supermarkets is inconsistent with the evidence presented by the Assistant Operation Manager and Director of Von, W. D. Hayden. It is also inconsistent with the Court's opinion.

The statement that discount houses are "expanding rapidly and may well indicate a substantial additional competitive force" is the wildest kind of speculation. The language used throughout this paragraph is vague.

Paragraph 63. This proposed finding is unsupported by the evidence and is meaningless. Officials of Von and Shopping Bag testified that so-called "bantam" stores are merely small grocery stores like "Mom and Pop's." The record clearly indicates that the larger stores are becoming increasingly more important and that the "Mom and Pop's" are being eliminated. Reference to "an increasing number" of bantam stores is vague.

Paragraph 64. This proposed finding is not supported by

the evidence. The evidence demonstrates milk depots are a *de minimis* factor in the industry. They only handle a limited line of groceries and do not deal in the stipulated line of commerce, viz., groceries and related products.

Paragraph 65. This proposed finding is not supported by the evidence. They do not deal in the stipulated line of commerce, viz., groceries and related products. Furthermore, this proposed finding is vague in its referrals to "increasing" amounts of products. The second sentence of this finding is meaningless.

Paragraphs 66 through 73. These proposed findings are objectionable as findings of fact in that they consist of legal and factual conclusions which are unsupported by the record.

Paragraph 74. This proposed finding is objectionable in that it is incomplete, misleading and contrary to the Court's opinion. A true measure of market share is dollar volume and not the number of stores. This type of finding equates a $30,000 grocery store with a $3 million grocery store. In the Court's opinion at page 8 the combined chain has a market share of 8.9%.

Paragraph 75. This proposed finding is objectionable because it ignores the market share statistics found by the Court in its memorandum opinion. Furthermore, reference to food store sales is inconsistent with the stipulated line of commerce, viz., groceries and related products.

Paragraph 76. This proposed finding is objectionable because it ignores the market share statistics found by the Court in its memorandum opinion.

It is also objectionable because it contains factual conclusions not supported by the record. There are no complete 1960 sales figures in the record and there are no sales figures since that time.

Paragraph 77. This proposed finding is objectionable because it ignores the market share statistics found by the Court in its memorandum opinion and introduces irrelevant statistics referring to sales outside of the section of the country established in the Court's Pre-trial Conference Order. It is also misleading to refer to Von's as a local concern.

Paragraph 78. This proposed finding introduces irrelevant sales figures from outside of the relevant section of the country.

Paragraph 80. This proposed finding is objectionable because it is misleading, incomplete and argumentative in that it relies on excerpts from Exhibit 8 in Evidence. Exhibit 8 shows, in percentage form, concentration in the 4, 8, 12, 16 and 20 largest grocery chains in the Los Angeles Metropolitan Area both before and after the Von's-Shopping Bag merger, based on 1958 sales. Concentration in each of these categories increased as a result of the Von-Shopping Bag merger as follows:

	Before Merger	After Merger
20 largest chains	56.9%	57.4%
16 largest chains	53.4	54.2
12 largest chains	48.8	50.0
8 largest chains	40.9	44.0
4 largest chains	24.4	28.8

(See recommended changes, III, *infra*).

Paragraph 81. This proposed finding is objectionable because it ignores the market share statistics found by the Court in its memorandum opinion. Parts of this proposed finding are argumentative, conclusory and not supported by evidence in the record. The evidence clearly demonstrates that of the chains listed which "were not in existence" in 1948, Food Giant, Fox, Hughes, Yor-Way and McCoy's, all either entered or expanded in the market as a direct result of acquisitions or mergers.

Paragraph 82. This proposed finding is objectionable because it contains conclusions of fact and law which are not supported by the evidence. It is also objectionable because it ignores the market share statistics found by the Court in its memorandum opinion.

Parts of the finding are also objectionable because they stress the openings of stores and ignore closings.

In (d) the reference to "only slightly more than half" of a 2½ billion dollar market is misleading.

It is suggested that the Court adopt the following table which is taken from Exhibit 7, instead of the argumentative findings proposed by the defendants:

Changes in Concentration in the 4, 8, 12, 16 and 20 Largest Grocery Chains in the Los Angeles Metropolitan Area

	1948	1958
4 largest chains	25.9%	24.4%
8 largest chains	33.7	40.9
12 largest chains	38.8	48.8
16 largest chains	41.6	53.4
20 largest chains	43.8	56.9

Paragraph 83. This proposed finding is augumentative in that it makes light of the history of mergers and acquisitions in the area (See recommended changes, III, *infra*).

Paragraphs 84 and 85. These proposed findings are objectionable because they state legal and factual conclusions which are not supported by the record.

III. Proposed Language Changes

In an effort to eliminate some of the specific objections set forth above, the Government suggests that the Court might want to consider the following language changes. In making these suggestions we in no way waive our general or specific objections to paragraphs of the proposed findings as to which no language change is suggested herein. We also reserve all rights under Rules 52(b) and 59 of the Federal Rules of Civil Procedure.

In accord with the foregoing it is suggested that the Court consider the following language in place of specific paragraphs as numbered by the defendants.

Paragraphs 1 through 10

1. Defendant Von's Grocery Co. (hereinafter referred to as Von) is a publicly held corporation organized and existing under the laws of the State of Delaware. At the time the complaint was filed it maintained its principal offices in Los Angeles, California. Subsequent to the merger, Von has moved its offices to the former Shopping Bag headquarters at El Monte, California.*

2. Von is one of the leading chains of supermarkets in the Los Angeles area. It is the successor of incorporated

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* An asterisk indicates that the proposed finding is a paragraph taken verbatim from the Court's Pre-trial Conference Order of April 24, 1961, as amended.

and unincorporated businesses which have been engaged in the purchase, distribution, and retail sale of a complete line of groceries and related products since 1932.*

3. In the 1959 fiscal year, Von operated 28 complete supermarkets in the Los Angeles area which had total annual sales of approximately $85 million for an average of approximately $3 million in sales per store. All of the Von supermarkets are of the self-service, cash-and-carry type.*

4. Prior to the merger, Von also owned and operated a modern distribution center in a 216,000 square foot building located on a 20 acre tract of land in the Los Angeles area. Direct railroad and truck shipments were made to this distribution center which provided facilities to receive and distribute groceries and related products to Von's supermarkets throughout the Los Angeles area. Von owned and operated approximately 33 tractors and 39 trailers which it used for transporting merchandise from the distribution center to the various supermarkets.*

5. Subsequent to the merger Von sold its distribution center to a competitor and now uses the former Shopping Bag distribution center.*

6. Prior to March 28, 1960, defendant Shopping Bag Food Stores (hereinafter referred to as Shopping Bag) was a publicly held corporation organized and existing under the laws of the State of California and maintained its principal offices in El Monte, California. On March 28, 1960, Shopping Bag was merged into Von and the separate corporate existence of Shopping Bag was terminated on that date.*

7. Prior to its merger into Von, Shopping Bag was one of the leading chains of supermarkets in the Los Angeles area. It was the successor to incorporated and unincorporated business entities which had been engaged in the purchase, distribution, and retail sale of a complete line of groceries and related products in the Los Angeles area since 1933. In the 1959 fiscal year, Shopping Bag operated 38 complete supermarkets in the Los Angeles area which

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* An asterisk indicates that the proposed finding is a paragraph taken verbatim from the Court's Pre-trial Conference Order of April 24, 1961, as amended.

had total annual sales of approximately $84 million for an average of approximately $2.1 million in sales per store. All of the Shopping Bag stores were of the self-service, cash-and-carry type.*

8. Immediately prior to the merger, Shopping Bag also operated a substantial distribution center which was served directly by railroad and truck, and which received and distributed groceries and related products to Shopping Bag supermarkets. To facilitate distribution to its supermarkets Shopping Bag owned and operated a fleet of trucks, trailers, and automobiles comprising about 166 units in all.*

9. The following table shows total dollar sales and number of stores operated by Von and Shopping Bag in the Los Angeles Metropolitan Area for the years 1948, 1954 and 1958:

	Von		Shopping Bag	
	No. of Stores	Total Sales	No. of Stores	Total Sales
1948.....	14	$21,794,000	15	$11,396,000
1954.....	19	63,730,000	23	52,444,000
1958.....	27	93,703,000	34	84,164,000

10. Before the merger, Von's percentage of total dollar sales was 4.7%, while Shopping Bag's was 4.2%. Combined, they represent 8.9% of the total dollar sales in the metropolitan area. The following table shows the industry rank and share of the total grocery sales of the 10 leading chains in the area in 1958:

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* An asterisk indicates that the proposed finding is a paragraph taken verbatim from the Court's Pre-trial Conference Order of April 24, 1961, as amended.

	1958 Rank in Sales Before Merger	After	Sales in Los Angeles Metropolitan Area	Percentage
Total of Von and Shopping Bag	—	1	$177,867,000	8.9
Safeway	1	2	161,233,000	8.0
Ralph's	2	3	128,283,000	6.4
Von	3	—	98,703,000	4.7
Market Basket	4	4	88,806,000	4.4
Thriftimart	5	5	88,583,000	4.4
Shopping Bag	6	—	84,164,000	4.2
Food Giant	7	6	72,727,000	3.6
Alpha Beta Raisins	8	7	62,727,000	3.1
Fox Markets	9	8	56,438,000	2.8
Mayfair	10	9	39,360,000	2.0
			Total	43.6

The following table compares the same chain in terms of total number of stores operated in the Los Angeles Metropolitan Area in 1958 and average dollar sales per store:

Chain	No. of Stores	Average Sale per Store
Combined Von and Shopping Bag	61	$2,910,000
Safeway	154	1,040,000
Ralph's	38	3,370,000
Von	27	3,650,000
Market Basket	39	2,280,000
Thriftimart	43	2,060,000
Shopping Bag	34	2,480,000
Food Giant	18	4,040,000
Alpha Beta	48	1,260,000
Fox	34	1,660,000
Mayfair	28	1,400,000

Paragraph 11

11. On March 28, 1960 Shopping Bag was merged into Von. Shopping Bag shareholders received Von's stock in return for their Shopping Bag stock. As a result of the merger Von and Shopping Bag were united under a single management, subject to the control of a single board of directors and a single group of officers. Their warehousing functions are united in a single operation. They have a single purchasing organization. Their advertising is consolidated under the name Von-Shopping Bag. The search for new locations is now the responsibility of one organization instead of two. The inventory in the chains has been adjusted with the result that both chains now carry the same lines and sell at the same prices.

Paragraphs 14 and 15**

14. Groceries and related products taken as a whole is the relevant line of commerce for determining whether this merger violated Section 7 of the Clayton Act. Groceries and related products consist of, but are not limited to, the following: groceries, meats, produce, bakery goods, dairy products, delicatessen products, frozen foods, fruits, vegetables, household supplies, drugs and sundries. They are the products taken as a whole which are generally distributed to the public by grocery stores and supermarkets. Taken as a whole these products have peculiar characteristics and uses in the operation of retail grocery stores which make them distinguishable from all other products.

15. The relevant trade area in which the defendants operated prior to the merger was the Los Angeles Metropolitan Area, consisting of Los Angeles and Orange Counties. Combined Los Angeles County and Orange County have also been defined by the Bureau of the Census as the Los Angeles Metropolitan Area since, taken together, they meet the tests set by the Department of Commerce in terms of population and commercial interchange. Los Angeles ranks as the second largest metropolitan area in the United States in terms of population, income, and retail dollar sales. Approximately 6,750,000 persons reside in the Los Angeles Metropolitan Area, and total retail sales in the area were approximately $9,100,000,000 in 1957. The Los Angeles Metropolitan Area is the area of effective competition in the instant case. It is more than a community. It is an appreciable trade area and a relevant section of the country for determining the effect of this language within the meaning of Section 7 of the Clayton Act.

Paragraph 40

40. Competition in the retail grocery business in the Los Angeles Metropolitan Area in 1960 was a contest for the patronage of the 6,750,000 consumers residing in that area. Prior to the merger each of the two defendants were part

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** These proposed findings combine verbatim passages taken from the Court's Pre-trial Conference Order of April 24, 1961, as amended.

of this competition which consisted of the following activities:

(a) Competition to purchase groceries and related products on better terms than other firms;

(b) Competition in the operation of warehouses and distribution centers;

(c) Competition in the maintenance and operation of fleets of trucks, trailers, and automobiles to facilitate the distribution of groceries and related products from warehouses and distribution centers to supermarkets located throughout the area;

(d) Competition in inventory control;

(e) Competition in area wide television and radio advertising;

(f) Competition in metropolitan and neighborhood newspaper advertising;

(g) Competition in establishing and promoting the chain's brand names;

(h) Competition to secure a reputation for selling a wide line of groceries and related products at acceptable prices, in appealing stores with adequate parking space;

(i) Competition to increase the sale of groceries and related products and to secure other selling advantages over one another;

(j) Competition to obtain a reputation for purchasing, curing, distributing, and selling the best grade of meat at competitive prices;

(k) Competition to secure a reputation for purchasing, distributing and selling the best grade of produce and fresh vegetables at a competitive price;

(l) Competition to draw customers from wide trading areas;

(m) Competition to establish a consumer image which will be of advantage in opening stores in newly developed areas;

(n) Competition to secure new store locations in existing and newly developed areas;

(o) Competition to secure a reputation for financial solvency and consumer acceptance which will enable

it to secure store locations in desirable new shopping centers;

(p) Competition to secure, train and keep efficient and courteous personnel; and

(q) Competition in all other advertising, promotional and business activities.

Paragraph 41

41. Customers of supermarkets take various things into consideration in choosing a market at which to shop, including the following: price, general appearance of the store, size, variety of brands, parking space, whether the store is in a shopping center or is a free-standing store, general familiarity with the store's reputation, quality of meat, quality of produce, courteous service and cleanliness of the store. The average customer is willing to drive for at least 10 minutes, equivalent to about 4 miles, to shop. Shoppers are willing to pass by other stores in order to go to a specific store which they believe will meet their top demands. Von-Shopping Bag considers the draw area of their stores to be five miles.

Paragraph 42

42. Prior to the merger, the twenty leading chains of supermarkets in the Los Angeles Metropolitan Area were all a part of the retail grocery competition in the Los Angeles Metropolitan Area and as such each of these chains competed with each other and with other corporations and firms engaged in the purchase, distribution and retail sale of groceries and related products in the Los Angeles Metropolitan Area. As a part of the general competition, the major chains as well as other grocers frequently responded to competitive practices originated by one of the other major chains. In addition to the general competition between the chains, there was also intensive competition between individual Von and Shopping Bag stores in those instances where a store of each company was so located that both could compete for some of the same customers.

Paragraph 48

48. The following table shows grocery store openings and closings in the Los Angeles Metropolitan Area for the calendar year 1960 by single outlet and multiple outlet operators:

Multiple Outlet	Single Outlet
119 Openings	128 Openings
42 Closings	260 Closings
77 Net Gain	132 Net Loss

Paragraph 54

54. In 1960 Von was operating or in the process of opening the following stores:

Store #	Address
1	11471 Long Beach Blvd., Lynwood
4	2280 Atlantic Blvd., Monterey Park
5	10001 Paramount Blvd., Downey
13	6807 Atlantic Blvd., Bell
17	6625 Van Nuys Blvd., Van Nuys
22	18247 Sherman Way, Reseda
23	9011 Woodman Ave., Pacoima
26	12151 Brookhurst Ave., Garden Grove
27	15740 Whittwood Lane, Whittier
29	1000 E. Valley Blvd., Alhambra
31	973 S. Glendora Ave., West Covina
37	San Fernando Mission Rd. at Woodley, Granada Hills
38	Nordhoff & Reseda, Northridge
39	Imperial Blvd. & Norwalk Ave., Norwalk
41	Nordhoff & Woodley, Los Angeles
43	Roscoe Ave. & Winnetka, Canoga Park

At the same time Shopping Bag was operating or in the process of opening the following stores:

Store #	Address
1	1611 W. Whittier, La Habra
11	2270 Huntington, San Marino
12	3841 E. Sierra Madre, Pasadena
15	1407 Baldwin, W. Arcadia
16	2200 W. Valley, Alhambra
17	4806 N. Peck, El Monte
18	137 E. Valley, El Monte
20	9406 E. Washington, Rivera
21	1183 Quad Way, Whittier
22	9130 E. Whittier, Pico
23	1845 W. Orangethorpe, Fullerton
25	2960 Huntington, San Marino
27	127 N. Garfield, Monterey Park
28	15427 Amar Rd., La Puente
32	1170 W. Garvey, West Covina

Store #	Address
33	9922 Katella, Anaheim
34	13730 Foothill, Sylmar
35	9058 E. Firestone, Downey
39	19333 Victory Blvd., Reseda
40	1201 W. Whittier, Montebello
42	Corner of San Fernando Mission Rd., and Balboa, Granada Hills

On the basis of the average 10 minute driving time or 4 mile average driving distance each of the Von stores listed above was so located that it could compete for some of the same customers with one or more of the Shopping Bag stores listed above. Each of the Shopping Bag stores was so located that it could compete for some of the same customers with one or more Von stores. As of 1960 census data 1,058,000 persons lived in areas that were accessible to both Von's and Shopping Bag's stores, as listed above. These persons accounted for annual grocery expenditures of approximately four hundred eighty-one and a half million dollars.

Paragraph 60

60. The following table shows the openings of grocery stores in the Los Angeles Metropolitan Area in 1960:

Frequency Distribution by Annual Sales

	Under $500,000	$500,000 to $1,000,000	$1,000,000 to $1,500,000	$1,500,000 to $2,000,000	Over $2,000,000	Total
Ten Largest	1	17	6	3	18	45
Next Ten	1	9	3	2	7	22
Remaining Multiple Outlets	28	12	5	5	2	52
Total Multiple Outlets	30	38	14	10	27	119
Single Outlets	118	4	2	1	2	127
Total	148	42	16	11	29	246

The following table shows the number of grocery stores obtaining grocery permits in 1960 which discontinued them by November 15, 1961:

	Ten Largest Chains	Next Ten Largest Chains	Other Multiple Outlets	All Multiple Outlets	Single Outlest	Total
Obtaining permits	45	22	52	119	127	246
Discontinuing permits	5	5	18	28	53	81
Retaining their original permits	40	17	34	91	74	165

The following table shows the dollar and percentage distribution of annual sales of grocery stores opened in the Los Angeles Metropolitan Area in 1960:

Ten Largest Chains	Next Ten	Remaining Multiple Outlets	Total Multiple Outlets	Single Outlets	Total
$73,681	$33,519	$32,290	$139,490	$18,321	$157,811
46.6%	21.2%	20.4%	88.3% *	11.6%	100.0% *

* Does not equal the sum of its components because of rounding.

Paragraph 80

80. Concentration in the 4, 8, 12, 16 and 20 largest grocery chains in the Los Angeles Metropolitan Area, both before and after the Von-Shopping Bag merger, based on 1958 sales, was as follows:

	Before Merger	After Merger
20 largest chains	56.9%	57.4%
16 largest chains	53.4	54.2
12 largest chains	48.8	50.0
8 largest chains	40.9	44.0
4 largest chains	24.4	28.8

Paragraph 83

83. The following acquisitions and mergers occurred in the period 1953 through 1961:

Year	Acquired Firm	Acquiring Firm	No. of Stores Acquired
1957	Bi-Right & Big Bear	Piper Mart	3
1958	Bob's Supermarket	Mayfair	7
1961	Border's Markets	Better Foods	3
1954	Carty Brothers	Kory's Markets	8
1958	Clark Markets	Food Giant	10
1956	Desert Fair	Fox	4
1959	Hiram's	Lucky	6
1958	Iowa Pork Shops	Fox	11
1957	Jim Dandy Mkts.	Lucky	9
1961	McDaniel's Markets	Food Giant (and others)	16
1957	Panorama Markets	Food Giant	3
1958	Patton's Mkts.	Pix	4
1958	Raisin Markets	Alpha Beta	13
1960	Rankins Markets	Piggly Wiggly	4
1959	S & K Markets	Pix	2
1960	Shopping Bag	Von's	37
1959	Shop Right Markets	Pix	3
1958	C. S. Smith	Yor-Way	5
1957	Toluca Marts	Food Giant	2
1957	U-Tell-Em Markets	Mayfair	10
	Total		160

In the period 1948 through 1958, 9 of the 20 leading chains acquired 126 grocery stores from concerns outside the top 20 chains and in 1958 ninety-nine of the acquired stores were still operated by the acquired chains and had sales of $192.9 million. Without the sales of the acquired stores, the market share of these same 20 top chains in 1958 would drop from 56.9% to 47.3%.

Conclusion

In concluding, we respectfully submit that findings of the type proposed by the defendants are of little or no assistance to the Court under Rule 52 of the Federal Rules of Civil Procedure. As stated by the Supreme Court in *United States* v. *El Paso Natural Gas Co., supra,* at pp. 656-657, n. 4:

> These lawyers, and properly so, in their zeal and advocacy and their enthusiasm are going to state the case for their side in these findings as strongly as they possibly can. When these findings get to the court of

appeals they won't be worth the paper they are written on as far as assisting the court of appeals in determining why the Judge decided the case.

Respectfully submitted, /s/ JAMES J. COYLE. /s/ JOHN F. HUGHES. /s/ MALCOLM F. KNIGHT, Attorneys, Department of Justice.

Dated: December 2, 1964.

CERTIFICATE OF SERVICE BY MAIL

(Omitted in printing)

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60-CC

[Title omitted]

REPLY TO THE GOVERNMENT'S OBJECTIONS TO THE REVISED SET OF PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW—Filed December 4, 1964.

I. Preliminary Statement

This Court has previously advised the parties that it wanted the findings of fact to be "complete, full and correct." (Transcript, June 14, 1963, p. 308.) In the preparation of the findings we endeavored to comply fully with the direction of the Court. It is apparent that this Court carefully reviewed the proposed findings and the Government's objections thereto for it accorded the parties an informal conference and indicated the primary areas in which the proposed findings seemed objectionable. As a consequence of that conference the submitted findings were revised so as to delete completely proposed findings 3, 14, 44, 47, 49, 50, 66, 72, 79, 82 and additional deletions and changes were made in proposed findings 11 (now 10), 13 (now 12), 15 (now 13), 23 (now 21), 24 (now 22), 25 (now 23), 30 (now 28), 32 (now 30), 36 (now 34), 38 (now 36), 39 (now 37), 42 (now 40), 48 (now 44), 51 (now 45), 52 (now 46), 54 (now 49), 57 (now 52), 58 (now 53), 59 (now 54), 60 (now 55), 61 (now 56), 69 (now 63), 70 (now 64), 75 (now 68), 80 (now 72), 91 (now 82), 92 (now 83), 93 (now 84), and 96 (now 87) so as to eliminate much prolixity and argumentative language.

In the *El Paso* case, 376 U.S. 651, the Supreme Court noted that the trial judge had written no opinion and it had signed *without change*, mechanically adopting the 130 findings of fact and one conclusion of law proposed by the prevailing party, and it noted with approval the statement of Judge J. Skelly Wright of the Court of Appeals of the District of Columbia that the trial judge should

"avoid as far as you possibly can simply signing what some lawyer puts under your nose. Those lawyers, and properly so, in their zeal and advocacy and their enthusiasm are going to state the case for their side in these findings as strongly as they possibly can. * * *"

The procedure followed in the case at bar is in direct contrast to that in the *El Paso* case. The Court has written a comprehensive opinion and it certainly did not "mechanically adopt" the proposed findings. This Court suggested substantial changes therein, which were made. Nevertheless we are met with another, almost vitriolic, attack thereon by the Government, including an attack on findings taken almost *verbatim* from the opinion of the Court. For example, the Court's opinion (p. 16, lines 14-18) states "As between stores, only a few of those of Von's and Shopping Bag were in direct competition since generally each company's stores were in different localities of the area. A few did compete directly." The Government's Objections to paragraphs 4, 10 and 12(a) which connect the subsidiary findings with the Court's ultimate determination is a direct attack on the opinion of the Court. In its opinion (p. 14, lines 8 to 11) the Court stated, "Another group now participating in the distribution of groceries is the discount house. The evidence indicates that this phase is expanding rapidly and may well indicate a substantially additional competitive force." The Government objects to the incorporation in proposed finding 62 of this language, and says as to this language it "is the wildest kind of speculation." (Objections, p. 16.) A further example, of the many that might be cited, is the Government's attack (p. 11) on proposed finding 39 and the testimony of Campbell Stewart—contrast this with the "considerable weight" which the Court's opinion (pp. 14-15) states should be accorded to the testimony of Campbell Stewart.

We respectfully suggest that detailed findings may be desirable in order to cover all possible disputed issues of fact and to state the subsidiary findings which support the Court's findings of ultimate facts.

In the *Brown Shoe* case (370 U.S. at p. 322, footnote 38) the Court stated that in addition to statistics showing market shares, "only a further examination of the particular market—its structure, history and probable future

—can provide the appropriate setting for judging the probable anticompetitive effect of the merger." And in *United States* v. *Penn-Olin Chemical Co.*, 12 L.ed.2d 775 at 789, the Supreme Court enumerated some of the criteria which the trial court might take into account, including: "the number and power of the competitors in the relevant market; the background of their growth; the power of the joint venturers; * * * the competition existing between them * * *; the setting in which the joint venture was created; the reasons and necessities for its existence; * * *." We have attempted in the revised proposed findings to cover the relevant factors in keeping with the Court's direction that the findings be "complete, full and correct."

II. Should the Opinion Alone Constitute the Findings Under Rule 52(a)?

Although the opinion is comprehensive and detailed, it might be contended by the Government that standing alone it does not meet the requirement of a finding on every material issue, including relevant subsidiary issues, and state separately its conclusions thereon. (Cf. *Kruger* v. *Purcell*, 300 F.2d 830, 831 [3 Cir. 1962]; *Brooks Bros.* v. *Brook's Clothing of California, Limited*, 5 F.R.D. 14, 16 (S.D. Cal. 1945, opinion by Judge Yankwich); *Commissioner* v. *Duberstein*, 363 U.S. 278, 292.)

For example, the Court's opinion (p. 16, lines 14-18) specifically finds that "As between stores, only a few of those of Von's and Shopping Bag were in direct competition since generally each company's stores were in different localities of the area. A few did compete directly." We suggest that the specific subsidiary finding proposed in finding 40, which indicates that the draw area of particular stores varies and that in some localities natural or man-made barriers, such as hills, freeways, railroad tracks, and the like, will limit a store's draw area, is a proper subsidiary finding to support the ultimate determination. Thus the Government in its Objections (pp. 27 and 28) has seized upon a reference to evidence given by Dr. Jenssen in order to create a conflict with the positive and unequivocal finding of the Court that only a few of the stores of Von's and Shopping Bag were in direct competition.

Such a misconstruction of the opinion would be precluded by specific findings.

Conclusion

We are of the view that the procedure followed in this case is comparable to that discussed by the Seventh Circuit in the case of *In re Woodmar Realty Company,* 307 F.2d 591 (7th Cir. 1962), wherein after writing three opinions the trial judge directed plaintiffs' attorneys to submit proposed findings and conclusions in accordance with those opinions, and the Seventh Circuit commented:

> "• • • The record discloses an unusually full hearing by a thorough, painstaking judge. By having the prevailing party submit proposed findings of fact and conclusions of law, the judge followed a practical and wise custom in which the prevailing party has 'an obligation to a busy court to assist it in performance of its duty' under Rule 52(a). Dearborn Nat. Cas. Co. v. Consumers Petroleum Co., 7 Cir., 164 F.2d 332, 333 (1947)." (307 F.2d at 593-94.)

We have endeavored to be of assistance to the Court in the preparation of the proposed findings. The Court has been of great assistance to us in indicating a number of the initially proposed findings which it found prolix, argumentative, or otherwise objectionable. We have conscientiously endeavored to comply with the Court's preliminary suggestions. We suggest that the present Government Objections are simply an attempt to relitigate the action and that the opinion of the Court and its conscientious review and criticism of the findings heretofore submitted distinguish this case from *United States* v. *El Paso Natural Gas Company,* 376 U.S. 651.

Dated: December 4, 1964.

Respectfully submitted, Johnson, Bates & Sheffield, James E. Bates, and O'Melveny & Myers, William W. Alsup, William W. Vaughn. By /s/ William W. Alsup, Attorneys for Defendant Von's Grocery Co.

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT

Civil No. 336-60-CC

UNITED STATES OF AMERICA, Plaintiff,

v.

VON'S GROCERY COMPANY AND SHOPPING BAG FOOD STORES, Defendants

FINDINGS OF FACT AND CONCLUSIONS OF LAW—Entered December 17, 1964

The above-entitled matter having come on regularly for trial on June 11, 1963 before the Honorable Charles Carr, Judge of the above-entitled Court; plaintiff United States of America being represented by James J. Coyle, John F. Hughes and Malcolm F. Knight, and defendants being represented by Johnson, Bates & Sheffield, by James E. Bates, and O'Melveny & Myers, by William W. Alsup and William W. Vaughn; and evidence, both oral and documentary, having been received; and the matter having been reopened on March 23, 1964 for the taking of further evidence and for oral argument; whereupon the case was submitted for decision;

Now, Therefore, the Court, being fully advised in the premises, does hereby make the following Findings of Fact and Conclusions of Law:

Findings of Fact

1. As of March 25, 1960, when this action was commenced, defendant Von's Grocery Co. (hereinafter Von's) operated 28 grocery stores, all of which were located in Los Angeles and Orange Counties, California, and Von's was one of the leading chains of supermarkets in the Los Angeles Metropolitan Area.

2. Von's is a Delaware corporation and is the successor to a family partnership which entered the retail grocery business in 1932 by undertaking to operate the grocery con-

cession in a small grocery store in the City of Lynwood, Los Angeles County, California.

3. Thereafter, Von's opened other stores until in 1948 it was operating 14 grocery stores whose total sales were approximately $21,794,000. In 1954, Von's had 19 stores and sales of $63,730,000. In 1958, it had 27 stores and a sales volume of approximately $93,703,000. This amounted to approximately 4.7% of total grocery store sales and 4.2% of totai food store sales in Los Angeles and Orange Counties, meaning that in terms of sales Von's ranked third among all grocery concerns operating in those two counties. Both Safeway and Ralphs had greater sales. In terms of number of stores, Von's ranked eighth behind Safeway (154 stores), Alpha Beta (48 stores), Thriftimart (43 stores), Market Basket (39 stores), Shopping Bag (34 stores), Ralph's (34 stores), and Fox (34 stores). In 1959 Von's had 28 stores and sales of approximately $86,606,000, or an average of approximately $3,000,000 in sales per store. The Von's supermarkets are of the self-service, cash-and-carry type.

4. For the most part, Von's stores were located in the southern and western portions of the Los Angeles Metropolitan Area.

5. Von's also owned and operated a modern distribution center; direct railroad and truck shipments were made to this distribution center which provided facilities to receive and distribute the groceries to Von's supermarkets throughout the Los Angeles area. After the merger with Shopping Bag hereinafter described, Von's sold its distribution center to a competitor and has since used the former Shopping Bag distribution center.

6. As of March 25, 1960, Shopping Bag Food Stores (hereinafter Shopping Bag) was a California corporation operating 36 grocery stores in Los Angeles and Orange Counties, California, and two grocery stores in San Bernardino County, California. Shopping Bag was one of the leading chains of supermarkets in the Los Angeles Metropolitan Area.

7. Shopping Bag was the successor to a partnership consisting of W. R. Hayden and W. B. Rorex, which began business in 1930 with the operation of a grocery concession in a small grocery store in Los Angeles County. The part-

nership commenced operating a grocery concession in a second store in 1931. It added two more grocery concessions in 1932 and two more in 1933. In that year the partnership was dissolved and a corporation, Shopping Bag Markets, formed to succeed it. In 1947, the corporation's name was changed to Shopping Bag Food Stores.

8. By 1945, Shopping Bag had 12 stores and was operating all the concessions in them. In that year, W. D. Rorex retired and thereafter the majority of the stock in Shopping Bag was owned by W. R. Hayden and his family.

9. Shopping Bag continued to expand its business. In 1948, Shopping Bag had 15 stores and sales of approximately $11,396,000. In 1954, it had 23 stores and sales of approximately $52,444,000. In 1958, it had 36 stores and approximately $90,531,000 in sales. Two of these stores were in San Bernardino County. The remaining 34 in Los Angeles and Orange Counties had sales of approximately $84,164,000 in 1958. This gave Shopping Bag approximately 4.2% of total grocery store sales and 3.8% of total food store sales in Los Angeles and Orange Counties, meaning that Shopping Bag ranked sixth in terms of sales behind Safeway, Ralphs, Von's, Market Basket and Thriftimart, and fifth in number of stores (see Finding 3). In 1959, with 38 stores (two of which were outside the Los Angeles Metropolitan Area), Shopping Bag had sales of approximately $84,404,000, or an average of $2,100,000 sales per store; all of its stores were of the self-service, cash-and-carry type.

10. For the most part, Shopping Bag stores were located in the northern and eastern portions of the Los Angeles Metropolitan Area.

11. On March 28, 1960, Shopping Bag was merged into Von's. Shopping Bag shareholders received Von's stock in return for their Shopping Bag stock.

12. Many of the factors which affected the officers and directors in consummating the merger of the two corporations were:

(a) The operations of the two chains complemented each other with little overlap in the geographical areas each served.

(b) Prior to the merger, W. R. Hayden was the most actively responsible officer and stockholder carrying on

the affairs of Shopping Bag's business. The management of the company was in his hands and he was assisted by only a few other executives. By 1959 it was apparent that Shopping Bag's earnings and profits were declining, even though its sales were increasing. This was a matter of grave concern to Shopping Bag and to its president and principal stockholder, Mr. Hayden. The following table shows Shopping Bag's total sales, net income, percentage of net income to total sales and percentage of net profit after taxes to total assets for the years 1957, 1958 and 1959. For purposes of comparison, the same fiscal information for Von's is also set forth:

Shopping Bag

Year	Total Sales	Net Income	% of Net Income to Total Sales	% of Net Profit to Total Assets
1957	$87,007,857	$1,360,986	1.6%	6.6%
1958	90,531,209	912,851	1.0%	3.9%
*1959	84,403,866	770,122	.9%	3.2%

* A four-week strike in January 1959, resulted in lower sales for each company in that year.

Von's

Year	Total Sales	Net Income	% of Net Income to Total Sales	% of Net Profit to Total Assets
1957	$89,990,056	$1,872,943	2.1%	12.7%
1958	94,483,993	1,947,367	2.1%	12.4%
*1959	86,605,829	1,981,358	2.3%	10.8%

* A four-week strike in January 1959, resulted in lower sales for each company in that year.

(c) After more than 30 years in the grocery business, Mr. Hayden wanted to become less active but he was concerned about what would happen to Shopping Bag if he were to do so because Shopping Bag did not have a strong management staff to take over his responsibilities. Von's had a superior organization and a management team which was capable of operating a chain of 60 or 70 stores.

(d) It was anticipated that (and this has proved to be the case) the merger would result in greater efficiency and lower operating costs for the two companies combined than they could have achieved otherwise.

Savings would be realized primarily in overhead, general and administrative, advertising, warehousing, and distribution expenses.

(e) Prior to the merger, the Von der Ahe family owned 80% of Von's stock and the Hayden family held 60% of Shopping Bag's stock. It was recognized that the death of any member of either family who held a large number of these shares might create estate tax problems requiring the forced sale of stock in order to meet death taxes. The merger gave Von's 5,344 public stockholders and a much broader and more active market for its stock. By reason of the merger, Von's was able to meet the listing qualifications of the New York Stock Exchange and, accordingly, Von's stock was listed on that Exchange in 1961. The merger has resulted in a more favorable market atmosphere for the disposal of stock by either the Von der Ahe or Hayden families.

13. Shopping Bag had expanded rapidly through internal growth. However, it suffered from a shortage of qualified executive personnel.

14. The parties have agreed and the Court finds that the relevant line of commerce in this case is groceries and related products taken as a whole. These are the products usually and customarily offered for sale in supermarkets and grocery stores, and consist of groceries, meats, produce, bakery goods, dairy products, delicatessen products, frozen foods, fruits, vegetables, household supplies, drugs and sundries; in 1959 the sale of food products accounted for 90% of all sales by grocery stores in the area.

15. The parties have agreed and the Court finds that the relevant section of the country in this case is the Los Angeles Metropolitan Area, which is defined as Los Angeles and Orange Counties, California. Los Angeles ranks as the second largest metropolitan area in the United States in terms of population, income and retail dollar sales; approximately 6,750,000 persons resided in the area and total retail sales were approximately $9,100,000,000 in 1957. The Los Angeles Metropolitan Area is an appreciable trade area and a section of the country within the meaning of

Section 7 of the Clayton Act; sales of groceries in the area approximate $2,500,000,000 annually.

16. The plaintiff made no attempt to predicate its case upon the basis that suppliers had been eliminated or adversely affected by the merger.

17. In the 1920's and 1930's, the grocery business in Los Angeles was being conducted from small, corner grocery stores. In these stores, usually one man or one company would operate the grocery concession or department, another the meat concession, another the produce concession, and so on. Sales in a typical store of this character were from $2,000 to $2,500 a week. Few housewives had automobiles at their disposal during the day. Consequently, they usually had to walk to the grocery store where they did their shopping. This meant that the area from which the typical store drew most of its customers was limited to a block or two in any direction and if a particular grocery store happened to be the only one in its immediate neighborhood, it had a virtual monopoly of local trade. In the 1920's there were a number of "chains" doing business in Los Angeles. They included Piggly Wiggly, E. A. Morrison, Humpty Dumpty, Crown Emporium, Ralphs, and Von's (a company then owned by Charles A. Von der Ahe, the father of the men who started and still operate the present Von's). These chains operated from 10 to 90 grocery concessions in small grocery stores. In addition, there were a number of smaller concerns operating less than ten grocery concessions as well as many who operated only one concession.

18. Between 1927 and 1929, MacMarr Stores acquired the then Von's, E. A. Morrison, Humpty Dumpty, Crown Emporium and other chains in Los Angeles. Later, Safeway Stores acquired Piggly Wiggly, and in 1931, Safeway acquired MacMarr. This gave Safeway over 1,000 stores in the Los Angeles area.

19. During the 1930's, Safeway was the leading chain in the retail grocery business in Los Angeles. Ralphs was also operating a successful chain. Concerns which were later to become larger, such as the present Von's, Shopping Bag, Market Basket, Thriftimart or their predecessors, started with one store in or about 1932.

20. Starting in the late 1930's, the concept of a grocery store being divided up into concessions or departments

operated under separate ownerships began to undergo a change. Certain concerns commenced to operate all departments in their stores.

21. In the early 1940's, another change in grocery retailing began to take place—a trend toward larger stores, called supermarkets, which offered a greater number and variety of products. Automobiles were more widely owned in the 1940's and many people chose to drive to the grocery store, meaning that it was desirable for a store to provide parking facilities. Many of the new supermarkets had parking lots. In view of their larger size, parking facilities and other attractions, supermarkets began drawing customers from a wider area than had the grocery stores of the 1920's and 1930's.

22. During World War II, there was a building moratorium, but as soon as the war was over, many new supermarkets were constructed in the Los Angeles Metropolitan Area, keeping pace with the population explosion which this area was experiencing.

23. The change in the number of stores in the area is indicated by the following computations in which the word "multiple" means units of two or more stores operated by one concern:

	January 1, 1950	January 1, 1961	January 1, 1963
Single	5,365	3,818	3,590
Multiple	856	923	958
Total	6,221	4,741	4,548

The foregoing figures appear to be the most reliable which could be obtained.

24. The following are some of the reasons for the decline in the number of stores in the period January 1, 1950 to January 1, 1963:

(a) The development of the supermarket and the shopping centers led to a decrease of the number of small neighborhood grocery stores of both single store operators and the chains;

(b) The shift in population, the shift in transportation from street cars to automobiles and the many changes in merchandising methods which effected the change to the supermarket era;

(c) Failures of some of the local chains and single store operators;

(d) Closings to move to better locations;

(e) Failures due to lack of experience in the grocery business (although it was impossible to arrive at the number of failures in this category);

(f) Closings because of the construction of the freeway system (and while the number must have been substantial it was impossible to determine the number of such closings);

(g) Many people seemed to prefer the supermarket with its greater variety of products, greater parking convenience, better service, more modern appearance, and the like;

(h) The supermarket, being larger in size, could serve the same number of people as two or three of the older, smaller stores, and hence a fewer number of stores were needed.

25. In 1948, Safeway operated a large number of stores in the Los Angeles Metropolitan Area and had sales amounting to 14.2% of total grocery store sales in the area. Ralphs had 32 stores and 6.9% of the area's total grocery store sales. No other concern had as many as 30 stores or as much as 3% of the area's total grocery store sales. For example, Mayfair had 22 stores and 2.4% of the total grocery store sales in the market. Market Basket had 26 stores and 2.2% of the market. Von's had 14 stores and 2.4% of the market. Shopping Bag had 15 stores and 1.2% of the market.

26. The 1950's were characterized by vigorous competition. Population continued to increase and so did the construction of new grocery outlets. Despite the decline in number of stores referred to in Finding 22 above, the evidence showed that there is scarcely a single household in Los Angeles and Orange Counties which does not have a choice of from three to ten competing grocery stores within convenient shopping distance.

27. The 1950's were also characterized by the entry into the market of new concerns and the growth of existing smaller concerns. The market leaders, Safeway and Ralphs, were not able to maintain their preexisting share of the

total grocery store sales in the face of this increased competition. For example:

(a) In 1948, Safeway and Ralphs together had total sales in the area of approximately $193.5 million. This represented 21.1% of all grocery stores sales in Los Angeles and Orange Counties. In 1958, Safeway and Ralphs had combined sales of nearly $288 million but their combined share of the total grocery store business had declined to 14.3%. Safeway's percentage market share declined from 14.2% to 8% in this period and Ralphs from 6.9% to 6.4%. Thus, despite the fact that these two leaders had increased their respective sales in ten years, they nevertheless lost ground in terms of share of the market to other concerns.

(b) This loss of market position is attributable to the success and growth of smaller concerns. In 1953, there were 96 concerns operating two or more stores in Los Angeles and Orange Counties. By 1962, there were 150 such concerns operating a total of 1,085 stores. The greatest increase in number of competitors occurred in the case of concerns operating two or three stores. In 1953, there were 56 of them. In 1962, there were 104, an increase of 86%. In addition, in 1962 there were 22 concerns with from four to nine stores each, and 24 concerns (including Safeway and Ralphs) with 10 or more stores each. Seven of the 24 concerns with 10 or more stores in 1962 opened their second market sometime after 1953. Moreover, as of the end of 1961 there were approximately 3,800 single store operators doing business in the Los Angeles Metropolitan Area.

28. The opportunities for entry, success and growth of smaller concerns can be illustrated by examples of some of the grocery businesses which have been started or have experienced growth since 1950:

(a) *Hughes Markets*—Joseph P. Hughes left the employ of Thirftimart in 1952 and opened the first Hughes Market. By 1958, Hughes had opened six more new stores and the company's annual sales ex-

ceeded $21 million. By 1963, Hughes had a total of 13 stores in the Los Angeles Metropolitan Area.

(b) *Shoppers Markets*—Shoppers Markets started with one store in 1942. In 1949 it added its second store. It opened another in 1950, another in 1952, another in 1956, three in 1958, four more in 1961 and another in 1962. Today Shoppers is a 14-store chain.

(c) *Pantry Food Markets*—For 21 years, Ted R. Wood was an employee of Alpha Beta. In 1954, Mr. Wood left Alpha Beta to start his own business. He and seven others invested their savings, a total of $48,000, in a grocery store in Pasadena which was opened for business in March, 1955. This was the beginning of Pantry Food Markets. Another store was opened in July, 1955. A third store was added in 1956, a fourth in 1957, and a fifth in 1958. Between June, 1959 and December, 1961, Pantry opened five new stores, bringing its total to 10.

(d) *Food Giant* — In 1954, Food Giant had two stores. By 1958 it had 19. In 1960 it had 29. By October, 1962, it had grown to a 53-store chain and by February, 1963, it had opened six additional stores, giving it a total of 59. Some of Food Giant's stores were acquired from other companies, but most of them were new supermarkets opened for the first time by Food Giant.

(e) *The Boys Markets*—The first Boys Market was opened in the 1920's. The company slowly expanded to a nine-store chain in 1958. By 1963, it was operating 25 stores in Los Angeles and Orange Counties.

(f) *Michael's Markets*—Prior to 1960, Joe B. Goodnight was an employee of Alpha Beta. He left his position with that concern to open the first Michael's Market on July 28, 1960. By October, 1962, Michael's Markets was operating a chain of seven supermarkets in Orange County.

(g) *Gelson's Markets*—Eugene and Bernard Gelson started in business in 1946 by purchasing a 700 square foot market in North Hollywood for $5,000, their combined savings at the time. By 1962, the Gelsons had built and were operating two of the largest super-

markets in Los Angeles County. One of them, located in Burbank, is 26,000 square feet in size. It was opened in 1951. The other, opened in Encino in March, 1960, has 37,000 square feet and enjoys annual sales of approximately $6,000,000.

29. A history of the retail grocery business in Los Angeles would be incomplete without reference to the significance of cooperative buying. In 1922, fifteen of the smaller grocery retailers concluded that they could more effectively compete against some of the chains then doing business in Los Angeles and that they should take action to become more competitive. They were having difficulty competing effectively because those chains could buy their groceries directly from suppliers in large enough quantities to afford them quantity discounts, while the operator of one or two stores had to purchase groceries in smaller quantities and at higher prices from wholesalers; as a result chain stores could profitably sell their merchandise at prices which were sometimes lower than the prices which the small retailer paid his wholesaler for the same merchandise. Accordingly, these fifteen grocers decided to pool their resources and buy their groceries directly from suppliers through one common warehouse. This afforded them the same advantages of direct buying and quantity discounts which the larger chains enjoyed.

30. This method of purchasing proved successful. In 1924, a corporation named Certified Grocers of California, Ltd. was formed to carry on the cooperative buying of groceries. This corporation was and still is wholly owned by the grocery retailers who buy through it. Certified buys in large quantities at favorable prices, warehouses its grocery products and then distributes them to its stockholders (called "members") who are its only customers.

31. Today, Certified is the largest retailer-owned food wholesaler in the United States. Its membership consists of 873 retail grocery concerns which operate approximately 1,557 retail stores. In addition, Certified's wholly-owned subsidiary, Spartan Grocers, has 1200 members who operate 1255 stores. Most of Certified's and Spartan's members do business in Los Angeles and Orange Counties, although Certified does serve some members in other parts of South-

ern California as well as in Arizona, Nevada and elsewhere.

32. Certified handles more than 13,000 items, consisting of dry groceries, frozen foods, delicatessen products and certain non-food products such as health and beauty aids, housewares and appliances. Certified deals primarily in branded items but does have certain products available under its private label, Springfield. By reason of the large volume in which Certified makes its purchases, its members can buy these products through Certified on a competitive basis with the larger chains. Some of the larger chains buy their grocery products through Certified.

33. Certified operates one warehouse which is 535,280 square feet in size, another warehouse which is about half that size, a coffee processing plant, a bean packaging plant and a frozen food warehouse. It has 340 trucks which travel more than 2½ million miles a year delivering merchandise to Certified's member stores. Certified also provides its members with assistance in merchandising, advertising, promotions and inventory control.

34. In 1948, Certified's wholesale sales to its members reached a then all-time high of $87 million. By 1954, its annual sales were $198 million and in 1962 they were $345 million. Thus, in the 14 years since 1948, Certified's sales to its members increased by more than 400%. The volume of Certified's purchases exceeds by a large measure the volume of purchases of any chain which does business in the Los Angeles Metropolitan Area, with the exception of large national chains such as A&P, Safeway, and Acme Stores (Alpha Beta).

35. Orange Empire Co-op, a buying cooperative sponsored by A. M. Lewis Co., offers substantially the same products, services and advantages to its members as Certified. Orange Empire has more than 1000 members, a large number of which do business in Los Angeles and Orange Counties. In 1945, Orange Empire's wholesale sales amounted to less than $13 million. In 1961 its wholesale sales were approximately $280 million. In 1962, its wholesale sales were $321 million.

36. The membership of Certified is made up mainly of small grocery retailers which are the primary source of Certified's business. About the only grocery concerns doing business in Los Angeles or Orange Counties which do not

belong to and buy from one cooperative or another are the very small so-called "Mom and Pop" stores and a few, but not all, of the large chains. The single store operator or small grocer, by reason of membership in Certified, Orange Empire, or Spartan, can compete successfully with the large chains in purchasing products carried by such cooperatives.

37. Many of this area's leading chains commenced business here with one store, and the opportunity to buy through a cooperative.

38. Certified, Spartan and Orange Empire do not carry fresh meat or produce or certain dairy items. The single store or small operator can effectively compete in purchasing produce. The evidence fails to support the plaintiff's claim that the large chains have a substantial advantage in the purchase of meat supplies or dairy items.

39. Competition in the retail grocery business in Los Angeles, as in other retail businesses, is a contest for the patronage of consumers. Direct competition usually exists between any two stores only to the extent that they vie for the patronage of the same customers, although the evidence showed that there is a network of competition in the area in the sense that stores respond to competitive practices initiated by a competitor. In some densely populated areas, a store's draw area will often be limited to less than a mile. The average customer is willing to drive for at least 10 minutes, equivalent to about four miles, to shop and to pass by other stores in order to go to a specific store which she believes will meet her top demands. In some localities, natural or man-made barriers such as hills, freeways, railroad tracks and the like will limit a store's draw area. The limitation thus imposed on the draw area of any particular store means that it is in substantial competition only with other stores in the same immediate vicinity. A store in Santa Monica does not compete directly with a store 20 miles away in Pasadena. Each of those stores competes directly only with stores nearby and then only to the extent that they can attract the same customers. Chains with stores in many communities compete with concerns, both large and small, which also have stores in those communities. On the other hand, a concern with only one store competes directly only with concerns operating stores nearby.

40. Customers of supermarkets take various things into

consideration in choosing a market at which to shop, including the following: Price, general appearance of the store, size, variety of brands, parking space, whether the store is in a shopping center or is a free-standing store, general familiarity with the store's reputation, quality of meat, quality of produce, courteous service and cleanliness of the store.

41. Prior to the merger, the twenty leading chains of supermarkets in the Los Angeles Metropolitan Area were all a part of the retail grocery competition in the Los Angeles Metropolitan Area and as such each of these chains competed with each other and with other corporations and firms engaged in the purchase, distribution and retail sale of groceries and related products in the Los Angeles Metropolitan Area. As a part of the competition, the major chains as well as other grocers frequently responded to competitive practices originated by one of the other major chains. Competition between individual Von's and Shopping Bag stores was limited to those instances where a store of each company was so located that both could compete for some of the same customers. In such instances, the competition was intensive.

42. Prior to the merger, both Von's and Shopping Bag were substantial competitive factors in the Los Angeles Metropolitan Area and said area is a substantial and significant economic market.

43. During the last thirty years, the smaller grocery concerns doing business in Los Angeles and Orange Counties—concerns operating one, two or three stores—have proven their ability to compete with each other and with stores operated by larger concerns. As noted in Finding 37, many of today's chains entered the grocery business in Los Angeles with one store and were able to grow. Many others have chosen to stay small but they, too, have operated and continue to operate successful businesses.

44. The following examples of successful smaller concerns doing business in the Los Angeles Metropolitan Area illustrate the competitive opportunity available to firms of any size:

(a) *Reynold Elkin,* after 18 years of experience as an employee of various chains, acquired an older store

in Inglewood in 1958. Directly across the street was a newer, larger Safeway store and within a mile of this store is a Von's, a Thriftimart, a Fox and a number of single stores. Mr. Elkin has increased his sales by 400% since 1958.

(b) *Harlos Gross* purchased an old Shopping Bag store in Temple City in 1953. His sales were $600,000 in the first year of operation, but have exceeded $1,000,000 in every year since then despite the fact that after 1953 twelve new grocery stores, many of them operated by larger chains, opened up within a radius of two miles of his store.

(c) *Albert Goldstein* was an executive of Boys Markets from 1933 to 1958 and Vice President and General Manager of Food Giant from 1958 to October, 1962, during which time Food Giant grew from a 19 to a 53-store chain. In October, 1962, Mr. Goldstein went into business on his own by purchasing an older Food Giant store directly across the street from a newly opened Von's store located in a large shopping center. Mr. Goldstein can and does operate this store successfully in competition with Food Giant and in the face of the new competition from Von's.

(d) *Joseph Goldberg* was a former executive of King Cole, Inc., a six-store chain. In March, 1961, that chain disbanded and Mr. Goldberg took over operation of one of its stores in Whittier. This store is within 100 yards of a Safeway and a Food Giant, both of which stores are larger and newer than Mr. Goldberg's. Under King Cole, this market had sales of $2.9 million a year. In the first year of its operation under Mr. Goldberg's ownership, its sales were $3.5 million.

(e) *Lester Eaton*, a government witness, purchased a small grocery store in La Puente in 1952. At the time, Mr. Eaton was 24 years old and his only experience in the grocery business consisted of working as a clerk for six months in the store he acquired. Mr. Eaton's initial investment in the business was $1,000, his total savings at the time. In the next ten years, Mr. Eaton increased sales in his store from $72,000 to $450,000 a year, despite the fact that various of the

larger chains opened new stores nearby. With profits made from the operation of his store, Mr. Eaton has purchased a $30,000 parcel of real property on which he plans to build a new supermarket.

(f) *Paul Palmer,* another government witness, started in the grocery business in 1946. At that time, his total capital assets amounted to $16,000. Today he is the sole stockholder of Country Cousins, Inc. which successfully operates a four-store chain and which has annual sales of more than $6,000,000 and a net worth of between $1½ and $2 million.

(g) *Jerry Fleishman,* another witness for the Government, was discharged from his position with Shoppers Markets at the age of 45. In 1956, he acquired a small grocery store in Los Angeles. In the next five years, Mr. Fleishman earned more money from this small store than he had made in all the preceding years of his life.

45. There are no substantial barriers to entry into the retail grocery business in the Los Angeles Metropolitan Area.

46. Seven of the 24 concerns operating 10 or more stores in the Los Angeles Metropolitan Area in 1961 opened their second store sometime after 1952. Concerns operating two or more stores in Los Angeles and Orange Counties increased in number from 96 to 150 from 1953 to 1962, with the greatest numerical increase appearing in concerns which operated two or three stores.

47. Records of the State Board of Equalization show that in 1960, 128 grocery stores were opened in the Los Angeles Metropolitan Area by concerns which apparently were new entrants. In the same year, there were 119 openings by concerns operating at least one other store.

48. Eighteen of the 30 government industry witnesses and 10 of the defendant's industry witnesses commenced their present businesses subsequent to the year 1948.

49. Many executives from chain store operations have left the various chains and opened up stores on their own, usually beginning with a single store and ultimately developing into a small chain of supermarkets. One of the great problems for the larger chains is the loss of execu-

tives who leave to open grocery businesses of their own. In many instances these persons have purchased a single store of one of the chains, usually where it was not doing too well, and from that point developed a successful grocery retail business. The experience gained while employed by larger chains has apparently been the basis for the success of many of these operations. There is no doubt that experience in the grocery business has usually made it possible for a person to enter the retail grocery field as a single-store operator and be successful. On the other hand, several of the chains encountered difficulty because of lack of experience, over-expansion and lack of capitalization and were forced into bankruptcy or compelled to sell.

50. As a result of its merger with Shopping Bag, Von's in 1960 ranked second behind Safeway in terms of both sales and number of stores in the Los Angeles Metropolitan Area. The warehousing and distribution facilities of Von's and Shopping Bag were combined and personnel of the two concerns were realigned under a single management. None of the stores of the two concerns was closed. Each store continued to operate under either the name "Von's" or the name "Von's-Shopping Bag."

51. The merger of Shopping Bag into Von's did not materially change the competitive situation in the area. It did not increase or decrease competition store for store with any grocery concern, whether single store or chain, since the acquired stores continued as before.

52. The merger has had no adverse effect on competition in the more than four years since it was consummated. Competition prior to the merger was intense and vigorous and it is no less so today. There is no evidence from which it could be concluded that there is a reasonable probability of any lessening of competition in the foreseeable future.

53. It is difficult to determine with precision exactly what draw area a particular store has. Nevertheless, it appears that Von's and Shopping Bag stores were actually directly competing for some of the same customers in only four or five areas of the entire Los Angeles Metropolitan Area. In each of these areas there were, and still are, at least six other stores operated by chains as well as a number of stores operated by smaller concerns competing with Von's and Shopping Bag for the patronage of customers.

Any elimination of competition between Von's and Shopping Bag stores as a result of the merger would not have, and in fact has not had, any discernible effect on competition generally in the Los Angeles Metropolitan Area.

54. Shopping center developers prefer to deal with a large grocery chain with a well-advertised name which will attract attention and also induce other large concerns to lease areas in the shopping center. Also, it is only natural that the shopping center owner would prefer a company with the greater financial resources. As a result, the larger chains with greater financial resources are most often sought after as shopping center tenants and smaller concerns therefore have difficulty in obtaining shopping center locations. Not all good grocery store locations are in shopping centers. Prior to the merger Von's was able to and it did obtain shopping center locations.

55. Prior to the merger both Von's and Shopping Bag bought directly from suppliers and operated their own warehouses and their own trucks by means of which merchandise was distributed to their stores. Many chains undertake to buy, warehouse and distribute some or all of their merchandise rather than have these functions performed for them by a cooperative because they deem it desirable to do so in order to assure adequate inventory control and to better control their greater distribution problems which necessarily arise in the operation of a number of stores. Prior to the merger, both Von's and Shopping Bag bought directly from suppliers, operated their own warehouses and their own distribution systems, and since the merger Von's has continued to do so.

56. The acquisition of Shopping Bag by Von's has not resulted in an undue reduction in the number of competing enterprises in the retail grocery business in the Los Angeles Metropolitan Area.

57. There was and for the foreseeable future appears to be no reasonable probability that the acquisition of Shopping Bag by Von's will have the effect of unduly reducing the number of competing enterprises in the retail grocery business in the Los Angeles Metropolitan Area.

58. The Von's-Shopping Bag merger was not likely to, has not, and is not likely adversely to affect competition generally or otherwise in the retail grocery business in the

Los Angeles Metropolitan Area. However, other events have occurred since the merger which have affected and on the whole caused an increase in competition.

59. In the year 1960, 246 new grocery stores were opened in the Los Angeles Metropolitan Area, of which 128 were new "single outlet" stores. 67 of these 246 new stores were opened by the area's twenty leading chains. 179 were opened by smaller concerns.* Of these 246 stores only three were opened by Von's or Shopping Bag.

60. Since the merger American Stores (now Acme Stores, Inc.), the nation's fourth largest retail grocery chain, has entered the Los Angeles market by acquiring Alpha Beta Food Stores; and Food Fair, the nation's sixth largest retail grocery concern, has entered the Los Angeles market by acquiring a number of the stores formerly operated by the bankrupt Fox Markets. Food Fair has also commenced operating grocery concessions in discount houses in the Los Angeles Metropolitan Area. On September 3, 1963, Kroger Company, the nation's third largest grocery chain, entered this market by acquiring Market Basket, one of the largest local chains.

61. Prior to the merger, the sale of groceries and related products in so-called discount houses was virtually unknown. Since the merger, this new form of grocery merchandising has become increasingly popular in the Los Angeles Metropolitan Area. Today there are approximately 35 discount houses with food departments in that area, and the evidence indicates that this form of grocery merchandising is expanding rapidly and may well indicate a substantial additional competitive force. Typically, these discount houses are large retail establishments which sell all types of products, including appliances, soft goods and more recently groceries, at prices which are generally lower than can be found in other retail outlets. These lower prices are made possible primarily through savings which are realized in labor and overhead costs. For example, most discount house food departments have less elaborate fixtures than many supermarkets and they remain open for a shorter period of time each day, thereby avoiding overtime labor

* Statistics with respect to store openings in later years have not been made available.

costs and the like. Retail grocery concerns such as Food Giant, Thriftimart, Lucky Stores, Food Fair, and Mayfair, as well as smaller concerns such as Foods Co. and Supreme Foods, have commenced operating food departments in discount houses since the merger. It has been shown that most discount houses have a draw area of six miles or more. The majority of the Von's-Shopping Bag stores are within six miles of a discount house.

62. Since the merger, an increasing number of bantam stores, or superettes as they are sometimes called, have been opened in the Los Angeles Metropolitan Area.

63. Another development since the merger has been the opening of so-called drive-in milk depots. These establishments are small retail outlets which sell milk, other dairy products, bread, wieners, and other convenience items. These milk depots have a natural competitive advantage in that they are permitted under regulations issued pursuant to the California Milk Control Act to sell milk at a lesser price than conventional grocery stores. There were few such milk depots in 1960; today they account for 16% of all the milk sold in the Los Angeles Metropolitan Area.

64. Other types of retail establishments, notably liquor stores and drug stores, are selling an increasing number and amount of products usually found in grocery stores. Some liquor stores now sell more bread than some supermarkets, and the sales of grocery products in some liquor stores exceed the sales of some "Mom and Pop" grocery stores.

65. There is no reliable evidence that as of the date of the merger on March 28, 1960 there was a reasonable probability that the merger would result in a substantial lessening of competition in the purchase, distribution or retail sale of groceries and related products in the Los Angeles Metropolitan Area.

66. In the more than four years since it took place, the Von's-Shopping Bag merger has not resulted in any lessening of competition in the purchase, distribution or retail sale of groceries and related products in the Los Angeles Metropolitan Area, and there is no reasonable probability that in the foreseeable future it will have such an effect.

67. The retail grocery business in the Los Angeles Metropolitan Area is now and for many years has been a highly

competitive business characterized by a large number of firms competing for the business available at reasonable prices.

68. As of the date of the merger on March 28, 1960, there was not a reasonable probability that any retail purchaser of groceries and related products would be adversely affected by the merger.

69. There is no evidence that any retail purchaser of groceries and related products has been adversely affected by the merger.

70. There is no reasonable probability that any retail purchaser of groceries and related products will be adversely affected by the merger.

71. The effect of the merger is not substantial. Von's faces and will continue to face strong and vigorous competition. There is no reliable evidence that this merger is likely to have an adverse effect on prices or on the quality of service rendered the public.

72. In the retail grocery business in the Los Angeles Metropolitan Area there is an abundance of strong, competing sellers, a wide choice of competing stores from which the purchasing public may conveniently choose to shop, a lack of obstacles restraining new entrants into the business, and a lack of power in the defendant or others to control prices, supply or entry. All of these factors tend to insure continued vigorous competition.

73. As of the date of the merger, there were more than 4000 separate concerns operating more than 4800 grocery stores in Los Angeles and Orange Counties. After the merger, Von's was operating a total of 64 stores—less than 1.4% of the total number of stores in the two counties.

74. In 1958, i.e., two years prior to the merger, Von's percentage of sales of groceries and related products in the Los Angeles Metropolitan Area was 4.7% and Shopping Bag's was 4.2%, as compared to the 8% of Safeway and 6.4% of Ralphs. After the merger, however, on March 28, 1960, Von's did not become the market leader in the Los Angeles Metropolitan Area. In the year 1960, Safeway Stores operated 146 grocery stores in the area, the sales of which were $184,313,000. This represented approximately 8% of total grocery store sales and 7.4% of total food store sales in Los Angeles and Orange Counties. In the same

year, Von's and Shopping Bag prior to the merger and Von's after the merger operated a total of 66 stores in the Los Angeles Metropolitan Area. These stores had sales of $172,488,000 in 1960, which represents 7.5% of total grocery store sales and 6.9% of total food store sales in the two counties.

75. Both Von's and Shopping Bag were local concerns of local origin, both having commenced business in the 1930's with one store and having grown a store at a time thereafter. (See Findings 1 through 9.) Von's is still a local concern. All but 8 of its stores are located in Los Angeles and Orange Counties. The remaining 8 are located in adjoining counties (i.e., San Bernardino, San Diego and Ventura.) Also doing business in the Los Angeles Metropolitan Area are the following, all of which have stores in competition with one or more Von's stores:

(a) *The Great Atlantic & Pacific Tea Co. (A&P),* the largest retail grocery concern in the United States, which in 1962 had a total of 4,475 stores located in 38 states and Canada, sales in excess of $5 billion a year and assets in excess of $767 million.

(b) *Safeway Stores, Incorporated,* the nation's second largest retail grocery concern, which in 1962 had several thousand stores in 29 states and Canada, sales in excess of $2.5 billion annually and assets of more than $473 million.

(c) *Alpha Beta-Acme,* a wholly-owned subsidiary of Acme Stores, Inc. (formerly American Stores), the fourth largest retail grocery concern in America. Acme Stores, Inc. in 1962 had 845 stores, sales in excess of $1 billion annually and assets of more than $209 million.

(d) *Food Fair Stores, Inc.,* the nation's sixth largest grocery chain which in 1962 had 465 stores in ten states, sales of nearly $1 billion a year and assets of $193 million.

(e) *Mayfair Markets,* which in 1962 operated 178 supermarkets in California, Arizona, Utah, Idaho, Oregon and Washington, had sales in excess of $288 million annually, and total assets of more than $62 million.

(f) *Lucky Stores, Inc.,* which in 1962 operated 141

supermarkets in California, Arizona and Washington, had sales of more than $232 million annually and total assets in excess of $47 million.

76. *The Kroger Co.*, the nation's third largest chain, which did not previously do business in the Los Angeles Metropolitan Area, has now acquired Market Basket, a local chain with 55 stores located primarily in Los Angeles and Orange Counties. Kroger in 1962 had a total of 1,354 grocery stores in 23 states, annual sales of nearly $2 billion, and total assets of more than $400 million.

77. In addition, there are approximately 17 "local" chains operating 10 or more stores in Los Angeles and Orange Counties (seven of which were not operating as many as two stores as late as 1952), 126 other concerns operating two or more stores in those counties and several thousand single-store operators.

78. The acquisition of Shopping Bag by Von's did not result in any appreciable increase in the level of concentration measured in terms of the market share of the leading concerns doing business in the Los Angeles Metropolitan Area, even as reflected by plaintiff's Exhibit 8. According to that exhibit, the share of the business accounted for by the 12 largest firms, for example, increased from 48.0% to 50.0%, or by only 1.2%, and the market share of the top twenty increased from 56.9% to 57.4%, or by only ½ of 1%.

79. The area's leading twenty concerns in 1950 enjoyed sales which amounted to approximately 40% of total grocery store sales in the Los Angeles Metropolitan Area. The twenty leading chains in 1960 had sales amounting to approximately 54% of the total. The fact that the leading twenty chains in 1960 were in part made up of concerns which either were not in existence or were not in the leading twenty in 1950 makes any comparison between them virtually meaningless other than the fact that it shows the ability of smaller concerns to grow and expand. The fact that the market share of the leading three, four and five concerns has declined in recent years means that any increase in the market share of the leading twenty concerns is attributable to the growth of smaller concerns. At least sever of the concerns in the top twenty by 1960 were not

even in existence as chains (i.e., having more than one store) in 1948. They are Food Giant, Fox, Hughes, Yor-Way, McCoy's, Shoppers and Pix.

80. There has been no increase in concentration in the retail grocery business in the Los Angeles Metropolitan Area either in the last decade or since the merger. On the contrary, economic concentration has decreased despite the disappearance of a number of the smaller, older, corner grocery stores for the following reasons:

(a) In 1952 there were ten concerns which each operated ten or more stores in Los Angeles and Orange Counties. These concerns expanded their operations in the following decade. The growth and success of these concerns did not deter others from entering the business and expanding. By 1961, 14 smaller concerns had grown to the point where they also were operating ten or more stores in the two counties. Seven of these opened their second store sometime after 1952. In addition, the number of concerns operating more than one but fewer than ten stores increased in number from 86 in 1952 to 126 in 1961. Neither the size nor subsequent growth of the market leaders in 1952 offered any deterrent to the entry and growth of smaller concerns.

(b) In 1948, Safeway was the leading chain operating in Los Angeles. Both its assets and number of stores were many times greater than any of its rivals (with the exception of A&P which had only 21 stores in Los Angeles at the time). However, other companies, the vast majority of which were local concerns, were able to compete effectively against Safeway. Although Safeway's sales increased its percentage share of the market declined.

(c) The share of the market enjoyed by the leading three, four and five concerns declined from 1952 to 1960 while the market share of smaller concerns increased.

(d) By 1958, the leading twenty concerns accounted for only slightly more than half of the total grocery store sales in Los Angeles and Orange Counties. After 1958, their market share declined.

(e) The entry and growth of new and smaller concerns, the declining share of the market of the indus-

try's leaders, the inability of larger concerns to dominate the market to any degree despite their own success and expansion, and the ability of smaller concerns to compete effectively against larger ones indicates there is no likelihood of a tendency to monopoly.

81. There have been some prior mergers between retail grocery concerns in the area but the evidence is that these acquisitions were either market extensions by companies not previously doing business in the area (e.g., Lucky Stores, Kroger, Acme Markets, Inc., Food Fair), or were in part offset by the subsequent failure of the acquiring concern and the disposal of its stores (e.g., Fox, McDaniel's and Yor-Way), or were largely if not entirely offset by sales by the acquiring concern of a large number of the acquired or others of its stores (e.g., Thriftimart, Mayfair). The history of the grocery business in this area is marked by the fact that the larger chains furnish the training, experience and frequently the stores for the future competitors who leave their employ to enter into the grocery business for themselves. There is no evidence that Von's or Shopping Bag had been involved in any prior merger.

82. The market share of Von's after its merger with Shopping Bag is not sufficient to warrant a finding of a reasonable probability of a substantial lessening of competition or of a tendency to monopoly in the relevant market. This is particularly true in the retail grocery industry in this area for the following reasons:

(a) The competitive effectiveness of any particular store in this market is not necessarily dependent on the market share controlled by the owner of the particular retail store;

(b) Market share in the retail grocery business in this area cannot necessarily be equated with market power, particularly because of the existence of the strong cooperative buying organizations, Certified Grocers of California, Ltd. and Orange Empire, which enable the single-store operators and small chains to purchase their supplies as cheaply as the larger chains;

(c) The market share involved in this case is controlled by an entirely local company;

(d) The relative ease of entry into the business, the greatly expanding population, the inability of the industry leaders to hold their market share, the ability of new entrants and smaller concerns to survive and grow and the constant changes in and the emergence of new forms of marketing of groceries and related products tend to insure continued vigorous and increased competition;

(e) Substantiality in a given case depends on a variety of factors. The factors mentioned above together with the experience of more than four years since the merger occurred, which has demonstrated that this merger has had no adverse effect on and has not lessened competition in this market, require the finding that there is not a reasonble probability that this merger may tend to substantially lessen competition in the relevant market.

83. There has been no tendency to monopoly evident in the purchase, distribution or sale of groceries and related products in the Los Angeles Metropolitan Area. As of March 28, 1960, there was not a reasonable probability that the Von's-Shopping Bag merger would tend, and in the more than four years since the merger it has not tended, to create such a monopoly. There is no reasonable probability that the merger of Von's and Shopping Bag may tend to create a monopoly in the foreseeable future.

84. Both Von's and Shopping Bag prior to the merger and Von's after the merger were engaged in interstate commerce in that they purchased approximately 51% of the groceries and related products ultimately offered for sale in their stores from outside California.

85. Competition in the retail sale of groceries and related products taken as a whole in the Los Angeles Metropolitan Area is competition in interstate commerce.

86. In addition to the foregoing, the Court finds in all respects as set forth in the following Conclusions of Law:

Conclusions of Law

The Court concludes:

1. In all respects as set forth in the foregoing Findings of Fact.

2. This Court has jurisdiction over this cause by reason of Sections 7 and 15 of the Clayton Act, as amended. (15 U.S.C. §§ 18 and 25.)

3. The relevant line of commerce for purposes of determining whether or not the Von's-Shopping Bag merger violates Section 7 of the Clayton Act, as amended, is groceries and related products taken as a whole.

4. The relevant section of the country for determining whether the Von's-Shopping Bag merger violates Section 7 of the Clayton Act, as amended, is the Los Angeles Metropolitan Area, consisting of Los Angeles and Orange Counties, California.

5. There is not a reasonable probability that the effect of Von's acquisition of Shopping Bag's stock may be substantially to lessen competition in said line of commerce and in said section of the country.

6. There is not a reasonable probability that Von's acquisition on March 28, 1960 of Shopping Bag's stock may have the effect of tending to create a monopoly in said line of commerce and in said section of the country.

7. Von's acquisition of Shopping Bag's stock does not violate Section 7 of the Clayton Act, as amended.

8. The plaintiff's proof failed to support the allegations of its complaint.

9. Defendants are entitled to judgment that plaintiff take nothing by its action.

Dated: December 16, 1964.

Charles H. Carr, United States District Judge

Approved as to form as provided in Rule 7(a) of the Rules of the United States District Court for the Southern District of California.

——, ——, Attorney for Plaintiff.

Received copy of the within Findings of Fact and Conclusions of Law this 9th day of December, 1964.

John F. Hughes, Attorney for Plaintiff.

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION

Civil No. 336-60-CC

UNITED STATES OF AMERICA, Plaintiff,

v.

VON'S GROCERY CO. AND SHOPPING BAG FOOD STORES, Defendants.

JUDGMENT—Entered December 17, 1964

This cause came on regularly for trial on June 11, 1963, before the Honorable Charles H. Carr, Judge of the above-entitled Court, and the issues having been duly tried and the Court having made its findings of fact and conclusions of law, now, therefore, in accordance with said findings of fact and conclusions of law,

It is Ordered, Adjudged and Decreed that plaintiff take nothing by this action.

Dated: December 16, 1964.

Charles H. Carr, United States District Judge.

Approved as to form as provided in Rule 7(a) of the Rules of the United States District Court for the Southern District of California.

——, ——, Attorney for Plaintiff.

Received copy of the within Judgment this 13th day of October, 1964.

Malcolm F. Knight, Attorney for Plaintiff.

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT

Civil Action No. 336-60-CC

[Title omitted]

MOTION UNDER RULE 52(b) FOR AMENDMENT OF FINDINGS AND FOR ADDITIONAL FINDINGS—FILED DECEMBER 28, 1964

Having submitted proposed findings on July 3, 1963, and having objected to various sets of proposed findings submitted by defendants, plaintiff does not repeat previous objections. However, pursuant to Rule 52(b), we respectfully make the following motion:

A. It is requested that finding 74 be amended to read as follows:

> 74. In 1958, i.e., two years prior to the merger, Von's percentage of sales of groceries and related products in the Los Angeles Metropolitan Area was 4.7% and Shopping Bag's was 4.2%, as compared to the 8% of Safeway and 6.4% of Ralphs. After the merger, however, on March 28, 1960, Von's did not become the market leader in the Los Angeles Metropolitan Area. In the year 1960, Safeway Stores operated 146 grocery stores in the area, the sales of which were $184,313,000. In the same year, Von's and Shopping Bag prior to the merger and Von's after the merger operated a total of 66 stores in the Los Angeles Metropolitan Area. These stores had sales of $172,488,000 in 1960.

B. It is requested that additional findings be made as set forth below:

Additional Finding Number 1. The following table shows grocery store openings and closings in the Los Angeles Metropolitan Area for the calendar year 1960 by single outlet and multiple outlet operators:

Multiple Outlet	Single Outlet
119 Openings	128 Openings
42 Closings	260 Closings
77 Net Gain	132 Net Loss

Additional Finding Number 2. The following table shows the openings of grocery stores in the Los Angeles Metropolitan Area in 1960 in various annual sales groupings:

Frequency Distribution by Annual Sales

	Under $500,000	$500,000 to $1,000,000	$1,000,000 to $1,500,000	$1,500,000 to $2,000,000	Over $2,000,000	Total
Ten Largest	1	17	6	3	18	45
Next Ten	1	9	3	2	7	22
Remaining Multiple Outlets	28	12	5	5	2	52
Total Multiple Outlets	30	38	14	10	27	119
Single Outlets	118	4	2	1	2	127
Total	148	42	16	11	29	246

Additional Finding Number 3. The following table shows the number of grocery stores obtaining grocery permits in 1960 which discontinued them by November 15, 1961:

	Ten Largest Chains	Next Ten Largest Chains	Other Multiple Outlets	All Multiple Outlets	Single Outlets	Total
Obtaining Permits	45	22	52	119	127	246
Discontinuing permits	5	5	18	28	53	81
Retaining their original permits	40	17	34	91	74	165

Additional Finding Number 4. The following table shows the dollar sales (in thousands) and percentage distribution of annual sales of grocery stores opened in the Los Angeles Metropolitan Area in 1960:

Ten Largest Chains	Next Ten	Remaining Multiple Outlets	Total Multiple Outlets	Single Outlets	Total
$73,681	$33,519	$32,290	$139,490	$18,321	$157,811
46.6%	21.2%	20.4%	88.3% *	11.6%	100.0% *

* Does not equal the sum of its components because of rounding.

Additional Finding Number 5. The following acquisitions and mergers are recorded in the workpapers* of Godfrey Lebhar, a principal defense witness, for the period 1953 through 1961:

Year	Acquired Firm	Acquiring Firm	No. of Stores Acquired
1957	Bi-Right & Big Bear	Piper Mart	3
1958	Bob's Supermarket	Mayfair	7
1961	Border's Markets	Better Foods	3
1954	Carty Brothers	Kory's Markets	8
1958	Clark Markets	Food Giant	10
1956	Desert Fair	Fox	4
1959	Hiram's	Lucky	6
1958	Iowa Pork Shops	Fox	11
1957	Jim Dandy Mkts.	Lucky	9
1961	McDaniel's Markets	Food Giant (and others)	16
1957	Panorama Markets	Food Giant	3
1958	Patton's Mkts.	Pix	4
1958	Raisin Markets	Alpha Beta	13
1960	Rankins Markets	Piggly Wiggly	4
1959	S & K Markets	Pix	2
1960	Shopping Bag	Von's	37
1959	Shop Right Markets	Pix	3
1958	C. S. Smith	Yor-Way	5
1957	Toluca Marts	Food Giant	2
1957	U-Tell-Em Markets	Mayfair	10
	Total		160

Additional Finding Number 6. In the period 1948 through 1958, 9 of the 20 leading chains acquired 126 grocery stores from concerns outside the top 20 chains and in 1958 ninety-nine of the acquired stores were still operated by the acquired chains and had sales of $192.9 million. Without the sales of the acquired stores, the market share of these same 20 top chains in 1958 would drop from 56.9% to 47.3%.

Additional Finding Number 7. Concentration in the 4, 8, 12, 16 and 20 largest grocery chains in the Los Angeles Metropolitan Area, both before and after the Von-Shopping Bag merger, based on 1958 sales, was as follows:

	Before Merger	After Merger
20 largest chains	56.9%	57.4%
16 largest chains	53.4	54.2
12 largest chains	48.8	50.0
8 largest chains	40.9	44.0
4 largest chains	24.4	28.8

* The workpapers are in evidence as Gx. 78.

Additional Finding Number 8. The following table shows changes in the combined market share enjoyed by the 4, 8, 12, 16 and 20 largest chains in the Los Angeles Metropolitan Area between the years 1948 and 1958:

	1948	1958
4 largest chains	25.9%	24.4%
8 largest chains	33.7	40.9
12 largest chains	38.8	48.8
16 largest chains	41.6	53.4
20 largest chains	43.8	56.9

Additional Finding Number 9. Answers submitted by the defendants to the Government's interrogatories admitted that in 1960 20% of the stores operated by Von and Shopping Bag were so located that they competed with each other for some of the same customers at the time of the merger. The stores which the defendants' answers to interrogatories show to be serving the same customers are listed below:

(a) Von's store No. 27 at 15704 Whitwood Lane, Whittier, competed with Shopping Bag store No. 1 at 1611 West Whittier Lane, La Habra; the stores were 1½ miles apart.

(b) Von's store No. 27 competed with Shopping Bag store No. 21 at 1183 Quad Way, Whittier; the stores were 2½ miles apart.

(c) Von's store No. 29 located at 1000 East Valley, Alhambra, competed with Shopping Bag store No. 27 at 127 North Garfield, Monterey Park; the stores were 1½ miles apart.

(d) Von's store No. 4 at 2280 Atlantic Avenue, Alhambra, competed with Shopping Bag store No. 27; the stores were 3 miles apart.

(e) Von's store No. 31 at 973 South Glendora, West Covina, competed with Shopping Bag store No. 28 at 15427 Amar Road, La Puente; the stores were 1 mile apart.

(f) Von's store No. 31 at 973 South Glen, West Covina, competed with Shopping Bag store No. 32 at 1170 West Garvey Boulevard, West Covina; the stores were 1½ miles apart.

(g) Von's store No. 26 at 12156 Brookhurst Avenue, Garden Grove, competed with Shopping Bag

store No. 33 at 9922 Catella, Anaheim; the stores were 1 mile apart.

(h) Von's store No. 5 at 10001 Paramount Boulevard, Downey, competed with Shopping Bag store No. 35 at 9050 East Firestone Boulevard, Downey; the stores were 2 miles apart.

In addition a study prepared by one of the defendants' expert witnesses and introduced into evidence by the defendants showed that the following Von and Shopping Bag stores were within a two mile draw area of the same customers at the time of the merger.

(a) Von's store No. 4 at 2280 Atlantic Boulevard, Monterey Park, competed with Shopping Bag store No. 40 at 1201 West Whittier, Montibello.

(b) Von's store No. 29 at 1000 East Valley Boulevard, Alhambra, competed with Shopping Bag store No. 16 at 2200 West Valley Boulevard, Alhambra, as well as Shopping Bag store No. 11 at 2270 Huntington Drive, San Marino.

(c) Von's store No. 27 at 15740 Whitwood Lane, Whittier, competed with Shopping Bag store No. 22 at 9140 East Whittier, Pico.

In 1960 total sales by the Von's stores set forth in this finding were $21,157,491 and the total sales by the Shopping Bag stores were $22,112,512.

Additional Finding Number 10. In 1960 Von was operating or in the process of opening the following stores among others:

Store #	Address
1	11471 Long Beach Blvd., Lynwood
4	2280 Atlantic Blvd., Monterey Park
5	10001 Paramount Blvd., Downey
13	6607 Atlantic Blvd., Bell
17	6625 Van Nuys Blvd., Van Nuys
22	18247 Sherman Way, Reseda
23	9011 Woodman Ave., Pacoima
26	12151 Brookhurst Ave., Garden Grove
27	15740 Whittwood Lane, Whittier
29	1000 E. Valley Blvd., Alhambra
31	973 S. Glendora Ave., West Covina
37	San Fernando Mission Rd. at Woodley, Granada Hills
38	Nordhoff & Reseda, Northridge
39	Imperial Blvd. & Norwalk Ave., Norwalk
41	Nordhoff & Woodley, Los Angeles
43	Roscoe Ave. & Winnetka, Canoga Park

At the same time Shopping Bag was operating or in the process of opening the following stores among others:

Store #	Address
1	1611 W. Whittier, La Habra
11	2270 Huntington, San Marino
12	3841 E. Sierra Madre, Pasadena
15	1407 Baldwin, W. Arcadia
16	2200 W. Valley, Alhambra
17	4806 N. Peck, El Monte
18	137 E. Valley, El Monte
20	9406 E. Washington, Rivera
21	1183 Quad Way, Whittier
22	9130 E. Whittier, Pico
23	1845 W. Orangethorpe, Fullerton
25	2960 Huntington, San Marino
27	127 N. Garfield, Monterey Park
28	15427 Amar Rd., La Puente
32	1170 W. Garvey, West Covina
33	9922 Katella, Anaheim
34	13730 Foothill, Sylmar
35	9058 E. Firestone, Downey
39	19333 Victory Blvd., Reseda
40	1201 W. Whittier, Montebello
42	Corner of San Fernando Mission Rd., and Balboa, Granada Hills

On the basis of the average 10 minute driving time or 4 mile average driving distance each of the Von stores listed above was so located that it could compete for some of the same customers with one or more of the Shopping Bag stores listed above. Each of the Shopping Bag stores was so located that it could compete for some of the same customers with one or more Von stores. As of 1960 census data 1,058,000 persons lived in areas that were accessible to both Von's and Shopping Bag's stores, as listed above. These persons accounted for annual grocery expenditures of approximately four hundred eighty-one and a half million dollars.

In 1960 total sales by the Von's stores set forth in this finding were $35,126,288 and total sales by the Shopping Bag stores were $40,639,913.

Respectfully submitted, /s/ James J. Coyle /s/ John F. Hughes /s/ Malcolm F. Knight, Attorneys, Department of Justice.

Dated: December 24, 1964.

CERTIFICATE OF SERVICE BY MAIL

[omitted in printing.]

IN THE UNITED STATES DISTRICT COURT

[Title omitted]

No. 336-60-CC Civil

At: Los Angeles, Calif.

Present: HON. CHARLES H. CARR, District Judge

Deputy Clerk: L. B. Figg
Reporter: None
Counsel: No appearance
For Plaintiff —
Counsel: No appearance
For Defendant —

MINUTE ENTRY OF ORDER DENYING MOTION UNDER RULE 52(b)—January 8, 1965

Proceedings:

The plaintiff having filed on December 28, 1964, a motion under Rule 52(b) for amendment of the findings and for additional findings, and oral argument thereon having been waived, and the Court having duly considered the motion,

It Is Ordered that the said motion be and it hereby is denied.

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT

Civil Action No. 336-60-CC

UNITED STATES OF AMERICA, Plaintiff

v.

VON'S GROCERY COMPANY AND SHOPPING BAG FOOD STORES, Defendants

NOTICE OF APPEAL TO THE SUPREME COURT OF THE UNITED STATES—Filed February 12, 1965

I. Notice is hereby given that the United States of America, the plaintiff above named, hereby appeals to the Supreme Court of the United States from the final judgment entered in this action on December 17, 1964 dismissing this action. This appeal is taken pursuant to Section 2 of the Expediting Act, 32 Stat. 823, as amended, 15 U.S.C. 29.

II. The Clerk will please prepare a transcript of the record in this cause for transmission to the Clerk of the Supreme Court of the United States, and include therein the entire record before the district court, including all papers filed with the Clerk of the court in this proceeding, the transcript of the pre-trial, post-trial and trial proceedings, the affidavits, statements of witnesses, depositions and all other exhibits introduced at trial, the proposed findings submitted by the parties, and this Notice of Appeal.

III. The question presented by this appeal is whether the effect of the merger of Von's Grocery Company and Shopping Bag Food Stores may be substantially to lessen competition or tend to create a monopoly in groceries and related products in the Los Angeles Metropolitan Area, in violation of Section 7 of the Clayton Act.

Respectfully submitted, /s/ Robert B. Hummel. /s/ James J. Coyle. /s/ John F. Hughes. /s/ Malcolm F. Knight, Attorneys, Department of Justice.

PROOF OF SERVICE

[omitted in printing.]

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION

UNITED STATES OF AMERICA, Plaintiff,

v.

VON'S GROCERY COMPANY AND SHOPPING BAG FOOD STORES, Defendants

Civil Action No. 336-60-CC

ORDER EXTENDING TIME FOR DOCKETING CASE ON APPEAL TO THE SUPREME COURT OF THE UNITED STATES— April 9, 1965

Upon motion of the United States and consent of the attorneys for defendants, and for good cause shown, it is hereby

Ordered that the time for the docketing of this case on appeal to the Supreme Court of the United States is hereby extended to and including the 12th day of June 1965.

Dated this 9 day of April 1965.

Peirson M. Hall, United States District Judge.

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION

UNITED STATES OF AMERICA, Plaintiff,

v.

VON'S GROCERY COMPANY AND SHOPPING BAG FOOD STORES, Defendants

Civil No. 336-60-CC

STIPULATION—Filed June 18, 1965

During the course of the trial of the above case, the Court ordered that the affidavits, statements and depositions of the following persons were to be copied into the transcript:

Allen, Lloyd E.
Barondess, Salomon
Bynum, Adrian
Carpenter, Artie L.
Chitjean, Kasper
Craun, Kenneth
Dick, Richard
Eaton, Lester L.
Fairbank, Don Henry
Fleishman, Jerry
Gertmenian, Manuel
Hasson, Edward
Hubbard, Thomas P.
Irvine, Roderick A.
Jenkins, Leo Arthur
Ledgerwood, James E.
Levitan, Jack
Logue, Robert J.
Maltz, Morris
Matsumura, George
McKernan, Spencer L.
Mekjian, Ernest A.
Muntifering, Jean H.
Palmer, Paul
Richey, Kenneth
Rubin, Charles I.
Rush, Frank D.
Swerdlick, Jack
Taylor, John
Wallen, Morris
Harrison, Gerald D.
Houghton, Harrison F.
Linden, Thomas H., Sr.
Marshall, John B.
Mueller, Dr. Willard F.
De Silva, Joseph T.
Crawford, W. H.
Dahl, J. R.
Dobson, Cecil W.
Elkin, Reynold
Goldberg, Joseph B.
Goldstein, Albert
Gross, Harlos
Hines, Paul A., Jr.

Irvin, John H.	Wood, Ted R.
Richard, O. W.	Von der Ahe, Theodore A.
Roberts, Mrs. Leila M.	Hayden, W. R.
Sherry, Robert	Von der Ahe, Charles
Gelson, Eugene	Coker, John
Gilbert, Nathan	Chamberlain, Charles
Godfrey, Marcus L., Jr.	Nigg, Cyril C.
Goodnight, Joe B.	Pasini, Edward F.
Inadomi, Yoshi	Stewart, Campbell
Jones, Arthur C., Jr.	Linden, Thomas H., Sr.
Miller, A. J.	Engleman, M. W.
Schoen, O. J.	Johnson, Clive W.
Wilson, Daniel H.	Kruger, Howard
Alexander, Sam	Miller, Franklyn
Edwards, Claude W.	King, Roy
Futterman, Charles J.	Dover, William
Fitzpatrick, George F.	Corey, Dorothy D.
Hughes, Joseph P.	Hinson, Victor
Laverty, Roger, Sr.	Bouque, Roy Lawrence
Ralphs, Richard	Lebhar, Godfrey M.
Ramsey, Neal D.	Hayden, William Delbert

Said depositions were to be copied into the record immediately following the affidavit or statement of the deponent. In order to avoid the time and expense of copying affidavits, statements and depositions into the typed record and to avoid including the exhibits in the record at two places, it is hereby stipulated by and between counsel for the parties:

(1) Said affidavits, statements and depositions need not be copied into the typed transcript of testimony, provided that said transcripts shall make an appropriate reference to this stipulation and order at each place one of said affidavits, statements or depositions is to be copied.

(2) Said affidavits, statements and depositions are part of the record designated by the Government.

(3) In the event the Supreme Court notes probable jurisdiction either party in directing the preparation of the printed record for appeal may designate the affidavits, statements and depositions be

copied in the printed transcript where the Court ordered the affidavits or statements inserted.

(4) Upon being inserted in said printed record it will not be necessary to repeat said affidavits, statements and depositions as exhibits under their respective numbers provided an appropriate cross-reference is made from the exhibit number in the printed record to the place where the exhibit was inserted in the printed record.

(5) All exhibits to depositions are part of the depositions for purposes of identification even though the exhibit was not offered into evidence at trial as a separately numbered exhibit.

(6) The defendants cross-examined 18 of the Government's 30 industry witnesses by deposition and these 18 depositions were introduced into evidence. The defendants noticed the depositions of the remaining 12 Government industry witnesses whereupon, by stipulation dated May 6, 1963 and filed May 7, 1963, the parties agreed that the testimony to be given at the depositions of these remaining 12 would be similar to the testimony given at the 18 depositions.

This stipulation shall be certified to the Supreme Court as a part of the record.

Dated:—.

/s/ James J. Coyle. /s/ Malcolm F. Knight, Attorneys, Department of Justice. Johnson, Bates & Sheffield and O'Melveny & Myers. By William W. Alsup, Attorney for Defendants.

Dated: June 18, 1965.

SUPREME COURT OF THE UNITED STATES, OCTOBER TERM, 1965

No.

UNITED STATES, Appellant,

vs.

VON'S GROCERY COMPANY AND SHOPPING BAG FOOD STORES

ORDER EXTENDING TIME IN WHICH TO DOCKET THE CASE AND TO FILE THE RECORD—June 14, 1965

Upon Consideration of the application of counsel for appellant,

It Is Ordered that the time for docketing the case and the filing of the record be, and the same is hereby, extended to and including June 28, 1965.

Wm. O. Douglas, Associate Justice of the Supreme Court of the United States.

Dated this 14th day of June, 1965.

SUPREME COURT OF THE UNITED STATES, OCTOBER TERM, 1965

No. 303

UNITED STATES, Appellant,

v.

VON'S GROCERY COMPANY, et al.

Appeal from the United States District Court for the Southern District of California.

ORDER NOTING PROBABLE JURISDICTION—October 11, 1965

The statement of jurisdiction in this case having been submitted and considered by the Court, probable jurisdiction is noted.

Mr. Justice Fortas took no part in the consideration or decision of this case.

☆ U. S. GOVERNMENT PRINTING OFFICE: 1966 797004 437

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CITATIONS

Cases:

Brown Shoe v. *United States*, 370 U.S. 294 ... 12, 14, 15, 16

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Statute:

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Congressional material:
House of Representatives Select Committee on Small Business (staff report to), *Status of Small Business in Retail Trade (1948–1958)*, December 16, 1960, 86th Cong., 2d Sess. — Page 18
H. Rep. No. 1191, 81st Cong., 1st Sess., p. 3 — 11
Senate Joint Resolution 71, 88th Cong — 18
Miscellaneous:
Economic Inquiry into Food Marketing, Federal Trade Commission (staff report, January, 1960) — 17, 18

In the Supreme Court of the United States

OCTOBER TERM, 1965

No.

UNITED STATES OF AMERICA, APPELLANT

v.

VON'S GROCERY COMPANY AND SHOPPING BAG FOOD STORES

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA

JURISDICTIONAL STATEMENT

OPINION BELOW

The opinion of the district court (App. A, *infra*, pp. 1a–19a) is reported at 233 F. Supp. 976. The findings of fact and conclusions of law are set forth in Appendix B, *infra*, pp. 20a–52a.

JURISDICTION

The judgment of the district court dismissing the complaint was entered on December 17, 1964 (App. C, *infra*, p. 53a). The notice of appeal was filed on February 12, 1965. The time to docket the appeal was extended by the district court to June 12, and by this court to June 28, 1965. The jurisdiction of this Court is conferred by Section 2 of the Expediting Act of February 11, 1903, 32 Stat. 823, as amended, 15

U.S.C. 29. *United States* v. *Penn-Olin Chemical Company, et al.*, 378 U.S. 158.

QUESTION PRESENTED

Von's Grocery Company, the third largest seller of grocery products in the Los Angeles area, acquired Shopping Bag Food Stores, the sixth ranking chain of grocery supermarkets in the area. The question presented is whether the effect of the merger may be substantially to lessen competition in violation of Section 7 of the Clayton Act, in view of the fact that the merging companies were substantial and leading competitive factors in the retail grocery business in the area—a business which has shown significant and increasing tendencies toward concentration in the hands of a few large chains.

STATUTE INVOLVED

Section 7 of the Clayton Act, 38 Stat. 731, as amended, 64 Stat. 1125, 15 U.S.C. 18, provides in pertinent part:

> No corporation engaged in commerce shall acquire, directly or indirectly, the whole or any part of the stock or other share capital and no corporation subject to the jurisdiction of the Federal Trade Commission shall acquire the whole or any part of the assets of another corporation engaged also in commerce, where in any line of commerce in any section of the country, the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly.

STATEMENT

This is a direct appeal from a final judgment of the district court dismissing after trial the govern-

ment's complaint alleging that the merger of Von's Grocery Company ("Von's") and Shopping Bag Food Stores ("Shopping Bag"), would violate Section 7 of the Clayton Act.

The complaint, filed on March 25, 1960, alleged that the merger would destroy the actual and potential competition between the merging companies in the distribution and sale of groceries and related products, would eliminate the significant role of Shopping Bag as an independent competitive stimulant in the market, would foster further mergers and acquisitions by other grocery supermarket chains, and would increase the concentration of ownership, management, and control of grocery supermarkets operated in the Los Angeles Metropolitan Area in the hands of a few large corporations. The merger was consummated on March 28, 1960, after the district court denied an application for a temporary restraining order.[1]

1. THE RELEVANT PRODUCT AND GEOGRAPHIC MARKETS

The pertinent facts are substantially undisputed; most were stipulated (App. A, pp. 3a–6a). It was agreed by the parties, and found by the district court, that the defendants were engaged in interstate commerce (App. A, p. 5a; App. B, Fdg. 84); that the relevant line of commerce was groceries and related products as a whole (App. A, p. 5a; App. B, Fdg.

[1] On June 30, 1960, the court refused a preliminary injunction which would have required separation of the two companies' operations pending the outcome of the suit, and stated that "the stores themselves are the basic assets of the business and the stores may be divested individually or in a group."

14);[2] and that the Los Angeles Metropolitan Area, consisting of Los Angeles and Orange Counties, California, was the area of effective competition and the relevant section of the country for determining the effects of the merger (App. A, p. 5a–6a; App. B, Fdg. 15). The Los Angeles area is the second largest metropolitan area in the United States in terms of population, income, and retail dollar sales. At the time of the merger, approximately 6,750,000 persons resided in the area and total retail sales of groceries were about $2,500,000,000 annually (App. B, Fdg. 15).

2. THE MERGING COMPANIES

Von's and Shopping Bag were among the leading chains of grocery supermarkets in the Los Angeles area. Both had commenced operations in the early 1930's, had grown significantly, and were large, profitable and expanding firms (App. B, Fdgs. 1–3, 6–9, 12(b)). Both companies retailed a complete line of groceries and related products at self-service, cash-and-carry supermarkets; both bought directly from suppliers; and both operated their own warehouse and distribution centers (App. B, Fdgs. 3, 5, 9, 55).

In 1958, Von's operated 27 grocery supermarkets in the area, with a sales volume of approximately $94,000,000. With 4.7 percent of total retail grocery store sales, it ranked third in the Los Angeles Metropolitan Area. Between 1948 and 1958, Von's had doubled the number of its stores, practically doubled

[2] These are the products "usually and customarily offered for sale in supermarkets and grocery stores, and consist of groceries, meats, produce, bakery goods, dairy products, delicatessen products, frozen foods, fruits, vegetables, household supplies, drugs and sundries * * *" (App. B, Fdg. 14).

its share of the market, and quadrupled its sales (App. B, Fdgs. 3, 12(b), 25).

In 1958, Shopping Bag operated 36 supermarkets with approximately $90,531,000 in sales. Thirty-four of the stores, with sales of approximately $84,164,000, were located in the Los Angeles Metropolitan Area. This gave Shopping Bag approximately 4.2 percent of the total retail grocery store sales and a rank of sixth in the area. Between 1948 and 1958, with an increase from 15 to 34 stores in the area, Shopping Bag more than tripled its share of the market and enjoyed more than a sevenfold increase in sales (App. B, Fdgs. 9, 12(b), 25).

Combined, the merging companies would have ranked first in terms of total sales in 1958 with approximately 8.9 percent of the market (App. A, p. 8a; App. B, Fdg. 74).[8] Von's ranked second to Safeway after the merger in 1960.

[8] A table incorporated in the court's opinion (App. A, p. 8a) lists the market share and industry rank of the ten leading chains for 1958 as follows:

	Rank in sales		Sales in Los Angeles Metropolitan Area	Percentage
	Before merger	After merger		
Total of Von and Shopping Bag		1	$177,667,000	8.9
Safeway	1	2	161,233,000	8.0
Ralph's	2	3	126,282,000	6.4
Von's	3		93,703,000	4.7
Market Basket	4	4	88,805,000	4.4
Thriftimart	5	5	88,383,000	4.4
Shopping Bag	6		84,164,000	4.2
Food Giant	7	6	72,727,000	3.6
Alpha Beta Rabins	8	7	63,727,000	3.1
Fox Markets	9	8	56,436,000	2.8
Mayhar	10	9	39,300,000	2.0
Total				63.6

3. THE ROLES OF THE MERGING COMPANIES IN COMPETITION IN THE MARKET

The district court found that the twenty leading chains of supermarkets in the Los Angeles area were all part of a network of retail grocery store competition in which the major grocery chains, as well as other grocers, "frequently responded to competitive practices originated by one of the other major chains" (App. B, Fdgs. 39, 41). Von's and Shopping Bag were both found to be "substantial competitive factors" in this market (App. B, Fdg. 42). They were among the relatively few firms which were able to engage in area-wide advertising, particularly in the metropolitan newspapers with broad circulation (Gx. 17, Gx. 18, Gx. 19).[4] Prior to the merger the major chains, including Von's and Shopping Bag, carefully checked and responded to each other's pricing policies (Gx. 23). Indeed, these two firms were among the seven which were included in a widely circulated pricing survey utilized by chain and independent grocery retailers in setting prices for their grocery items (Gx. 21).

As to direct competition between individual Von's and Shopping Bag stores the court found that, where the stores were so "located that both could compete for some of the same customers," "the competition was intensive" (App. B, Fdg. 41). The court noted that the average customer was willing to drive at least 10 minutes, or about 4 miles, to reach a particular

[4] In 1959, Von's net cost for advertising was $738,906 and Shopping Bag's gross expenditures (without allowance for cooperative advertising) were $1,187,627 (Gx. 19).

store (App. B, Fdg. 39), but refused the government's request that it make specific findings as to which of the individual stores were in direct competition for the same customers prior to the merger (Motion under Rule 52(b), pp. 4–8). Although the court suggested that such competition was rather limited,[5] the undisputed evidence shows the substantiality of this "intensive" competition.

Documents introduced by the defendants acknowledged that more than 20 percent of the stores operated by both firms prior to the merger were so located that they were likely to draw customers from overlapping areas (Dx. AV, exhibit E; Dx. BF, pp. 31–34, 77). The sales of these 17 stores in 1960 exceeded $43,000,000—$21,000,000 for Von's stores and $22,000,000 for Shopping Bag stores (Gx. 13).[6] The Government's evidence showed that the direct competition between individual stores was even greater. The testimony indicated that on the basis of ten-minute driving time, almost half of the stores of the two concerns, with sales of approximately $76,000,000, were in a position

[5] It found that there was such direct confrontation in "only four or five areas" (App. B, Fdg. 53), but did not state the number of stores of the merging chains located in those areas.

[6] While only part of the total sales of these 17 stores was made to customers who had readily available to them the competing products of both a Von's and a Shopping Bag store, the fact that each of these stores had to compete with the rival chain for a number of customers and a significant amount of business assured the benefits of competition to all the customers of each store. Thus, the district court found that "the competition was intensive" where stores were so "located that both could compete for some of the same customers" (App. B, Fdg. 41).

to compete directly for the business of over one million customers (Gx. 85, Tr. June 14, 1963, pp. 385–388). In 1960 total sales of the Von's stores so located were $35,126,288 and total sales by Shopping Bag stores so located were $40,639,913 (Gx. 13).

Further undisputed evidence showed that there was a pronounced tendency on the part of both firms to open stores in the same newly developed shopping areas (Gx. 79, 80, 81, 82).

4. THE COMMERCIAL SETTING OF THE MERGER

The changing market structure of grocery retailing in the Los Angeles area is well documented. There has been a continuous decline in the number of small, single-store operators and an increasing trend to large scale supermarkets operated by local and national chains. The court found that between 1950 and 1963, the number of single store operators decreased 1,775, from 5,365 to 3,590 and the number of stores operated by chains of 2 or more stores increased 102, from 856 to 958 (App. B, Fdg. 23).

The decline in the total number of stores was accompanied by a marked increase in the percentage of total retail grocery sales controlled by large chains. In 1948 the 20 leading chains did 43.8 percent of the business; in 1958 they accounted for 56.9 percent (App. A, p. 9a). Department of Commerce statistics also show that the market shares accounted for by the 8 largest chains in the area increased from 33.7 percent in 1948 to 40.9 percent in 1958; for the 12 largest chains, from 38.8 percent in 1948 to 48.8 percent in 1958; and for the 16 largest chains, from 41.6 percent in 1948 to 53.4 percent in 1958 (Gx. 6, 7).

The trend will apparently continue. The leading chains account for a predominant share of the business flowing from new openings. The 20 leading chains enjoyed 67.8 percent of the total dollar sales of grocery stores opened in the area in 1960 (Gx. 43). They opened 25 of the 29 new stores that had sales over $2 million each in that year (Gx. 37).

The period since 1948 has also been characterized by a pattern of purchases of established stores and sales of unwanted locations by the major chains operating in the Los Angeles Metropolitan Area. A table prepared from figures obtained by the Federal Trade Commission as a part of its study of food marketing shows that in the period 1948 through 1958, nine of the twenty leading chains acquired 126 grocery stores from concerns outside the top 20 chains. In 1958, 99 of the acquired stores were still operated by the acquiring chains and had sales of $192.9 million. During the same years these chains were disposing of a substantial number of unwanted outlets. While the record does not show the sales volumes of the stores disposed of by the leading chains, it does show that, without the acquired stores. the market share of the 20 top chains in 1958 would have dropped from 56.9 percent to 47.3 percent (Gx. 90, para. 11).[7]

---

[7] Data prepared by a principal defense witness showed that five of the leading ten chains in 1958 made acquisitions of stores in the area between 1957 and 1961 (Gx. 78).

Recently American Stores, Kroger, and Food Fair, three national chains not previously operating in the Los Angeles Metropolitan Area, have acquired some or all the stores operated by Alpha Beta, Market Basket, and Fox, large local chains. Alpha Beta and Fox had themselves grown by acquisition. (App. B, Fdgs. 60, 75(c), 76, Gx. 78).

5. THE DECISION OF THE DISTRICT COURT

Noting that, because of the stipulations, it was called upon to decide only whether the effect of the merger may be substantially to lessen competition in grocery products in the Los Angeles area, the district court concluded that this was not its likely effect. The decision was based both on the opinion testimony of some of the industry witnesses and on the absence of any direct evidence that the merger had caused a substantial change in competitive conditions in the grocery market in Los Angeles.

The district court emphasized the large number of competitors in the market, the present vigor of competition, and the continuing possibility of successful entry and growth in the market, despite the competition of the large chains. "It thus appears", the court said, "that the government in this case is really relying upon a mere union between '2 substantial competitive factors.' This, in practical effect, goes back to the Section 7 test which was in effect prior to the amendment of the act in 1950, and was eliminated as was clearly pointed out in the Senate Report. The government argues that over-all competition has been substantially reduced by the merger, but the proof falls short of establishing such to be the case. In fact, the figures relied upon by the government tend to establish to the contrary. Again it is repeated that in 1960 the approximately 4,800 stores in the area were operated by 4,000 separate concerns. The merger here did not materially change that situation." (App. A, pp. 15a–16a).

THE QUESTION IS SUBSTANTIAL

The Report of the House Judiciary Committee on the 1950 Clayton Act amendments made clear that a tide of concentration in traditionally competitive, "small business" industries, including specifically the food industry, was a matter of primary concern to Congress (H. Rep. No. 1191, 81st Cong., 1st Sess., p. 3):

> * * * [T]he current movement [the merger trend] has had the result of raising the level of economic concentration in a number of very specific ways. In the first place, recent merger activity has been of outstanding importance in several of the traditionally "small business" industries. More acquisitions and mergers have taken place in textiles and apparel and food and kindred products—predominantly "small business" fields—than in any other industries.

This case presents a substantial and important question as to the appropriate standards for application of Section 7 of the Clayton Act to "small business" industries—in particular, to a retail business which historically was marked by a large number of sellers and relatively low concentration, but which now shows a marked trend toward acquisitions, fewer firms, and increasing concentration. The decision in this case will largely determine the structure of the market for retail groceries in the important Los Angeles Metropolitan Area. Even more important, it will provide a significant guideline for similar retail sectors of the economy throughout the nation.

The instant merger took place in a market in which a decreasing number of firms have been obtaining a rapidly increasing share of the total business and in which the trend of openings suggests acceleration of the same tendency. It united two leading firms whose pricing policies are followed not only by the other major chains but by the entire retail grocery industry; the merger eliminated all competition between these firms whose combined annual sales totalled $177.9 million or 8.9 percent of the market. We submit that in this kind of a market, a merger of two such firms contravenes the policy of Section 7—repeatedly emphasized in the legislative history of the Act and the decisions of this Court—to halt the rising tide of economic concentration in the American economy and to preserve an economic way of life permitting the successful coexistence of numerous independent units. *Brown Shoe* v. *United States*, 370 U.S. 294, 315, 333.

1. The merging chains in this case were major competitive factors in the Los Angeles market. In terms of sales, industry position, market shares, number of supermarkets operated, and expansion activities, they ranked among the largest and most significant entities in the retail grocery business there. The record amply supports the lower court's finding that they were "substantial competitive factors" in the network of retail grocery store competition in the area.

As the third and sixth largest chains, Von's and Shopping Bag occupied imposing positions of market leadership. They were each among the few large chains whose pricing policies were surveyed by the

other major chains in establishing their own prices.[8] They were among the seven firms included in a widely circulated pricing survey utilized by both chains and independent retailers in setting prices for their grocery items. Only a few competitors could afford to compete with the merging companies in the kind of area-wide advertising which they used and which had a substantial impact on pricing.

The direct competition between Von's and Shopping Bag was obviously not limited to the neighborhoods in which each had stores. The record shows conclusively that each followed the area-wide pricing policies of the other, as each had to if it was to compete in the neighborhoods where both had stores. See n. 6, p. 7, *supra*. But even the amount of neighborhood-competition—which the district court described as "intensive"—was substantial. The store-to-store competition extended to stores whose total annual sales amounted to $43,000,000 annually, or to $76,000,000 annually, depending upon whether one accepts the government's analysis or the defendants'. In either event, this direct competition was of substantial proportions. Cf. *Standard Oil Co. of California* v. *United States*, 337 U.S. 293. Moreover, both companies had aggressively expanded in size and number

[8] The former president of Shopping Bag, currently a vice president of Von's, testified that he considered "Safeway and Von's, Food Giant and Ralph's," all large chains, when he set Shopping Bag's prices (Gx. 25). He also testified that Shopping Bag met the prices of Von's and the other larger chains, but was not generally concerned with "Mom and Pop" store prices (Gx. 23).

of stores, were able to compete for new store locations, and were moving into the same newly developed suburban areas. (App. B. Fdgs. 3, 9; Gx. 79, 80, 81, 82).

The elimination of competition between the two firms was in and of itself sufficient to condemn the merger. In terms of size, condition, position in the market and past performance, these two strong chains were substantial competitive factors in a market where not many could be said to fit that description, despite the number of enterprises in the business. The Court has recently reaffirmed the proposition that a merger of "major competitive factors" violates Section 1 of the Sherman Act, "without reference to the strength or weakness of whatever competition remained." *United States* v. *First National Bank,* 376 U.S. 665, 670, 673. There can be little doubt that a merger which would violate Section 1 is also contrary to Section 7, the purpose of which was to prohibit mergers whose effects upon competition are less immediate than those proscribed by the Sherman Act. See *Brown Shoe Co.* v. *United States,* 370 U.S. 294, 318, n. 33.

It is hardly necessary to add that the court below was mistaken in believing that the 1950 amendments to Section 7 removed "a mere union between '2 substantial competitive factors' " from the reach of the statute by eliminating specific reference to competition between the merging companies (App. A, pp. 15a–16a). It is entirely clear that, when Congress amended Section 7, it had no intention to declare

such an immediate loss of competition to be of no relevance, or even to be of reduced importance; it was merely adding other types of anticompetitive effects to those which the statute had long prohibited. As this Court said in *Brown Shoe, supra,* at 317, "by the deletion of the 'acquiring-acquired' language in the original text, it [Congress] hoped to make plain that Section 7 applied not only to mergers between actual competitors, but also to vertical and conglomerate mergers whose effect may tend to lessen competition in any line of commerce in any section of the country."

2. The anticompetitive effects of the merger between Von's and Shopping Bag are significantly increased by the rapidly concentrating market structure in which the merger took place. The court found that between 1948 and 1958 the share of the market enjoyed by the 20 leading firms increased from 43.8 percent to 56.9 percent, or by almost thirty percent. The increase of the shares of the top eight, twelve, and sixteen firms is equally imposing (see, *supra,* p. 8), especially in view of the offsetting loss of Safeway's predominant market position during the same years. The evidence as to new openings indicates that the tendency to increasing concentration will continue even without the accelerating force of significant mergers. The twenty leading chains enjoyed 67.8 percent of the sales made by stores opened in 1960.

Section 7 of the Clayton Act was intended to prevent mergers between significant competitors which

accelerate the already rapid processes of concentration in a market such as this. In the second largest retail market in the United States, two of the six largest supermarket chains have combined to form a single entity with annual sales of $177.9 million. By almost doubling the size of a concern which was already the third largest in the area, the present merger increased the share of the market enjoyed by the three largest chains from 19.1 percent (in 215 stores) to 23.3 percent (in 249 stores), an increase of 21 percent. The district court's failure to bar that merger, unless reversed by this Court, stands as an open invitation to countermoves in the market.

The merged firm's eight-percent share of the market in this case is substantially greater than the five-percent of the similarly fragmented retail shoe business which, in *Brown Shoe* v. *United States,* 370 U.S. 294, was viewed as constituting a "substantial" share of the trade in a city, a share which "may have important effects on competition" (370 U.S. at 343). In *Brown Shoe,* this Court noted that: "If a merger achieving a 5% control were now approved, we might be required to approve future merger efforts by Brown's competitors seeking similar market shares." 370 U.S. at 343–344. The same threat is present here where the leading chains have increased their share of the market by purchases of desirable competing stores and the sale of unwanted outlets and where major national chains have recently entered the market through wholesale acquisitions of large local chains. See *supra,* pp. 8–9 and n. 7.

The threat of ever-increasing concentration in the Los Angeles market structure is by no means rebutted by the district court's findings that this is an industry traditionally marked by ease of entry and in which a number of sturdy competitors have grown from small beginnings. The 20 leading chains are enjoying more than two-thirds of the business of new stores for good reasons. Entry and expansion by small operators are limited by the natural preference of shopping center operators for established large chains. As the district court found, shopping centers, which are increasingly important as the sites for business growth, prefer "a large grocery chain with a well-advertised name" and a secure financial position; "smaller concerns therefore have difficulty in obtaining shopping center locations" (App. B, Fdg. 54). Small firms cannot compete in effective advertising with the large chains which alone have sufficient resources and a large enough market to warrant the expense of popular media of area-wide circulation. See, *supra*, p. 6, n. 4. Even the amount of capital required simply to open a supermarket of the optimum size and style for grocery retailing in the current market is much greater than that required for the old-style grocery which was within the reach of so many potential entrants.

3. Much of the importance of this case stems from the fact that what has occurred in the very large Los Angeles market is typical of what has occurred throughout the United States. In January 1960 the Federal Trade Commission published a staff report en-

titled "Economic Inquiry Into Food Marketing" (hereafter, "Economic Inquiry"), which revealed that between 1948 and 1958 food chains with 11 or more stores increased their share of total national grocery sales from 34.5 percent to 43 percent, an increase of almost 25 percent. *Economic Inquiry*, p. 5. In the decade ending in 1958 these chains acquired about 2,238 stores of which they retained 1,550 in 1958, accounting for 9 percent of total sales of such chains in 1958 (*id.* at 16). In 1956, when these chains had less than 41 percent of total grocery store sales, they opened almost 70 percent of the large new supermarkets (*id.* at 15). By 1960 the cost of a new supermarket had approached $500,000 (*id.* at 11).

Partly in recognition of this trend—which has been a source of continuing concern to Congress[9]—the President recommended and Congress passed Senate Joint Resolution 71, 88th Congress (78 Stat. 269), which created a National Commission on Food Marketing charged with evaluating "[the] effectiveness of the * * * regulatory activities of the Federal Government in terms of present and probable developments in the industry." The effectiveness of the anti-merger provisions of the Clayton Act as an instrument of federal policy in the area of retail marketing of groceries depends upon the standards governing a merger such as this one, and it is, therefore, important for this Court to establish them.

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[9] See, *e.g.*, *Status of Small Business in Retail Trade (1948–1958)*, a staff report to the Select Committee on Small Business of the House of Representatives (December 16, 1960), 86th Cong., 2d Sess., p. 33.

CONCLUSION

For the foregoing reasons, probable jurisdiction should be noted.

Respectfully submitted.

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JUNE 1965.

APPENDIX A

United States District Court, Southern District of California, Central Division

No. 336-60-CC Civil

UNITED STATES OF AMERICA, PLAINTIFF

v.

VON'S GROCERY COMPANY AND SHOPPING BAG FOOD STORES, DEFENDANTS

Memorandum Opinion

Filed: September 14, 1964

This is an action instituted by the United States to enjoin the acquisition of Shopping Bag Food Stores by Von's Grocery Company which, it is alleged, violates Section 7 of the Clayton Act (15 U.S.C. § 18). Prior to March 28, 1960, the defendants operated as separate corporations; they are now merged. Jurisdiction exists in this court under Section 15 of the Clayton Act (15 U.S.C. § 25). Plaintiff contends and defendants deny that the effect of the merger between the defendants in this proceeding may be substantially to lessen competition or tend to create a monopoly, in violation of Section 7 of the Clayton Act.[1]

[1] Clayton Act, § 7, 15 U.S.C.A. 18 (1963), 38 Stat. 730 (1914): "No corporation engaged in commerce shall acquire, directly or indirectly, the whole or any part of the stock or other share capital and no corporation subject to the jurisdiction of the Federal Trade Commission (shall acquire the whole or any

The complaint was filed on March 25, 1960, and on March 28, 1960, an application for a temporary restraining order was denied by another judge of this court. Thereafter an application was made by plaintiff for a preliminary injunction to require Von's and Shopping Bag to be operated as separate entities pending trial of the action. This application was also denied by another judge of this court on June 13, 1960, and on July 1, 1960, interlocutory findings of fact and conclusions of law and the interlocutory order denying the motion for preliminary injunction were filed.

On April 24, 1961, a pretrial conference order, signed by the parties, was approved by the court. On December 15, 1961, plaintiff filed a motion for summary judgment which was also denied by another judge of this Court.

Beginning in November, 1962, and while discovery proceedings were in progress, efforts were made by the court and counsel to arrive at a method for the presentation of the evidence which would expedite the trial which had been estimated to consume from two to three months. A plan was finally formulated and stipulated to by the parties whereby either side might present, in lieu of oral testimony, affidavits of persons who had been expected to testify. Thereafter the opposing party, if it were desired, could cross-examine such witness by taking a deposition. This procedure was followed with respect to practically all of the witnesses which the parties had anticipated calling at the trial. Both parties called a relatively few witnesses to present oral testimony

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part of the assets of another corporation engaged also in commerce, where in any line of commerce in any section of the country, the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly. * * *"

at the trial. As a result of the pretrial procedures, the case consumed only approximately five days in actual trial time. Also a great many of the facts in the case were either stipulated to or admitted.

In accordance with the pretrial order, as amended, the following facts were admitted and required no proof:

It was agreed that the trial should be confined to the issue of whether the merger violated Section 7 of the Clayton Act and the matter of relief; in the event it was determined that Section 7 had been violated, hearings would thereafter be held as to appropriate relief; Von's was a Delaware corporation with its principal place of business at Los Angeles, California; subsequent to the merger it moved its offices to the former Shopping Bag headquarters at El Monte, California; Von's was one of the leading chains of supermarkets in the Los Angeles area; it and its predecessors had been engaged in the purchase, distribution, and retail sale of a complete line of groceries and related products since 1932; in 1959, Von's operated 28 supermarkets in the Los Angeles area with a total annual sales of approximately $85,000,000 for an average of approximately $3,000,000 in sales per store; also its supermarkets are of the self-service, cash and carry type;

Von's also owned and operated a modern distribution center; direct railroad and truck shipments were made to this distribution center which provided facilities to receive and distribute the groceries to Von's supermarkets throughout the Los Angeles area; after the merger Von's sold its distribution center to a competitor and has since used the former Shopping Bag distribution center;

Shopping Bag was a California corporation with principal offices at El Monte, California; on the date

of the merger, Shopping Bag was merged into Von's; prior to the merger, Shopping Bag was a leading chain of supermarkets; it and its predecessors had been engaged in the purchase, distribution, and retail sales of a complete line of groceries and related products in the Los Angeles area since 1933; in 1959, Shopping Bag operated 36 complete supermarkets in the area, which had a total annual sales of approximately $79,000,000 for an average of approximately $2,100,000 in sales per store; all of its stores were of the self-service, cash and carry type;

In 1958, Von's ranked third and Shopping Bag fifth in terms of total sales by grocery stores in the Los Angeles metropolitan area; Von's had approximately 4.10% and Shopping Bag approximately 3.09% of all grocery store sales in the area; Shopping Bag ranked sixth and Von's eighth in terms of total number of markets operated in the area in that year; combined, Von's and Shopping Bag ranked second in terms of dollar of sales and in terms of total number of supermarkets in the metropolitan area; following the merger, Von's accounted for approximately 8% of all grocery sales in the area; taken as a whole, the following products were agreed to constitute the relevant line of commerce in the case: groceries, meats, produce, bakery goods, dairy produce, delicatessen produce, frozen foods, fruits, vegetables, household supplies, drugs, and sundries; in 1959, the sale of food products accounted for 90% of all sales by grocery stores in the area;

The relevant trade area in which defendants operated prior to the merger was the Los Angeles metropolitan area consisting of Los Angeles and Orange Counties; Los Angeles ranks as the second largest metropolitan area in the United States in

terms of population, income, and retail dollar sales; approximately 6,750,000 persons reside in the area and total retail sales were approximately $9,100,000,000 in 1957; the Los Angeles metropolitan area is an appreciable trade area and a section of the country within the meaning of Section 7 of the Clayton Act; sales of groceries in the area approximate $2,500,000,000 annually;

Von's and Shopping Bag prior to the merger were engaged in interstate commerce and Von's presently is engaged in interstate commerce; several cooperatives operate in the metropolitan area, some who sell to nonmembers; Orange Empire, a cooperative, services numerous retail members and nonmembers in California, Arizona, and Nevada with an annual wholesale sales of approximately $280,000,000; prior to the merger, the twenty leading chains of supermarkets were all a part of the retail grocery competition in the area and each of the chains competed with each other; there was direct competition between some of the Von's stores and some of the Shopping Bag stores, particularly in those instances where the stores were so located that they were competing for the same customers.

With respect to the issues of fact and law, the parties are in agreement as follows: (1) that the defendant corporations were engaged in interstate commerce; (2) that the court has jurisdiction; (3) that any products or groups of products which are of sufficiently peculiar characteristics and uses as to make them distinct from all other products are in line of commerce within the meaning of Section 7 of the Clayton Act and that groceries and related products, taken as a whole, have such peculiar characteristics and uses in the operation of retail grocery stores;

(4) that groceries and related products are the relevant line of commerce for determining whether the instant merger violates Section 7; (5) that the area of effective competition is a section of the country in the instant case; (6) that the relevant section of the country need not be the entire nation; (7) that the Los Angeles metropolitan area is a relevant section of the country for determining the effect of the merger.

In view of the stipulations and pretrial orders, it thus appears that the court is called upon to decide only the issue as to whether the merger may be substantially to lessen competition or tend to create a monopoly in the line of commerce and section of the country here involved.

The government apparently in one of its latest memoranda insists, at least inferentially, that the impact upon suppliers is involved as one of the issues in the case. However, it is to be noted that in the pretrial order, as amended, it is stated that defendants assert that the Los Angeles area is not the relevant section of the country as to the wholesale sale and purchase of groceries. There also appears the following:

> "The government assumes no burden of proof as to the relevant section of the country at the wholesale level since *it intends to base its case on the probable effects of the merger in the relevant section of the country for grocery retailers which is the Los Angeles metropolitan area.*" [Emphasis supplied.]

Obviously the pretrial order confined the parties to the matters agreed to therein. Furthermore, the government made no attempt to predicate its case upon the basis that suppliers had been eliminated.

Both the legislative history[2] and decisions of the Supreme Court, beginning with *Brown Shoe Co.* v. *United States,* 370 U.S. 294, set forth the purpose of Section 7 of the Clayton Act. The act was intended to prevent a merger or acquisition of assets when the effect may be to substantially lessen competition or tend to create a monopoly. It was noted in *Brown Shoe Co.* v. *United States,* at page 332, United States Reports: "But the very wording of § 7 requires a prognosis of the probable *future* effect of the merger" (italics original). It would appear that in order to determine the future effect resort must be had to the developments in the retail grocery business in the area in question. In making this determination it must be kept in mind that the act intended to cover more than the Sherman Act, yet to stop short of the stated test of Section 7 as it existed at the time the matter was before the Congress for amendment.

The legislative history[2] indicates that the purpose of the proposed amendment to Section 7 was to prohibit the acquisition of the assets of another corporation when the effect of the acquisition may be substantially to lessen competition or tend to create a monopoly. The over-all purpose was to limit further growth of monopoly and aid in preserving small business. On the one hand, it was desired that the test be more inclusive and stricter than that of the Sherman Act; on the other hand, it was not desired that the legislation go to the extreme of prohibiting all acquisition between competing companies. The intent was to cope with monopolistic tendencies in their incipiency and before they had attained such effects as to justify a Sherman Act proceeding. It should be noted that the Senate Report states:

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[2] Senate Report No. 1775, 2 U.S. Code Congressional Service, pp. 4293–4300 (81st Congress, 2nd Session, 1950).

> "These various additions and deletions—some strengthening and others weakening the bill—are not conflicting in purpose and effect. They merely are different steps toward the same objective, namely, that of framing a bill which, though dropping portions of the so-called Clayton Act test that have no economic significance, reaches far beyond the Sherman Act." (p. 4297)

The words, "may be," appear in the bill in defining the effect on competition. The committee's report states:

> "The use of these words means that the bill, if enacted, would not apply to the mere possibility but only to the reasonable probability of the prescribed effect, * * *" (p. 4298)

Before the merger, Von's percentage of sales was 4.7%, while Shopping Bag's was 4.2%. Combined, they represent 8.9% of the sales of the metropolitan area. The following table shows the industry rank and share of the total grocery sales of the 10 leading chains in the area in 1958:

	1958 Rank in Sales		Sales in Los Angeles Metropolitan Area	Percentage
	Before Merger	After Merger		
Total of Von and Shopping Bag	----------	1	$177,867,000	8.9
Safeway	1	2	161,233,000	8.0
Ralph's	2	3	128,283,000	6.4
Von	3	----------	93,708,000	4.7
Market Basket	4	4	88,806,000	4.4
Thriftimart	5	5	88,883,000	4.4
Shopping Bag	6	----------	84,164,000	4.2
Food Giant	----------	6	72,727,000	3.6
Alpha Beta Raisins	8	7	62,727,000	3.1
Fox Markets	9	8	56,438,000	2.8
Mayfair	10	9	39,303,000	2.0
Total	----------	----------	----------	43.6

The change in the number of stores in the area is indicated by the following computations, the word,

"multiple," meaning units of two or more stores operated as one concern:

	Jan. 1, 1950	Jan. 1, 1961	Jan. 1, 1963
Single	5,385	3,818	3,820
Multiple	836	923	928
	6,221	4,741	4,748

Between 1948 and 1958 the market share of the 20 largest chains increased from 43.8% to 56.9%. The government contends that the merger had the effect of substantially lessening competition in that separate conduits through which substantial quantities of groceries and related products flowed were united into a single organization; also that the merger united purchasing and warehousing functions, the purchase of advertising as well as all other functions which had formerly been carried on by each of the two corporations.

The government industry witnesses were single store operators and in practically every instance testified that in their opinion the merger would lessen competition. In most instances, their opinions were of little assistance since at best they were merely conclusions without supporting data or explanation. The defendants presented numerous industry witnesses who testified that the merger would increase competition rather than decrease it. The government did not cross-examine the defense industry witnesses; but the defendants cross-examined the industry witnesses produced by the government. While the government offered some evidence to account for the decrease in the number of single stores, in the main it predicated its position upon the decrease in the number of such stores with the increase in population at the same time.

Many factors appear to account for the decrease in stores and most of those factors are not necessarily

connected with the growth of the chains. For example: in 1931, Safeway had approximately 1,000 stores in the area and today it has only 147. The reason for this appears to be the development of the supermarket, the shopping centers, and the decrease of the small neighborhood grocery store. Furthermore, the shift in the population, the shift in transportation from streetcars to automobiles, and many changes in merchandising methods effected the change to the supermarket era. The evidence as to closed chain stores disclosed many reasons for such closings such as failure of some of the local chains, closings to move to what were considered better locations, closings because of the change to the supermarket store, and in some instances the movement of population. Also many of the disappearing single stores became part of chains of two or more stores. One of the important factors in many of the failures was lack of previous experience in the grocery business; however, it was impossible to arrive at the number of failures in this category. It was impossible to determine the number of closings of grocery stores because of the construction of freeways, although the number must have been substantial.

The evidence showed that many persons had entered into the grocery business in recent years often as single store operators and had been successful in increasing their business from year to year. For example: Wood, a grocer, has developed a 10-store chain since 1954, while Grocer Goodnight left a major chain in 1959 and since 1960 has developed a 7-store chain. Defendants produced at least 10 witnesses who had opened single stores in recent years and who have continued to increase their sales year by year. In each instance, they have been competing with the major chains with stores located close to them. One outstanding example was that of Grocer Gelson, who

began with assets of $5,000 in 1946 in a small market in North Hollywood. In 1951, he sold this and ultimately ended up in a market in Encino. His annual sales now are approximately $6,000,000, although he is in competition with stores of the larger chains, the smaller chains, and others.

One thing that stands out in the case is the fact that many executives from chain store operations have left the various chains and opened up stores on their own, usually beginning with a single store and ultimately developing into a small chain of supermarkets. An executive for one of the chains testified that one of the great problems for the larger chains was the loss of executives who were leaving to open grocery businesses of their own. In many instances, these persons have purchased a single store of one of the chains, usually where it was not doing too well, and from that point developed a successful grocery retail business. The experience gained while employed by larger chains has apparently been the basis for the success of many of these operations.

On the other hand, it is to be noted that several of the smaller chains encountered difficulty because of lack of experience, overexpansion, and lack of capitalization and were forced into bankruptcy or compelled to sell. The evidence leaves no doubt that experience in the grocery business has usually made it possible for a person to enter the retail grocery field as a single store operator and be successful.

Witness Lebhar, Editor-in-Chief of "Chain Store Age," which publishes "Chain Store Age," "Shopping Center Age," "Discount Store News," and who is also an officer of the Board of Business Guides, Inc., and other publications, testified that the number of concerns operating two or more grocery stores in Los Angeles and Orange Counties increased from 96 in

1953 to 150 in 1962 but that the greatest increase during the period occurred in the number of concerns operating 2 or 3 stores. Such concerns increased 86%—from 56 to 104. His testimony also showed that 7 of the 24 chains which operated 10 or more stores in 1962 were not in business as chains in 1953.

It is interesting to note that in 1948 Safeway accounted for 14.2% of sales in the area and Ralph's, 6.9%, for a total of 21.1%; but in 1958, Safeway and Ralph's combined had declined to 14.3% despite a substantial increase in their sales volume. In other words, during the period when it is claimed that the competitive situation was deteriorating, single store operators and small chains were beginning, growing, and competing successfully.

In 1960, the approximately 4,800 stores in the area were operated by 4,000 separate concerns. During 1960, 128 new "single outlet" stores opened. The leading 20 chains opened 67 new stores in 1960 against 171 by smaller chains and single store operators. While the 10 leading chains accounted for 43.6%, the remainder, including 3,818 single store operators, accounted for 56.4% of the sales in the area in 1960. Another indication of the competitive situation is the fact that Shopping Bag's gross increased while its profits decreased. The witness, Hayden, president of the company, testified that this was occasioned by competition as well as the need for experienced executives.

There was considerable evidence relative to the part played in the grocery business by the so-called cooperatives, namely: the Certified Grocers of California, Ltd., Spartan Cooperative, and Orange Empire. (There is disagreement by the parties as to whether Orange is a cooperative or merely a grocery

wholesaler.) Each of these sells only to its members; however, there is apparently no restriction upon those who may become members. The role of the cooperative is of major importance in the distribution of groceries. Certified is wholly owned by the grocery retailers who buy through it. Its membership consists of approximately 900 grocery concerns which operate almost 1,600 retail stores. Spartan Grocers is a wholly owned subsidiary of Certified with approximately 1,200 members who operate 1,255 stores. Most of their members are engaged in business in Los Angeles and Orange Counties. Certified handles more than 13,000 items, including dry groceries, frozen foods, delicatessen products, and various non-food products, including housewares and appliances.

The evidence indicated that some of the larger chains buy their grocery products through Certified. Certified's annual sales increased from $87,000,000 in 1948 to $345,000,000 in 1962.

Orange Empire with approximately 1,000 members accounted for wholesale sales of $321,000,000 in 1962. Certified, Spartan, and Orange do not carry fresh meat or produce or certain dairy products. Generally speaking, the three, Certified, Spartan, and Orange, are made up of a membership of smaller concerns operating from 1 to 20 stores. In so far as the products which are sold by the 3 cooperatives are concerned, there can be little doubt that the single operator or small grocer can compete effectively with the large chains or anyone else in purchasing such groceries.

As to produce which is not distributed by the 3 cooperatives, the evidence indicates that the single store or small operator could effectively compete in purchasing such produce. The government appeared to contend that the large chains had a substantial advan-

tage in the purchase of meat supplies. However, the evidence failed to support this claim.

Another group now participating in the distribution of groceries is the discount house. The evidence indicates that this phase is expanding rapidly and may well indicate a substantially additional competitive force. While the development of the discount house apparently indicates a return to the general store, so, in turn, is the supermarket moving more and more toward the concept of a general store. Many of them now include not only groceries but hardware, appliances, liquor, and many other items which in the past have been distributed by specialty stores.

One of the contentions made by the government is that the chains have a distinct advantage over the smaller concerns in obtaining space in the shopping centers. This is probably true since the average builder of a shopping center is anxious to obtain a longtime lease by a large chain with a well advertised name which will attract attention and also induce other large concerns to lease areas in the shopping center. It is only natural that the shopping center owner would prefer the company with the greater financial resources. Shopping centers are usually in new developments and require some pioneering. The record does not disclose the number of supermarkets in shopping centers or a definition of "shopping centers."

One of the witnesses for defendants, Campbell Stewart, gave testimony which should be accorded considerable weight. He operated retail grocery stores in the area from 1927 to 1945, at which time he became general manager and vice president of Certified. In 1955 he became president, retiring in 1961 although continuing his employment as con-

sultant to Certified. He pointed out that his organization was started by 15 owners of 1 or 2 stores so that they could pool their purchases and enjoy quantity discounts obtained by the larger concerns. At the time of trial, he testified that Certified is the largest retail-owned food wholesaler in the United States; that Certified is directly concerned by any development in the food retail business which might affect small grocery retailers since they have always been and still are the primary source of Certified's business. He stated that, if the small retailers were placed at a competitive disadvantage, Certified would be adversely affected. He went on to state that in his opinion the merger in question would not tend to substantially lessen competition.

The government's case appears to be predicated upon the following: (1) the union of 2 substantial competitors in the area, (2) increased concentration, (3) a reduction of separate competitive factors, and (4) the elimination of the acquired firm as a separate competitive entity. It will be readily noted that propositions 2, 3, and 4 are necessarily included in proposition 1, that is, the union of 2 substantial competitors. Obviously when 2 substantial competitors merge there has to be increased concentration and a reduction of the separate competitive factors as between the two and the elimination of one as a separate competitive entity. It thus appears that the government in this case is really relying upon a mere union between "2 substantial competitive factors." This, in practical effect, goes back to the Section 7 test which was in effect prior to the amendment of the act in 1950, and was eliminated as was clearly pointed out in the Senate Report. The government argues that over-all competition has been substantially reduced by the merger, but the proof falls short of

establishing such to be the case. In fact, the figures relied upon by the government tend to establish to the contrary. Again it is repeated that in 1960 the approximately 4,800 stores in the area were operated by 4,000 separate concerns. The merger here did not materially change that situation. It did not increase or decrease competition store for store with any grocer, single store, or chain, since the acquired stores continued as before. As between stores, only a few of those of Von's and Shopping Bag were in direct competition since generally each company's stores were in different localities of the area. A few did compete directly. Apparently the reason for the failure of the evidence to pinpoint a decrease in competition was because there was actually no decrease.

The parties stipulated to the following, showing the breakdown of concerns in the area in 1962:

Concerns operating:	No. of concerns
10 or more stores	24
4 to 9 stores	22
2 to 3 stores	104
1 store	3,709
Total	3,859

It was also stipulated as follows:

> "4. The following table compares the number of stores operated by and the combined market share of the 20 largest chains in the area in 1958 with the smaller chains and independents.*

*(Reference to footnote omitted.)

	No. of Stores	Market Share	
		Govt. Figures	Def. Fig.
Top 20 chains	598	56.9%	54.3%
Independents and smaller chains	4,301	43.1	45.7"

Here it should be noted that the government seeks to have the court disregard evidence of what occurred after March 20, 1960, the date of the filing of the suit. It is difficult to take such a contention seriously in view of the government's reliance upon facts occurring up to as late as January 1, 1963. For example: Government Exhibit 35 sets forth the number of single and multiple stores as of January 1, 1963, and the government in its proposed findings of fact included these figures. The government's proposed findings of fact also set out figures for both 1961 and 1962 repeating single and multiple stores. Suffice it to say that both *Brown Shoe* and *DuPont* refer to facts occurring after suit was filed and during the pendency of the suit. It would indeed be an incongruity for a court to close its eyes to facts which would, with a reasonable degree of certainty, establish whether or not there was reasonable probability of the lessening of competition and predicate its decision solely upon prediction or prognosis. A court of equity cannot at the time of its decree disregard changed conditions since the filing of the suit or adopt a conclusion that has since proved to be unwarranted.

The evidence respecting the economic conditions existing during the years, 1961, 1962, 1963, would appear to be far more reliable as a guide in determining the effect of the merger than the "prognosis" mentioned in *Brown Shoe*.

One of the principal witnesses for the government supplied evidence which is of material benefit to a determination of this case. He was Ward Jenssen, a market consultant who has worked for a number of chains such as Food Giant, Ralph's, Market Basket, and others. From his research it was developed that customers of supermarkets take various things into consideration including the following: price, general

appearance of the store, size and variety of brands, parking space, whether the store is in a shopping center or is a free standing store, general familiarity with the store's reputation, quality of meat, quality of produce, check stand service, cleanliness of the store, etc. The average customer is willing to drive for at least 10 minutes, equivalent to about 4 miles, to shop. Jenssen found that shoppers are willing to pass by other stores in order to go to a specific store which they believed well met their top demands. Research has thus indicated what the shopper wants. The supermarket usually offers most of these things, while the corner grocery cannot. In its "Summary of the Facts" the government states that the decline in the number of individual grocery stores resulted "largely from increasing size of supermarkets * * * and fewer stores are needed to serve a comparable number of people." This appears to account for the decrease in the number of stores and it apparently is what the consumer desires.

The evidence showed that the average shopper has from 2 to 10 competing stores within convenient distance to shop. To increase the number of stores in the area may sound good but to do so may well require a return to the corner grocery and the elimination of the services and quality and variety of products which the public now seems to demand. One thing does appear: Price reduction has gone about as far as possible. The remaining factor is service to the customer and his convenience. An effort to get up an economic environment to equalize competitors in the grocery business will not only destroy the competitive factors which afford the public the benefits which they are now receiving but may well result in much higher prices. The key to success in the grocery business in the area does not appear to rest upon the number

of stores operated but how they are operated. From all of the economic factors disclosed, there appears generally to have been a change from the small corner grocery to the supermarket. This would seem to be the main reason for the decrease in the number of stores in the area.

The evidence discloses that the competition in the area appears to remain vigorous, open to anyone and especially those with experience and training, and the consumer is reaping the full benefit. From the evidence, it cannot be concluded that the merger in question would probably lessen competition in the metropolitan area either at the time of the merger or in the foreseeable future. The defendants are entitled to judgment.

Counsel for the defendants is directed to prepare proposed findings of fact and conclusions of law and judgment pursuant to Rule 58, F.R.C.P., and to serve and lodge the same with the clerk of the court within 30 days, and plaintiff shall have 15 days thereafter to serve and file objections thereto.

Dated: September 14, 1964.

CHARLES H. CARR,
United States District Judge.

APPENDIX B

United States District Court, Southern District of California, Central Division

Civil No. 336-60-CC

UNITED STATES OF AMERICA, PLAINTIFF

v.

VON'S GROCERY CO. AND SHOPPING BAG FOOD STORES, DEFENDANTS

Findings of Fact and Conclusions of Law

The above-entitled matter having come on regularly for trial on June 11, 1963 before the Honorable Charles Carr, Judge of the above-entitled Court; plaintiff United States of America being represented by James J. Coyle, John F. Hughes and Malcolm F. Knight, and defendants being represented by Johnson, Bates & Sheffield, by James E. Bates, and O'Melveny & Myers, by William W. Alsup and William W. Vaughn; and evidence, both oral and documentary, having been received; and the matter having been reopened on March 23, 1964 for the taking of further evidence and for oral argument; whereupon the case was submitted for decision;

Now, therefore, the Court, being fully advised in the premises, does hereby make the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. As of March 25, 1960, when this action was commenced, defendant Von's Grocery Co. (hereinafter Von's) operated 28 grocery stores, all of which

were located in Los Angeles and Orange Counties, California, and Von's was one of the leading chains of supermarkets in the Los Angeles Metropolitan Area.

2. Von's is a Delaware corporation and is the successor to a family partnership which entered the retail grocery business in 1932 by undertaking to operate the grocery concession in a small grocery store in the City of Lynwood, Los Angeles County, California.

3. Thereafter, Von's opened other stores until in 1948 it was operating 14 grocery stores whose total sales were approximately $21,794,000. In 1954, Von's had 19 stores and sales of $63,730,000. In 1958, it had 27 stores and a sales volume of approximately $93,703,000. This amounted to approximately 4.7% of total grocery store sales and 4.2% of total food store sales in Los Angeles and Orange Counties, meaning that in terms of sales Von's ranked third among all grocery concerns operating in those two counties. Both Safeway and Ralphs had greater sales. In terms of number of stores, Von's ranked eighth behind Safeway (154 stores), Alpha Beta (48 stores), Thriftimart (43 stores), Market Basket (39 stores), Shopping Bag (34 stores), Ralphs (34 stores), and Fox (34 stores). In 1959 Von's had 28 stores and sales of approximately $86,606,000, or an average of approximately $3,000,000 in sales per store. The Von's supermarkets are of the self-service, cash-and-carry type.

4. For the most part, Von's stores were located in the southern and western portions of the Los Angeles Metropolitan Area.

5. Von's also owned and operated a modern distribution center; direct railroad and truck shipments were made to this distribution center which provided facilities to receive and distribute the groceries to

Von's supermarkets throughout the Los Angeles area. After the merger with Shopping Bag hereinafter described, Von's sold its distribution center to a competitor and has since used the former Shopping Bag distribution center.

6. As of March 25, 1960, Shopping Bag Food Stores (hereinafter Shopping Bag) was a California corporation operating 36 grocery stores in Los Angeles and Orange Counties, California, and two grocery stores in San Bernardino County, California. Shopping Bag was one of the leading chains of supermarkets in the Los Angeles Metropolitan Area.

7. Shopping Bag was the successor to a partnership consisting of W. R. Hayden and W. B. Rorex, which began business in 1930 with the operation of a grocery concession in a small grocery store in Los Angeles County. The partnership commenced operating a grocery concession in a second store in 1931. It added two more grocery concessions in 1932 and two more in 1933. In that year the partnership was dissolved and a corporation, Shopping Bag Markets, formed to succeed it. In 1947, the corporation's name was changed to Shopping Bag Food Stores.

8. By 1945, Shopping Bag had 12 stores and was operating all the concessions in them. In that year, W. D. Rorex retired and thereafter the majority of the stock in Shopping Bag was owned by W. R. Hayden and his family.

9. Shopping Bag continued to expand its business. In 1948, Shopping Bag had 15 stores and sales of approximately $11,396,000. In 1954, it had 23 stores and sales of approximately $52,444,000. In 1958, it had 36 stores and approximately $90,531,000 in sales. Two of these stores were in San Bernardino County. The remaining 34 in Los Angeles and Orange Counties had sales of approximately $84,164,000 in 1958.

This gave Shopping Bag approximately 4.2% of total grocery stores sales and 3.8% of total food store sales in Los Angeles and Orange Counties, meaning that Shopping Bag ranked sixth in terms of sales behind Safeway, Ralphs, Von's, Market Basket and Thriftimart, and fifth in number of stores (see Finding 3). In 1959, with 38 stores (two of which were outside the Los Angeles Metropolitan Area), Shopping Bag had sales of approximately $84,404,000, or an average of $2,100,000 sales per store; all of its stores were of the self-service, cash-and-carry type.

10. For the most part, Shopping Bag stores were located in the northern and eastern portions of the Los Angeles Metropolitan Area.

11. On March 28, 1960, Shopping Bag was merged into Von's. Shopping Bag shareholders received Von's stock in return for their Shopping Bag stock.

12. Many of the factors which affected the officers and directors in consummating the merger of the two corporations were:

(a) The operations of the two chains complemented each other with little overlap in the geographical areas each served.

(b) Prior to the merger, W. R. Hayden was the most actively responsible officer and stockholder carrying on the affairs of Shopping Bag's business. The management of the company was in his hands and he was assisted by only a few other executives. By 1959 it was apparent that Shopping Bag's earnings and profits were declining, even though its sales were increasing. This was a matter of grave concern to Shopping Bag and to its president and principal stockholder, Mr. Hayden. The following table shows Shopping Bag's total sales, net income, percentage of net income to total sales and percentage of net profit after taxes to total assets for the years 1957, 1958 and

1959. For purposes of comparison, the same fiscal information for Von's is also set forth:

SHOPPING BAG

Year	Total Sales	Net Income	% of Net Income to Total Sales	% of Net Profit to Total Assets
1957	$87,007,857	$1,360,888	1.6%	6.6%
1958	90,531,209	912,851	1.0%	3.9%
1959 [1]	94,403,865	770,122	.9%	3.2%

VON'S

Year	Total Sales	Net Income	% of Net Income to Total Sales	% of Net Profit to Total Assets
1957	$89,990,056	$1,872,943	2.1%	12.7%
1958	94,463,993	1,947,367	2.1%	12.4%
1959 [1]	86,603,829	1,981,358	2.3%	10.9%

[1] A four-week strike in January 1959, resulted in lower sales for each company in that year.

(c) After more than 30 years in the grocery business, Mr. Hayden wanted to become less active but he was concerned about what would happen to Shopping Bag if he were to do so because Shopping Bag did not have a strong managememnt staff to take over his responsibilities. Von's had a superior organization and a management team which was capable of operating a chain of 60 or 70 stores.

(d) It was anticipated that (and this has proved to be the case) the merger would result in greater efficiency and lower operating costs for the two companies combined than they could have achieved otherwise. Savings would be realized primarily in overhead, general and administrative, advertising, warehousing, and distribution expenses.

(e) Prior to the merger, the Von der Ahe family owned 80% of Von's stock and the Hayden family held 60% of Shopping Bag's stock. It was recognized that the death of any member of either family who held a large number of these shares might create

estate tax problems requiring the forced sale of stock in order to meet death taxes. The merger gave Von's 5,344 public stockholders and a much broader and more active market for its stock. By reason of the merger, Von's was able to meet the listing qualifications of the New York Stock Exchange and, accordingly, Von's stock was listed on that Exchange in 1961. The merger has resulted in a more favorable market atmosphere for the disposal of stock by either the Von der Ahe or Hayden families.

13. Shopping Bag had expanded rapidly through internal growth. However, it suffered from a shortage of qualified executive personnel.

14. The parties have agreed and the Court finds that the relevant line of commerce in this case is groceries and related products taken as a whole. These are the products usually and customarily offered for sale in supermarkets and grocery stores, and consist of groceries, meats, produce, bakery goods, dairy products, delicatessen products, frozen foods, fruits, vegetables, household supplies, drugs and sundries; in 1959 the sale of food products accounted for 90% of all sales by grocery stores in the area.

15. The parties have agreed and the Court finds that the relevant section of the country in this case is the Los Angeles Metropolitan Area, which is defined as Los Angeles and Orange Counties, California. Los Angeles ranks as the second largest metropolitan area in the United States in terms of population, income and retail dollar sales; approximately 6,750,000 persons resided in the area and total retail sales were approximately $9,100,000,000 in 1957. The Los Angeles Metropolitan Area is an appreciable trade area and a section of the country within the meaning of Section 7 of the Clayton Act; sales of groceries in the area approximate $2,500,000,000 annually.

16. The plaintiff made no attempt to predicate its case upon the basis that suppliers had been eliminated or adversely affected by the merger.

17. In the 1920's and 1930's, the grocery business in Los Angeles was being conducted from small, corner grocery stores. In these stores, usually one man or one company would operate the grocery concession or department, another the meat concession, another the produce concession, and so on. Sales in a typical store of this character were from $2,000 to $2,500 a week. Few housewives had automobiles at their disposal during the day. Consequently, they usually had to walk to the grocery store where they did their shopping. This meant that the area from which the typical store drew most of its customers was limited to a block or two in any direction and if a particular grocery store happened to be the only one in its immediate neighborhood, it had a virtual monopoly of local trade. In the 1920's there were a number of "chains" doing business in Los Angeles. They included Piggly Wiggly, E. A. Morrison, Humpty Dumpty, Crown Emporium, Ralphs, and Von's (a company then owned by Charles A. Von der Ahe, the father of the men who started and still operate the present Von's). These chains operated from 10 to 90 grocery concessions in small grocery stores. In addition, there were a number of smaller concerns operating less than ten grocery concessions as well as many who operated only one concession.

18. Between 1927 and 1929, MacMarr Stores acquired the then Von's, E. A. Morrison, Humpty Dumpty, Crown Emporium and other chains in Los Angeles. Later, Safeway Stores acquired Piggly Wiggly, and in 1931, Safeway acquired MacMarr. This gave Safeway over 1,000 stores in the Los Angeles area.

19. During the 1930's, Safeway was the leading chain in the retail grocery business in Los Angeles. Ralphs was also operating a successful chain. Concerns which were later to become larger, such as the present Von's, Shopping Bag, Market Basket, Thriftimart or their predecessors, started with one store in or about 1932.

20. Starting in the late 1930's, the concept of a grocery store being divided up into concessions or departments operated under separate ownerships began to undergo a change. Certain concerns commenced to operate all departments in their stores.

21. In the early 1940's, another change in grocery retailing began to take place—a trend toward larger stores, called supermarkets, which offered a greater number and variety of products. Automobiles were more widely owned in the 1940's and many people chose to drive to the grocery store, meaning that it was desirable for a store to provide parking facilities. Many of the new supermarkets had parking lots. In view of their larger size, parking facilities and other attractions, supermarkets began drawing customers from a wider area than had the grocery stores of the 1920's and 1930's.

22. During World War II, there was a building moratorium, but as soon as the war was over, many new supermarkets were constructed in the Los Angeles Metropolitan Area, keeping pace with the population explosion which this area was experiencing.

23. The change in the number of stores in the area is indicated by the following computations in which the word "multiple" means units of two or more stores operated by one concern:

	January 1, 1950	January 1, 1961	January 1, 1963
Single	5,365	3,818	3,620
Multiple	856	923	928
Total	6,221	4,741	4,548

The foregoing figures appear to be the most reliable which could be obtained.

24. The following are some of the reasons for the decline in the number of stores in the period January 1, 1950 to January 1, 1963:

(a) The development of the supermarket and the shopping centers led to a decrease of the number of small neighborhood grocery stores of both single store operators and the chains;

(b) The shift in population, the shift in transportation from street cars to automobiles and the many changes in merchandising methods which effected the change to the supermarket era;

(c) Failures of some of the local chains and single store operators;

(d) Closings to move to better locations;

(e) Failures due to lack of experience in the grocery business (although it was impossible to arrive at the number of failures in this category);

(f) Closings because of the construction of the freeway system (and while the number must have been substantial it was impossible to determine the number of such closings);

(g) Many people seemed to prefer the supermarket with its greater variety of products, greater parking convenience, better service, more modern appearance, and the like;

(h) The supermarket, being larger in size, could serve the same number of people as two or three of the older, smaller stores, and hence a fewer number of stores were needed.

25. In 1948, Safeway operated a large number of stores in the Los Angeles Metropolitan Area and had sales amounting to 14.2% of total grocery store sales in the area. Ralphs had 32 stores and 6.9% of the area's total grocery store sales. No other concern had as many as 30 stores or as much as 3% of the area's total grocery store sales. For example, Mayfair had 22 stores and 2.4% of the total grocery store sales in the market. Market Basket had 26 stores and 2.2% of the market. Von's had 14 stores and 2.4% of the market. Shopping Bag had 15 stores and 1.2% of the market.

26. The 1950's were characterized by vigorous competition. Population continued to increase and so did the construction of new grocery outlets. Despite the decline in number of stores referred to in Finding 22 above, the evidence showed that there is scarcely a single household in Los Angeles and Orange Counties which does not have a choice of from three to ten competing grocery stores within convenient shopping distance.

27. The 1950's were also characterized by the entry into the market of new concerns and the growth of existing smaller concerns. The market leaders, Safeway and Ralphs, were not able to maintain their pre-existing share of the total grocery store sales in the face of this increased competition. For example:

(a) In 1948, Safeway and Ralphs together had total sales in the area of approximately $193.5 million. This represented 21.1% of all grocery store sales in Los Angeles and Orange Counties. In 1958, Safeway and Ralphs had combined sales of nearly $288 million but their combined share of the total grocery store business had declined to 14.3%. Safeway's percentage market share declined from 14.2% to 8% in this period and Ralphs from 6.9% to 6.4%. Thus, despite

the fact that these two leaders had increased their respective sales in ten years, they nevertheless lost ground in terms of share of the market to other concerns.

(b) This loss of market position is attributable to the success and growth of smaller concerns. In 1953, there were 96 concerns operating two or more stores in Los Angeles and Orange Counties. By 1962, there were 150 such concerns operating a total of 1,085 stores. The greatest increase in number of competitors occurred in the case of concerns operating two or three stores. In 1953, there were 56 of them. In 1962, there were 104, an increase of 86%. In addition, in 1962 there were 22 concerns with from four to nine stores each, and 24 concerns (including Safeway and Ralphs) with 10 or more stores each. Seven of the 24 concerns with 10 or more stores in 1962 opened their second market sometime after 1953. Moreover, as of the end of 1961 there were approximately 3,800 single store operators doing business in the Los Angeles Metropolitan Area.

28. The opportunities for entry, success and growth of smaller concerns can be illustrated by examples of some of the grocery businesses which have been started or have experienced growth since 1950:

(a) *Hughes Markets*—Joseph P. Hughes left the employ of Thriftimart in 1952 and opened the first Hughes Market. By 1958, Hughes had opened six more new stores and the company's annual sales exceeded $21 million. By 1963, Hughes had a total of 13 stores in the Los Angeles Metropolitan Area.

(b) *Shoppers Markets*—Shoppers Markets started with one store in 1942. In 1949 it added its second store. It opened another in 1950, another in 1952, another in 1956, three in 1958, four more in 1961 and another in 1962. Today Shoppers is a 14-store chain.

(c) *Pantry Food Markets*—For 21 years, Ted R. Wood was an employee of Alpha Beta. In 1954, Mr. Wood left Alpha Beta to start his own business. He and seven others invested their savings, a total of $48,000, in a grocery store in Pasadena which was opened for business in March, 1955. This was the beginning of Pantry Food Markets. Another store was opened in July, 1955. A third store was added in 1956, a fourth in 1957, and a fifth in 1958. Between June, 1959 and December, 1961, Pantry opened five new stores, bringing its total to 10.

(d) *Food Giant*—In 1954, Food Giant had two stores. By 1958 it had 19. In 1960 it had 29. By October, 1962, it had grown to a 53-store chain and by February, 1963, it had opened six additional stores, giving it a total of 59. Some of Food Giant's stores were acquired from other companies, but most of them were new supermarkets opened for the first time by Food Giant.

(e) *The Boys Markets*—The first Boys Market was opened in the 1920's. The company slowly expanded to a nine-store chain in 1958. By 1963, it was operating 25 stores in Los Angeles and Orange Counties.

(f) *Michael's Markets*—Prior to 1960, Joe B. Goodnight was an employee of Alpha Beta. He left his position with that concern to open the first Michael's Market on July 28, 1960. By October, 1962, Michael's Markets was operating a chain of seven supermarkets in Orange County.

(g) *Gelson's Markets*—Eugene and Bernard Gelson started in business in 1946 by purchasing a 700 square foot market in North Hollywood for $5,000, their combined savings at the time. By 1962, the Gelsons had built and were operating two of the largest supermarkets in Los Angeles County. One of them, located in Burbank, is 26,000 square feet in size. It

was opened in 1951. The other, opened in Encino in March, 1960, has 37,000 square feet and enjoys annual sales of approximately $6,000,000.

29. A history of the retail grocery business in Los Angeles would be incomplete without reference to the significance of cooperative buying. In 1922, fifteen of the smaller grocery retailers concluded that they could more effectively compete against some of the chains then doing business in Los Angeles and that they should take action to become more competitive. Having difficulty competing effectively because those chains could buy their groceries directly from suppliers in large enough quantities to afford them quantity discounts, while the operator of one or two stores had to purchase groceries in smaller quantities and at higher prices from wholesalers; as a result chain stores could profitably sell their merchandise at prices which were sometimes lower than the prices which the small retailer paid his wholesaler for the same merchandise. Accordingly, these fifteen grocers decided to pool their resources and buy their groceries directly from suppliers through one common warehouse. This afforded them the same advantages of direct buying and quantity discounts which the larger chains enjoyed.

30. This method of purchasing proved successful. In 1924, a corporation named Certified Grocers of California, Ltd. was formed to carry on the cooperative buying of groceries. This corporation was and still is wholly owned by the grocery retailers who buy through it. Certified buys in large quantities at favorable prices, warehouses its grocery products and then distributes them to its stockholders (called "members") who are its only customers.

31. Today, Certified is the largest retailer-owned food wholesaler in the United States. Its membership consists of 873 retail grocery concerns which

operate approximately 1,557 retail stores. In addition, Certified's wholly-owned subsidiary, Spartan Grocers, has 1200 members who operate 1255 stores. Most of Certified's and Spartan's members do business in Los Angeles and Orange Counties, although Certified does serve some members in other parts of Southern California as well as in Arizona, Nevada and elsewhere.

32. Certified handles more than 13,000 items, consisting of dry groceries, frozen foods, delicatessen products and certain non-food products such as health and beauty aids, housewares and appliances. Certified deals primarily in branded items but does have certain products available under its private label, Springfield. By reason of the large volume in which Certified makes its purchases, its members can buy these products through Certified on a competitive basis with the larger chains. Some of the larger chains buy their grocery products through Certified.

33. Certified operates one warehouse which is 335,280 square feet in size, another warehouse which is about half that size, a coffee processing plant, a bean packaging plant and a frozen food warehouse. It has 340 trucks which travel more than 2½ million miles a year delivering merchandise to Certified's member stores. Certified also provides its members with assistance in merchandising, advertising, promotions and inventory control.

34. In 1948, Certified's wholesale sales to its members reached a then all-time high of $87 million. By 1954, its annual sales were $198 million and in 1962 they were $345 million. Thus, in the 14 years since 1948, Certified's sales to its members increased by more than 400%. The volume of Certified's purchases exceeds by a large measure the volume of purchases of any chain which does business in the Los

Angeles Metropolitan Area, with the exception of large national chains such as A&P, Safeway, and Acme Stores (Alpha Beta).

35. Orange Empire Co-op, a buying cooperative sponsored by A. M. Lewis Co., offers substantially the same products, services and advantages to its members as Certified. Orange Empire has more than 1000 members, a large number of which do business in Los Angeles and Orange Counties. In 1945, Orange Empire's wholesale sales amounted to less than $13 million. In 1961 its wholesale sales were approximately $280 million. In 1962, its wholesale sales were $321 million.

36. The membership of Certified is made up mainly of small grocery retailers which are the primary source of Certified's business. About the only grocery concerns doing business in Los Angeles or Orange Counties which do not belong to and buy from one cooperative or another are the very small so-called "Mom and Pop" stores and a few, but not all, of the large chains. The single store operator or small grocer, by reason of membership in Certified, Orange Empire, or Spartan, can compete successfully with the large chains in purchasing products carried by such cooperatives.

37. Many of this area's leading chains commenced business here with one store, and the opportunity to buy through a cooperative.

38. Certified, Spartan and Orange Empire do not carry fresh meat or produce or certain dairy items. The single store or small operator can effectively compete in purchasing produce. The evidence fails to support the plaintiff's claim that the large chains have a substantial advantage in the purchase of meat supplies or dairy items.

39. Competition in the retail grocery business in

Los Angeles, as in other retail businesses, is a contest for the patronage of consumers. Direct competition usually exists between any two stores only to the extent that they vie for the patronage of the same customers, although the evidence showed that there is a network of competition in the area in the sense that stores respond to competitive practices initiated by a competitor. In some densely populated areas, a store's draw area will often be limited to less than a mile. The average customer is willing to drive for at least 10 minutes, equivalent to about four miles, to shop and to pass by other stores in order to go to a specific store which she believes will meet her top demands. In some localities, natural or man-made barriers such as hills, freeways, railroad tracks and the like will limit a store's draw area. The limitation thus imposed on the draw area of any particular store means that it is in substantial competition only with other stores in the same immediate vicinity. A store in Santa Monica does not compete directly with a store 20 miles away in Pasadena. Each of those stores competes directly only with stores nearby and then only to the extent that they can attract the same customers. Chains with stores in many communities compete with concerns, both large and small, which also have stores in those communities. On the other hand, a concern with only one store competes directly only with concerns operating stores nearby.

40. Customers of supermarkets take various things into consideration in choosing a market at which to shop, including the following: Price, general appearance of the store, size, variety of brands, parking space, whether the store is in a shopping center or is a free-standing store, general familiarity with the

store's reputation, quality of meat, quality of produce, courteous service and cleanliness of the store.

41. Prior to the merger, the twenty leading chains of supermarkets in the Los Angeles Metropolitan Area were all a part of the retail grocery competition in the Los Angeles Metropolitan Area and as such each of these chains competed with each other and with other corporations and firms engaged in the purchase, distribution and retail sale of groceries and related products in the Los Angeles Metropolitan Area. As a part of the competition, the major chains as well as other grocers frequently responded to competitive practices originated by one of the other major chains. Competition between individual Von's and Shopping Bag stores was limited to those instances where a store of each company was so located that both could compete for some of the same customers. In such instances, "the competition was intensive."

42. Prior to the merger, both Von's and Shopping Bag were substantial competitive factors in the Los Angeles Metropolitan Area and said area is a substantial and significant economic market.

43. During the last thirty years, the smaller grocery concerns doing business in Los Angeles and Orange Counties—concerns operating one, two or three stores—have proven their ability to compete with each other and with stores operated by larger concerns. As noted in Finding 37, many of today's chains entered the grocery business in Los Angeles with one store and were able to grow. Many others have chosen to stay small but they, too, have operated and continue to operate successful businesses.

44. The following examples of successful smaller concerns doing business in the Los Angeles Metropolitan Area illustrate the competitive opportunity available to firms of any size:

(a) *Reynold Elkin,* after 18 years of experience as an employee of various chains, acquired an older store in Inglewood in 1958. Directly across the street was a newer, larger Safeway store and within a mile of this store is a Von's, a Thriftimart, a Fox and a number of single stores. Mr. Elkin has increased his sales by 400% since 1958.

(b) *Harlos Gross* purchased an old Shopping Bag store in Temple City in 1953. His sales were $600,000 in the first year of operation, but have exceeded $1,000,000 in every year since then despite the fact that after 1953 twelve new grocery stores, many of them operated by larger chains, opened up within a radius of two miles of his store.

(c) *Albert Goldstein* was an executive of Boys Markets from 1933 to 1958 and Vice President and General Manager of Food Giant from 1958 to October, 1962, during which time Food Giant grew from a 19 to a 53-store chain. In October, 1962, Mr. Goldstein went into business on his own by purchasing an older Food Giant store directly across the street from a newly opened Von's store located in a large shopping center. Mr. Goldstein can and does operate this store successfully in competition with Food Giant and in the face of the new competition from Von's.

(d) *Joseph Goldberg* was a former executive of King Cole, Inc., a six-store chain. In March, 1961, that chain disbanded and Mr. Goldberg took over operation of one of its stores in Whittier. This store is within 100 yards of a Safeway and a Food Giant, both of which stores are larger and newer than Mr. Goldberg's. Under King Cole, this market had sales of $2.9 million a year. In the first year of its operation under Mr. Goldberg's ownership, its sales were $3.5 million.

(e) *Lester Eaton,* a government witness, purchased

a small grocery store in La Puente in 1952. At the time, Mr. Eaton was 24 years old and his only experience in the grocery business consisted of working as a clerk for six months in the store he acquired. Mr. Eaton's initial investment in the business was $1,000, his total savings at the time. In the next ten years, Mr. Eaton increased sales in his store from $72,000 to $450,000 a year, despite the fact that various of the larger chains opened new stores nearby. With profits made from the operation of his store, Mr. Eaton has purchased a $30,000 parcel of real property on which he plans to build a new supermarket.

(f) *Paul Palmer,* another Government witness, started in the grocery business in 1946. At that time, his total capital assets amounted to $16,000. Today he is the sole stockholder of Country Cousins, Inc. which successfully operates a four-store chain and which has annual sales of more than $6,000,000 and a net worth of between $1½ and $2 million.

(g) *Jerry Fleishman,* another witness for the Government, was discharged from his position with Shoppers Markets at the age of 45. In 1956, he acquired a small grocery store in Los Angeles. In the next five years, Mr. Fleishman earned more money from this small store than he had made in all the preceding years of his life.

45. There are no substantial barriers to entry into the retail grocery business in the Los Angeles Metropolitan Area.

46. Seven of the 24 concerns operating 10 or more stores in the Los Angeles Metropolitan Area in 1961 opened their second store sometime after 1952. Concerns operating two or more stores in Los Angeles and Orange Counties increased in number from 96 to 150 from 1953 to 1962, with the greatest numerical

increase appearing in concerns which operated two or three stores.

47. Records of the State Board of Equalization show that in 1960, 128 grocery stores were opened in the Los Angeles Metropolitan Area by concerns which apparently were new entrants. In the same year, there were 119 openings by concerns operating at least one other store.

48. Eighteen of the 30 government industry witnesses and 10 of the defendant's industry witnesses commenced their present businesses subsequent to the year 1948.

49. Many executives from chain store operations have left the various chains and opened up stores on their own, usually beginning with a single store and ultimately developing into a small chain of supermarkets. One of the great problems for the larger chains is the loss of executives who leave to open grocery businesses of their own. In many instances these persons have purchased a single store of one of the chains, usually where it was not doing too well, and from that point developed a successful grocery retail business. The experience gained while employed by larger chains has apparently been the basis for the success of many of these operations. There is no doubt that experience in the grocery business has usually made it possible for a person to enter the retail grocery field as a single-store operator and be successful. On the other hand, several of the chains encountered difficulty because of lack of experience, over-expansion and lack of capitalization and were forced into bankruptcy or compelled to sell.

50. As a result of its merger with Shopping Bag, Von's in 1960 ranked second behind Safeway in terms of both sales and number of stores in the Los Angeles Metropolitan Area. The warehousing and distribu-

tion facilities of Von's and Shopping Bag were combined and personnel of the two concerns were realigned under a single management. None of the stores of the two concerns was closed. Each store continued to operate under either the name "Von's" or the name "Von's-Shopping Bag."

51. The merger of Shopping Bag into Von's did not materially change the competitive situation in the area. It did not increase or decrease competition store for store with any grocery concern, whether single store or chain, since the acquired stores continued as before.

52. The merger has had no adverse effect on competition in the more than four years since it was consummated. Competition prior to the merger was intense and vigorous and it is no less so today. There is no evidence from which it could be concluded that there is a reasonable probability of any lessening of competition in the foreseeable future.

53. It is difficult to determine with precision exactly what draw area a particular store has. Nevertheless, it appears that Von's and Shopping Bag stores were actually directly competing for some of the same customers in only four or five areas of the entire Los Angeles Metropolitan Area. In each of these areas there were, and still are, at least six other stores operated by chains as well as a number of stores operated by smaller concerns competing with Von's and Shopping Bag for the patronage of customers. Any elimination of competition between Von's and Shopping Bag stores as a result of the merger would not have, and in fact has not had, any discernible effect on competition generally in the Los Angeles Metropolitan Area.

54. Shopping center developers prefer to deal with a large grocery chain with a well-advertised name

which will attract attention and also induce other large concerns to lease areas in the shopping center. Also, it is only natural that the shopping center owner would prefer a company with the greater financial resources. As a result, the larger chains with greater financial resources are most often sought after as shopping center tenants and smaller concerns therefore have difficulty in obtaining shopping center locations. Not all good grocery store locations are in shopping centers. Prior to the merger Von's was able to and it did obtain shopping center locations.

55. Prior to the merger both Von's and Shopping Bag bought directly from suppliers and operated their own warehouses and their own trucks by means of which merchandise was distributed to their stores. Many chains undertake to buy, warehouse and distribute some or all of their merchandise rather than have these functions performed for them by a cooperative because they deem it desirable to do so in order to assure adequate inventory control and to better control their greater distribution problems which necessarily arise in the operation of a number of stores. Prior to the merger, both Von's and Shopping Bag bought directly from suppliers, operated their own warehouses and their own distribution systems, and since the merger Von's has continued to do so.

56. The acquisition of Shopping Bag by Von's has not resulted in an undue reduction in the number of competing enterprises in the retail grocery business in the Los Angeles Metropolitan Area.

57. There was and for the foreseeable future appears to be no reasonable probability that the acquisition of Shopping Bag by Von's will have the effect of unduly reducing the number of competing enterprises

in the retail grocery business in the Los Angeles Metropolitan Area.

58. The Von's-Shopping Bag merger was not likely to, has not, and is not likely adversely to affect competition generally or otherwise in the retail grocery business in the Los Angeles Metropolitan Area. However, other events have occurred since the merger which have affected and on the whole caused an increase in competition.

59. In the year 1960, 246 new grocery stores were opened in the Los Angeles Metropolitan Area, of which 128 were new "single outlet" stores. 67 of these 246 new stores were opened by the area's twenty leading chains. 179 were opened by smaller concerns.[1] Of these 246 stores only three were opened by Von's or Shopping Bag.

60. Since the merger American Stores (now Acme Stores, Inc.), the nation's fourth largest retail grocery chain, has entered the Los Angeles market by acquiring Alpha Beta Food Stores; and Food Fair, the nation's sixth largest retail grocery concern, has entered the Los Angeles market by acquiring a number of the stores formerly operated by the bankrupt Fox Markets. Food Fair has also commenced operating grocery concessions in discount houses in the Los Angeles Metropolitan Area. On September 3, 1963, Kroger Company, the nation's third largest grocery chain, entered this market by acquiring Market Basket, one of the largest local chains.

61. Prior to the merger, the sale of groceries and related products in so-called discount houses was virtually unknown. Since the merger, this new form of grocery merchandising has become increasingly popular in the Los Angeles Metropolitan Area. Today

[1] Statistics with respect to store openings in later years have not been made available.

there are approximately 35 discount houses with food departments in that area, and the evidence indicates that this form of grocery merchandising is expanding rapidly and may well indicate a substantial additional competitive force. Typically, these discount houses are large retail establishments which sell all types of products, including appliances, soft goods and more recently groceries, at prices which are generally lower than can be found in other retail outlets. These lower prices are made possible primarily through savings which are realized in labor and overhead costs. For example, most discount house food departments have less elaborate fixtures than many supermarkets and they remain open for a shorter period of time each day, thereby avoiding overtime labor costs and the like. Retail grocery concerns such as Food Giant, Thriftimart, Lucky Stores, Food Fair, and Mayfair, as well as smaller concerns such as Foods Co. and Supreme Foods, have commenced operating food departments in discount houses since the merger. It has been shown that most discount houses have a draw area of six miles or more. The majority of the Von's-Shopping Bag stores are within six miles of a discount house.

62. Since the merger, an increasing number of bantam stores, or superettes as they are sometimes called, have been opened in the Los Angeles Metropolitan Area.

63. Another development since the merger has been the opening of so-called drive-in milk depots. These establishments are small retail outlets which sell milk, other dairy products, bread, wieners, and other convenience items. These milk depots have a natural competitive advantage in that they are permitted under regulations issued pursuant to the California Milk Control Act to sell milk at a lesser price than conventional grocery stores. There were few such

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milk depots in 1960; today they account for 16% of all the milk sold in the Los Angeles Metropolitan Area.

64. Other types of retail establishments, notably liquor stores and drug stores, are selling an increasing number and amount of products usually found in grocery stores. Some liquor stores now sell more bread than some supermarkets, and the sales of grocery products in some liquor stores exceed the sales of some "Mom and Pop" grocery stores.

65. There is no reliable evidence that as of the date of the merger on March 28, 1960 there was a reasonable probability that the merger would result in a substantial lessening of competition in the purchase, distribution or retail sale of groceries and related products in the Los Angeles Metropolitan Area.

66. In the more than four years since it took place, the Von's-Shopping Bag merger has not resulted in any lessening of competition in the purchase, distribution or retail sale of groceries and related products in the Los Angeles Metropolitan Area, and there is no reasonable probability that in the foreseeable future it will have such an effect.

67. The retail grocery business in the Los Angeles Metropolitan Area is now and for many years has been a highly competitive business characterized by a large number of firms competing for the business available at reasonable prices.

68. As of the date of the merger on March 28, 1960, there was not a reasonable probability that any retail purchaser of groceries and related products would be adversely affected by the merger.

69. There is no evidence that any retail purchaser of groceries and related products has been adversely affected by the merger.

70. There is no reasonable probability that any retail purchaser of groceries and related products will be adversely affected by the merger.

71. The effect of the merger is not substantial. Von's faces and will continue to face strong and vigorous competition. There is no reliable evidence that this merger is likely to have an adverse effect on prices or on the quality of service rendered the public.

72. In the retail grocery business in the Los Angeles Metropolitan Area there is an abundance of strong, competing sellers, a wide choice of competing stores from which the purchasing public may conveniently choose to shop, a lack of obstacles restraining new entrants into the business, and a lack of power in the defendant or others to control prices, supply or entry. All of these factors tend to insure continued vigorous competition.

73. As of the date of the merger, there were more than 4,000 separate concerns operating more than 4,800 grocery stores in Los Angeles and Orange Counties. After the merger, Von's was operating a total of 64 stores—less than 1.4% of the total number of stores in the two counties.

74. In 1958, i.e., two years prior to the merger, Von's percentage of sales of groceries and related products in the Los Angeles Metropolitan Area was 4.7% and Shopping Bag's was 4.2%, as compared to the 8% of Safeway and 6.4% of Ralphs. After the merger, however, on March 28, 1960, Von's did not become the market leader in the Los Angeles Metropolitan Area. In the year 1960, Safeway Stores operated 146 grocery stores in the area, the sales of which were $184,313,000. This represented approximately 8% of total grocery store sales and 7.4% of total food store sales in Los Angeles and Orange Counties. In

the same year, Von's and Shopping Bag prior to the merger and Von's after the merger operated a total of 66 stores in the Los Angeles Metropolitan Area. These stores had sales of $172,488,000 in 1960 which represents 7.5% of total grocery store sales and 6.9% of total food store sales in the two counties.

75. Both Von's and Shopping Bag were local concerns of local origin, both having commenced business in the 1930's with one store and having grown a store at a time thereafter. (See Findings 1 through 9.) Von's is still a local concern. All but 8 of its stores are located in Los Angeles and Orange Counties. The remaining 8 are located in adjoining counties (i.e., San Bernardino, San Diego and Ventura.) Also doing business in the Los Angeles Metropolitan Area are the following, all of which have stores in competition with one or more Von's stores:

(a) *The Great Atlantic & Pacific Tea Co. (A&P)*, the largest retail grocery concern in the United States, which in 1962 had a total of 4,475 stores located in 38 states and Canada, sales in excess of $5 billion a year and assets in excess of $767 million.

(b) *Safeway Stores, Incorporated,* the nation's second largest retail grocery concern, which in 1962 had several thousand stores in 29 states and Canada, sales in excess of $2.5 billion annually and assets of more than $473 million.

(c) *Alpha Beta-Acme,* a wholly-owned subsidiary of Acme Stores, Inc. (formerly American Stores), the fourth largest retail grocery concern in America. Acme Stores, Inc. in 1962 had 845 stores, sales in excess of $1 billion annually and assets of more than $209 million.

(d) *Food Fair Stores, Inc.,* the nation's sixth largest grocery chain which in 1962 had 465 stores in ten states, sales of nearly $1 billion a year and assets of $193 million.

(e) *Mayfair Markets,* which in 1962 operated 178 supermarkets in California, Arizona, Utah, Idaho, Oregon and Washington, had sales in excess of $288 million annually, and total assets of more than $62 million.

(f) *Lucky Stores, Inc.,* which in 1962 operated 141 supermarkets in California, Arizona and Washington, had sales of more than $232 million annually and total assets in excess of $47 million.

76. *The Kroger Co.,* the nation's third largest chain, which did not previously do business in the Los Angeles Metropolitan Area, has now acquired Market Basket, a local chain with 55 stores located primarily in Los Angeles and Orange Counties. Kroger in 1962 had a total of 1,354 grocery stores in 23 states, annual sales of nearly $2 billion, and total assets of more than $400 million.

77. In addition, there are approximately 17 "local" chains operating 10 or more stores in Los Angeles and Orange Counties (seven of which were not operating as many as two stores as late as 1952), 126 other concerns operating two or more stores in those counties and several thousand single-store operators.

78. The acquisition of Shopping Bag by Von's did not result in any appreciable increase in the level of concentration measured in terms of the market share of the leading concerns doing business in the Los Angeles Metropolitan Area, even as reflected by plaintiff's Exhibit 8. According to that exhibit, the share of the business accounted for by the 12 largest firms, for example, increased from 48.8% to 50.0%, or by only 1.2%, and the market share of the top twenty increased from 56.9% to 57.4%, or by only ½ of 1%.

79. The area's leading twenty concerns in 1950 enjoyed sales which amounted to approximately 40% of total grocery store sales in the Los Angeles Metro-

politan Area. The twenty leading chains in 1960 had sales amounting to approximately 54% of the total. The fact that the leading twenty chains in 1960 were in part made up of concerns which either were not in existence or were not in the leading twenty in 1950 makes any comparison between them virtually meaningless other than the fact that it shows the ability of smaller concerns to grow and expand. The fact that the market share of the leading three, four and five concerns has declined in recent years means that any increase in the market share of the leading twenty concerns is attributable to the growth of smaller concerns. At least seven of the concerns in the top twenty by 1960 were not even in existence as chains (i.e., having more than one store) in 1948. They are Food Giant, Fox, Hughes, Yor-Way, McCoy's Shoppers and Pix.

80. There has been no increase in concentration in the retail grocery business in the Los Angeles Metropolitan Area either in the last decade or since the merger. On the contrary, economic concentration has decreased despite the disappearance of a number of the smaller, older, corner grocery stores for the following reasons:

(a) In 1952 there were ten concerns which each operated ten or more stores in Los Angeles and Orange Counties. These concerns expanded their operations in the following decade. The growth and success of these concerns did not deter others from entering the business and expanding. By 1961, 14 smaller concerns had grown to the point where they also were operating ten or more stores in the two counties. Seven of these opened their second store sometime after 1952. In addition, the number of concerns operating more than one but fewer than ten stores increased in number from 86 in 1952 to 126

in 1961. Neither the size nor subsequent growth of the market leaders in 1952 offered any deterrent to the entry and growth of smaller concerns.

(b) In 1948, Safeway was the leading chain operating in Los Angeles. Both its assets and number of stores were many times greater than any of its rivals (with the exception of A&P which had only 21 stores in Los Angeles at the time). However, other companies, the vast majority of which were local concerns, were able to compete effectively against Safeway. Although Safeway's sales increased its percentage share of the market declined.

(c) The share of the market enjoyed by the leading three, four and five concerns declined from 1952 to 1960 while the market share of smaller concerns increased.

(d) By 1958, the leading twenty concerns accounted for only slightly more than half of the total grocery store sales in Los Angeles and Orange Counties. After 1958, their market share declined.

(e) The entry and growth of new and smaller concerns, the declining share of the market of the industry's leaders, the inability of larger concerns to dominate the market to any degree despite their own success and expansion, and the ability of smaller concerns to compete effectively against larger ones indicates there is no likelihood of a tendency to monopoly.

81. There have been some prior mergers between retail grocery concerns in the area but the evidence is that these acquisitions were either market extensions by companies not previously doing business in the area (e.g., Lucky Stores, Kroger, Acme Markets, Inc., Food Fair), or were in part offset by the subsequent failure of the acquiring concern and the disposal of its stores (e.g., Fox, McDaniel's and Yor-

Way), or were largely if not entirely offset by sales by the acquiring concern of a large number of the acquired or others of its stores (e.g., Thriftimart, Mayfair). The history of the grocery business in this area is marked by the fact that the larger chains furnish the training, experience and frequently the stores for the future competitors who leave their employ to enter into the grocery business for themselves. There is no evidence that Von's or Shopping Bag had been involved in any prior merger.

82. The market share of Von's after its merger with Shopping Bag is not sufficient to warrant a finding of a reasonable probability of a substantial lessening of competition or of a tendency to monopoly in the relevant market. This is particularly true in the retail grocery industry in this area for the following reasons:

(a) The competitive effectiveness of any particular store in this market is not necessarily dependent on the market share controlled by the owner of the particular retail store;

(b) Market share in the retail grocery business in this area cannot necessarily be equated with market power, particularly because of the existence of the strong cooperative buying organizations, Certified Grocers of California, Ltd. and Orange Empire, which enable the single-store operators and small chains to purchase their supplies as cheaply as the larger chains;

(c) The market share involved in this case is controlled by an entirely local company;

(d) The relative ease of entry into the business, the greatly expanding population, the inability of the industry leaders to hold their market share, the ability of new entrants and smaller concerns to survive and grow and the constant changes in and the emergence

of new forms of marketing of groceries and related products tend to insure continued vigorous and increased competition;

(e) Substantiality in a given case depends on a variety of factors. The factors mentioned above together with the experience of more than four years since the merger occurred, which has demonstrated that this merger has had no adverse effect on and has not lessened competition in this market, require the finding that there is not a reasonable probability that this merger may tend to substantially lessen competition in the relevant market.

83. There has been no tendency to monopoly evident in the purchase, distribution or sale of groceries and related products in the Los Angeles Metropolitan Area. As of March 28, 1960, there was not a reasonable probability that the Von's-Shopping Bag merger would tend, and in the more than four years since the merger it has not tended, to create such a monopoly. There is no reasonable probability that the merger of Von's and Shopping Bag may tend to create a monopoly in the foreseeable future.

84. Both Von's and Shopping Bag prior to the merger and Von's after the merger were engaged in interestate commerce in that they purchased approximately 51% of the groceries and related products ultimately offered for sale in their stores from outside California.

85. Competition in the retail sale of groceries and related products taken as a whole in the Los Angeles Metropolitan Area is competition in interstate commerce.

86. In addition to the foregoing, the Court finds in all respects as set forth in the following Conclusions of Law:

CONCLUSIONS OF LAW

The Court concludes:

1. In all respects as set forth in the foregoing Findings of Fact.

2. This Court has jurisdiction over this cause by reason of Sections 7 and 15 of the Clayton Act, as amended. (15 U.S.C. §§ 18 and 25.)

3. The relevant line of commerce for purposes of determining whether or not the Von's-Shopping Bag merger violates Section 7 of the Clayton Act, as amended, is groceries and related products taken as a whole.

4. The relevant section of the country for determining whether the Von's-Shopping Bag merger violates Section 7 of the Clayton Act, as amended, is the Los Angeles Metropolitan Area, consisting of Los Angeles and Orange Counties, California.

5. There is not a reasonable probability that the effect of Von's acquisition of Shopping Bag's stock may be substantially to lessen competition in said line of commerce and in said section of the country.

6. There is not a reasonable probability that Von's acquisition on March 28, 1960 of Shopping Bag's stock may have the effect of tending to create a monopoly in said line of commerce and in said section of the country.

7. Von's acquisition of Shopping Bag's stock does not violate Section 7 of the Clayton Act, as amended.

8. The plaintiff's proof failed to support the allegations of its complaint.

9. Defendants are entitled to judgment that plaintiff take nothing by its action.

Dated: December 16, 1964.

/S/ CHARLES H. CARR,
United States District Judge.

APPENDIX C

United States District Court, Southern District of California, Central Division

Civil No. 336-60—CC

UNITED STATES OF AMERICA, PLAINTIFF

v.

VON'S GROCERY CO. AND SHOPPING BAG FOOD STORES, DEFENDANTS

Judgment

This cause came on regularly for trial on June 11, 1963, before the Honorable Charles H. Carr, Judge of the above-entitled Court, and the issues having been duly tried and the Court having made its findings of fact and conclusions of law, NOW, THEREFORE, in accordance with said findings of fact and conclusions of law,

IT IS ORDERED, ADJUDGED AND DECREED that plaintiff take nothing by this action.

Dated: December 16, 1964.

/S/ CHARLES H. CARR,
United States District Judge.

U.S. GOVERNMENT PRINTING OFFICE: 1966

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JOHN F. DAVIS, CLE

No. 303

IN THE

Supreme Court of the United States

OCTOBER TERM, 1965

UNITED STATES OF AMERICA,

Appellant,

v.

VON'S GROCERY COMPANY and
SHOPPING BAG FOOD STORES,

Appellees.

On Appeal from the United States District Court
For the Southern District of California,
Central Division

MOTION OF APPELLEES TO AFFIRM

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Central Division

MOTION OF APPELLEES TO AFFIRM

Pursuant to Rule 16, paragraph 1(c) of the Revised Rules of this Court, Appellees Von's Grocery Company and Shopping Bag Food Stores move that the judgment of the District Court be affirmed.

STATEMENT

This is a direct appeal from the final judgment of the District Court of the United States for the Southern District of California, Central Division, dated December 16, 1964, in a civil antitrust case charging violation of Section 7 of the Clayton Act, as amended, (15 U.S.C.

§ 18). The District Court held, after trial, that the merger of Shopping Bag Food Stores into Von's Grocery Co. on March 28, 1960, did not violate Section 7 of the Clayton Act.

A more complete Statement of the case than that contained in the Jurisdictional Statement is necessary for consideration of the Question Presented.

1. **History of the Action.**

Three different District Judges of the United States District Court for the Southern District of California, Central Division, have ruled adversely to the plaintiff on various phases of this action. The complaint was filed on March 25, 1960, and, after taking evidence, Judge William C. Mathes on March 28, 1960, denied the plaintiff's Motion For A Temporary Restraining Order, whereupon the merger was consummated. Plaintiff's Motion For A Preliminary Injunction to require that the former Shopping Bag be operated as if it were a separate entity from Von's was denied by Judge Mathes by order dated June 13, 1960. On March 28, 1962, Judge Albert Lee Stephens, Jr., denied the plaintiff's Motion For Summary Judgment. After trial on the merits, Judge Charles H. Carr on September 14, 1964, ordered Judgment for the defendants.

2. **The Agreed Line of Commerce And Section of the Country.**

The parties agreed and the District Court found that the relevant line of commerce is "groceries and related products taken as a whole," and the relevant section of the country is the Los Angeles Metropolitan Area which

is comprised of Los Angeles and Orange Counties. (Fdgs. 14, 15.) There was no issue in the case with respect to the effect, if any, of the merger upon suppliers, and no evidence was offered on that subject. (Fdg. 16; Pretrial Conference Order Sec. VIII, Par. 6(c).)

3. The Merging Companies and the Market Structure.

On March 25, 1960, when the complaint was filed, Von's operated 28 retail grocery stores, all of which were located in the Los Angeles Metropolitan Area. It was the successor to a family partnership which commenced doing business in 1932 with the grocery concession in a single small store. Thereafter, through internal growth, it developed into a 28-store chain, largely family owned and managed, with annual sales of $86 million in 1959. (Fdgs. 2, 3.)

Shopping Bag also had its origin in depression days, being the successor to a partnership which commenced operating in a single grocery store in 1930. It grew through internal expansion into a 38-store chain, largely family owned and managed, with sales of $84 million in 1959. Thirty-six of its stores were located in the Los Angeles Metropolitan Area and two were located in adjacent San Bernardino County. (Fdgs. 6-10.)

Neither Von's nor Shopping Bag had any prior merger history. After the merger in 1960, combined Von's and Shopping Bag operated less than 1.4% of all grocery stores in the area. (Fdg. 73.) Their combined market

share in 1960 was 7.5% of total grocery store sales and 6.9% of the food store sales.*

Prior to the merger, Von's stores were located for the most part in the southern and western portions of the Los Angeles Metropolitan Area, while Shopping Bag's stores were located in the northern and eastern portions of that area. (Tr. 1072-73; 2058, 2068-70, 2185-86; Dx. J, K, M-R, AF, BD, BE.) Thus, the operations of the two companies complemented each other with little overlap in the geographical areas each served. (Fdgs. 4, 10, 12.) In Finding 53, which focused on this specific question, the District Court found that Von's and Shopping Bag were competing for the same customers in "only four or five areas."

Appellant is in error in its effort (J.S. 7-8) to inflate the amount of overlap. For example, the reference to $43 million in sales by allegedly competing stores of the two companies (J.S. 7, 13) represents *total* sales by those stores, rather than the pertinent figure, namely possible sales to customers in the more limited areas from which stores of the two concerns could possibly draw the same customers. Moreover, Appellant totally ignores the

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* Appellant's Statement (J.S. 5) relies upon 1958 figures (two years before the merger) showing slightly larger market shares for the merging companies and indicating that in terms of sales the combined companies would have been the largest grocery chain in the area had they been merged in that year. However, in 1960, the year of the merger, the market shares of the merging companies had declined and the merged company was second to Safeway, showing the vigor of competition and the failure of the merged entity to keep pace with the market leader. (Fdg. 74; Tr. 1958-2009.)

fact that there were stores of other concerns readily available to the population in the overlap areas (Dx. BF). It is also clear that the draw area varies from store to store and cannot be determined by mechanical tests. (Tr. 2018, 2024-25; Dx. AV.) Responsible officials of Von's and Shopping Bag concluded that the merger was feasible in part because there was so little overlap (Dx. BA), and in this view they were supported by both prior and subsequent surveys. (Kruger, Corey, Miller and Hinson affidavits, Dx. M-R, AA-AE, BB, BE.) Indeed, far more Shopping Bag stores overlapped trading areas of other Shopping Bag stores than of Von's stores. (Dx. AV.)

4. **The Market Structure.**

The grocery industry in the Los Angeles area is highly fragmented. There are more than 3,600 separate grocery concerns operating some 4,600 grocery stores in the area. (Fdg. 23.) In 1958, the leading 20 grocery chains in the area had only 57.4% of the business and since that time their market share has declined. (Fdgs. 78-80.)

The Von's-Shopping Bag merger did not produce any appreciable change in the structure of the market. The market share of the 12 largest firms increased only by 1.2% from 48.8 to 50%, and the market share of the top 20 increased only ½ of 1% from 56.9 to 57.4%. (Fdg. 78.)

The decade prior to the Von's Shopping Bag merger was marked by a decline in the relative positions of the leading chains and the growth of smaller concerns in

the Los Angeles area. The market share of the leading grocery chain in 1960 (Safeway with 146 stores and an 8% market share) has been steadily declining since the 1930s when it had more than 1,000 stores. (Fdgs. 18, 27, 74.) The market share of the top two chains decreased from 21.1% in 1948 to 14.3% in 1958. (Fdg. 27.) The market share of the leading three, four and five concerns declined between 1952 and 1960. (Fdg. 80.) The increase in the last decade in the share of the top 8-20 chains, cited by appellant (J.S. 8-9), obviously resulted from a growth of the smaller firms, some of which are recent entries in the business. (Tr. 2034-36) For example, of the 20 top chains in 1958, seven were either not in existence at all or had only one store in 1948. (Fdgs. 27-28, 78-80.)

Following 1958, three of the top 20 went into bankruptcy and the bulk of their stores were sold to single store operators and small chains. (Tr. 1127, 1199-1202, 1246-48.) Five of the largest national grocery chains (A&P, Safeway, Kroger, Acme Markets and Food Fair) are now doing business in the area, as well as a number of strong regional chains, and a large number of viable smaller chains and single store operators. (Fdgs. 75-77.)

5. **Ease of Entry.**

The record shows that there are no substantial barriers to entry into the grocery business in the Los Angeles area and that excellent opportunities for growth and success are available to any qualified new entrant. In 1960, 128 grocery stores were opened by new entrants, and

there were 119 openings by concerns operating at least one other store. (Fdg. 47.) Concerns operating two or more stores increased from 96 in 1958 to 150 in 1962. (Fdg. 46.) Eighteen of the 30 government industry witnesses entered the grocery business after 1948. (Fdg. 48.)

6. **Cooperatives.**

One of the reasons for the continued success of smaller concerns is the existence in this area of two of the largest cooperative buying organizations in the world, namely Certified Grocers of California, Ltd.* and Orange Empire Co-op. By joining one of these cooperatives, the small grocer can place merchandise on his shelves at a cost comparable to that of the large chain. These cooperatives carry a full line of groceries and related products, except for meat, produce and certain dairy items. The District Court found, with full support in the evidence, that the large chains do not have a substantial advantage in the purchase of those items not carried by cooperatives. (Fdgs. 29-38.)

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* Small grocery retailers have always been and still are the primary source of Certified's business. Therefore, as Judge Carr said (App. A to J.S. 14a-15a), "considerable weight" should be accorded the testimony of Campbell Stewart, former President of Certified, who expressed the emphatic view that the merger of Von's and Shopping Bag will not adversely affect either the competitive opportunities of small retailers or the vigor of competition in the Los Angeles Metropolitan Area. (Dx. BB.) In this view Mr. Stewart was fully corroborated by the testimony of Joseph Hughes, Chairman of the Board of Certified. (Dx. AZ.)

With purchasing power thus equalized, success in the grocery business in this area depends upon the experience and ability of the competitor, not size or number of stores. This is reflected in the inability of the market leaders, Safeway and Ralphs, over the years to maintain, much less increase, their market shares, and in the continued growth of the smaller concerns, including new entrants. (Fdg. 27.)

The number of grocery stores in the area has declined largely because of the development of the supermarket and more widespread use of the automobile which deprived the former small corner grocery store of its local, neighborhood monopoly. (Fdg. 24.) Nevertheless, there is scarcely a single household in the Los Angeles Metropolitan Area which does not have a choice of from three to ten competing grocery stores within convenient shopping distance. (Fdg. 26.) The evidence is uncontradicted that small competitors in this area flourish and that consumers are well served. (Dx. AX, AY, AZ, Tr. 2188-89, App. A. to J. S. 19a.)

7. **Industry Witnesses.**

Twelve single store operators, nine representatives of concerns operating from two to nine stores, nine representatives of chains having ten or more stores, five officials of Von's, and five suppliers testified* that the merger was

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* To shorten the actual time of trial, the witnesses furnished affidavits which were introduced in evidence as their direct testimony, pursuant to agreement of the parties and with the approval of the District Court. The parties had full opportunity to cross-examine all witnesses.

not likely to and could not substantially lessen competition or tend to create a monopoly. Each gave specific reasons for his conclusions. Except for three Von's officials, none of these witnesses was cross-examined by the Government and their testimony stands unchallenged.

The Government furnished stereotyped affidavits of thirty industry witnesses, 26 of the 30 being proprietors of relatively small stores doing a gross annual volume of less than $1 million. Eighteen of these 30 government witnesses were cross-examined; the depositions of the other twelve were noticed, whereupon the Government stipulated that the cross-examination of the eighteen was representative of all. Although more than three years had elapsed since the merger, none of the Government witnesses could point to any lessening of competition or any real likelihood thereof, and in fact many complained of too many competing stores and too much competition. (Tr. 515-516, 599-602, 688, 1002-5, 1038-40, 1285, 1307, 1799-1803.)

8. **Decision of The District Court.**

In his Memorandum Opinion, Judge Carr held that it could not be concluded "that the merger in question would probably lessen competition in the Metropolitan Area either at the time of the merger or in the foreseeable future." He stated that "competition in the area appears to remain vigorous, open to anyone and especially those with experience and training, and the consumer is reaping the benefit." (App. A to J.S. 19a.)

Counsel for defendants were directed to prepare proposed findings of fact and conclusions of law and judg-

ment. At a conference of the parties and the Court, District Judge Carr directed that changes be made in the proposed findings and said changes were made. (Tr. 2766). Later a full hearing was held to settle the findings and additional changes were made. (Tr. 2766-2845.) The Findings of Fact and Conclusions of Law and the Judgment were signed and filed on December 16, 1964. Thereafter appellant filed a motion under Rule 52(b) of the Federal Rules of Civil Procedure for amendment of the findings and for additional findings. This motion was denied by Order signed and filed on January 8, 1965. This appeal followed.

ARGUMENT

The 1960 merger of Von's and Shopping Bag brought together two local concerns, with small market shares, in a highly fragmented, vigorously competitive market.* Neither Von's nor Shopping Bag had any prior merger history and neither operates beyond Southern California. Merged, they operate only 1.4% of the total grocery stores in the Los Angeles area and their market share is only 7.5% of total grocery store sales and 6.9% of total food store sales.

I.

The District Court found and held that competition was as "intense and vigorous" at the time of trial as it had been four years earlier at the time of the merger and that there was no reasonable probability of lessening of that vigor in the foreseeable future. (Fdg. 52, App. B, p. 40; App. A, p. 19a.) The evidence was overwhelming that this particular merger in this particular competitive setting would not tend to lesson competition, either substantially or otherwise. (Fdg. 82, App. B, pp. 50a-51a; Dxs. AX, AY, AZ, BA, BB.) Neither the "industry" witnesses called by the government nor those called by defendants could point to any diminution of competition

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* In the Los Angeles area where there are more than 3,600 separate grocery concerns, *twenty* grocery chains share the same portion of the market (approximately 58%) as did the top *two* banks after merger in the *Philadelphia National Bank* case. 374 U.S. 321, 331.

following the merger, and most of them observed a contrary trend.* (See Statement, supra, 8-9)

Appellant does not challenge either the District Court's finding or the testimony of the industry witnesses regarding the continuing vigor of competition in the grocery business in the Los Angeles area. Instead, Appellant's argument comes down to a lament for a bygone era. The Jurisdictional Statement speaks nostalgically of the "old style grocery," comparing it favorably to the modern supermarket from the standpoint of potential entrants into the grocery business. Appellant points to a "continuous decline in the number of small, single store operators and an increasing trend to large scale supermarkets" (J.S. 8), and Appellant notes that "small firms" cannot compete in effective advertising with the larger operators. (J.S., p. 12, 17).

This argument, which lies at the heart of the Government's case, has two fatal flaws. First, the decline of the old style grocery store occurred long before the Von's-Shopping Bag merger and for reasons that had no reference to it (Fdgs. 17-24, App. B, p. 26a-28a). The old style grocery store is disappearing because the

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* For example, there was testimony from the Government "industry" witnesses that "there is more competition now than ever" (Gertmenian, Tr. 688); that the area "has always been extremely competitive", that a "tremendous competitive situation * * * has occurred in the last few years" and competition "definitely" got tougher (Mekjian, Tr. 1038-1040); that a general price reduction in 1961 enabled the chains and single store operators to become more competitive with the discount houses (Palmer, Tr. 1147); that competition has been more vigorous since the merger, "that is a trend." (Dick, Tr. 1832-33.)

public has shown a marked preference for the supermarket. Whether run by an individual or a chain, the supermarket offers a wider range of products on a more efficient and more attractive basis. The transition from the old style grocery to the supermarket began before World War II and by the mid-1950s was very nearly complete. The merger of Von's and Shopping Bag, two chains of supermarkets, had nothing to do with this merchandising transition.

The second flaw in the Government's argument is that while the old style grocery store has been disappearing, the small businessman in the grocery industry has not. With the aid of cooperative buying and by exploiting the natural advantages which flow from centralized control of a small business, the grocer who operates one or a few stores can succeed and grow despite chain competition. It has happened too often, as the record shows (Fdg. 44), for there to be any question of the extraordinary opportunities open to small grocery concerns both before and since the merger here in question.

II

Judged in terms of current realities in grocery store business in the Los Angeles area, the Von's-Shopping Bag merger was without competitive significance. There are more than 3,600 separate grocery concerns operating approximately 4,600 grocery stores in the Los Angeles Metropolitan Area. Evidencing the lack of concentration, 20 chains share 58% of the sales in the area. The

market shares of the leading chain and of the leading two, three, four and five chains declined in the decade prior to the merger, as smaller concerns grew and captured a larger share of available business.

Entry into the grocery business in Los Angeles is readily made by operators of ability and experience. The record is replete with evidence of many new grocery concerns which have grown and prospered in Los Angeles in recent years. In 1960 alone, 128 new concerns entered the grocery business in the Los Angeles area. Seven of the 24 concerns operating 10 or more grocery stores in 1961 opened their second store sometime after 1952. (Fdgs. 46-48).

In the Los Angeles market, Von's faces competition from stores of the five largest national chains, numerous regional chains and some 3,590 single store operators, backed up by powerful cooperative buying organizations. (Fdgs. 23, 29, 38, 75, 76, 77). The evidence plainly demonstrated that the competitive effectiveness of any store in this area does not depend upon the number of stores operated by the particular concern (Fdgs. 80, 82, Tr. 1961-2; Dx. AX, AY, AZ). Indeed, the toughest competitors usually are the single store operators (Tr. 2432-33; Dx. AX-AZ, BA, BB). In these circumstances, this merger had and will have no significant impact on competition in the retail marketing of groceries and related products in the Los Angeles area.

III

There are persuasive reasons for enabling Von's to expand. Von's was largely family-owned and it operated within a single geographical area. Its acquisition of Shopping Bag was therefore consistent with the "desirability of retaining 'local control' over industry" (See *Brown Shoe Co. v. United States*, 370 U.S. at 315-16). Absentee ownership has been avoided, and management continues to reflect the civic and social concerns of the area in which it operates. Yet Von's and other supermarket operators provide their customers with a range of products and services unknown in the days of the old style grocery, at highly competitive prices which afford only the narrowest profit margins.

Equally compelling reasons support the merger from the standpoint of Shopping Bag. The president and principal stockholder of Shopping Bag was advanced in years and, because of declining profits and thinness of management, he wished to dispose of the company on a favorable basis (Fdg. 12). Shopping Bag's percentage of net income to total sales dropped below 1% in 1959, and the company did not have a strong management team to take over from Mr. Hayden (Fdg. 12). Professor Turner has emphasized the importance of interpreting Section 7 so as not to bar mergers in such circumstances:

". . . Widespread prohibition of mergers would impose serious, if not intolerable, burdens upon owners of businesses who wished to liquidate their holdings for irreproachable personal reasons. Moreover, economic welfare is significantly served by maintaining

a good market for capital assets. By enhancing the value of assets when owners wish to sell, a strong capital assets market increases the rewards of successful intrepreneurial endeavor. . . ." Turner, *Conglomerate Mergers and Section 7 of the Clayton Act*, 78 Har. L. Rev. 1313, 1317 (1965).

The fact that the acquisition of Shopping Bag enables Von's to enjoy lower operating costs (App. B, p. 24a), is not a ground for invalidating the merger. This would be "not only bad economics but bad law." Turner, *Conglomerate Mergers and Section 7 of the Clayton Act*, 78 Harv. L. Rev. 1313, 1324 (1965).* Indeed, the primary test of our economic system is whether consumers are well served, *cf. United States v. Philadelphia Nat. Bank*, 374 U.S. at 367, n. 43, and this should not be obscured by attempts to measure a merger against a World War I model of competition.

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* Professor Turner spelled out his reasons as follows:

"Beyond this, there seem to be overpowering reasons against using cost savings as a basis for invalidating conglomerate or other mergers. First, there is the enormous social interest in progress and efficiency, which has represented one of the primary bases for the policy of promoting competition as it has in fact evolved. Second, to forbid mergers that would or might produce substantial efficiencies would narrow substantially the category of acceptable mergers, thereby drastically weakening the market for capital assets and seriously depreciating the price that entrepreneurs could get for their businesses when they wish to liquidate. . . . Third, the protection that this policy would afford to small business, except in the short run, is at best highly conjectural and probably negligible. . . ."

IV

Although this Court has considered a number of merger cases in recent years, none of them would support, much less require, reversal of the District Court judgment in this action. The foundation case under amended Section 7, *Brown Shoe Co. v. United States,* 370 U.S. 294, involved a large national chain which, through a series of acquisitions, had integrated its manufacturing operations with its retail operations to the proven disadvantage of small, nonintegrated, retail competitors. Moreover, the Court said that the tendency toward concentration in the shoe industry was being "accelerated through giant steps striding across a hundred cities at a time." 370 U.S. at 346.

Brown Shoe was amplified in *United States v. Philadelphia Nat. Bank,* 374 U.S. 321, but neither the facts nor the language of that case stand as a barrier to the affirmance of the judgment of the court below. In *Philadelphia Nat. Bank,* the merger produced a bank controlling 30% of a highly concentrated market in which four concerns controlled 90% of the business. Moreover, after the merger, the two leading banks in Philadelphia would have controlled 58% of the total bank assets, deposits, and loans in the relevant market area.

In *Philadelphia Nat. Bank* this Court laid down the much-quoted test that "A merger which produces a firm controlling an undue percentage share of the relevant market, and results in the significant increase in the concentration of firms in that market, is so inherently likely to lessen the competition substantially that it must be enjoined in the absence of evidence clearly showing that

the merger is not likely to have such anti-competitive effects." 374 U.S. at 363. Measured by that test, the Von's-Shopping Bag merger is plainly valid. A combined percentage share of 1.4% of the grocery stores and 7.5% of sales in the relevant market can hardly be regarded as "undue." Cf. *Philadelphia Nat. Bank*, 374 U.S. at 364 n. 41. The increase in concentration is far from "significant": in the decade prior to the merger, the market shares of the leading chains had been decreasing, and, as a result of the merger, the market share of the 20 top chains increased only from 56.9 to 57.4% while that of the leading two concerns increased from 14.3 to 16.6%. Moreover, the evidence from a wide range of industry witnesses clearly showed that the merger is not at all likely to have anti-competitive effects.* (See Statement, pp. 8-9)

In *United States v. First National Bank*, 376 U.S. 665, the merged bank was larger than all of the remaining banks combined, having more than 50% of the bank assets, deposits, and loans in the market area there held to be relevant. This is the only case cited by Appellant in support of its theory that the elimination of competition between Von's and Shopping Bag is automatically invalid. (J.S. 12.) It is plainly inapposite because, unlike the Von's-Shopping Bag merger, the merger of the banks involved in that case produced a bank controlling an "undue" percentage of an already concentrated market.

* The value of industry witnesses was recognized in *Brown Shoe*. 370 U. S. 294, 344. While little weight was given to the testimony of industry witnesses in *Philadelphia Nat. Bank* because of their "failure to give concrete reasons for their conclusion," there is no such shortcoming here. (Dx. AX, AY, AZ, BA, BB.)

In *United States v. Alcoa,* 377 U.S. 271, this Court found that the "line of commerce showed highly concentrated markets," with the domination by a few companies producing an "oligopolistic" structure, completely unlike that present in the grocery industry in Los Angeles. 377 U.S. 278-80. In this setting, the Court found that the acquisition of Rome Cable by Alcoa, the market leader with 27.8%, was a violation of Section 7 despite the relatively small share of the acquired company in the aluminum conductor market.

In *United States v. Continental Can Co.,* 378 U.S. 441, the relevant product market was dominated by six firms having a total of 70.1% of the business. The merger produced a company with 25% of the market which the court found to be violative of Section 7 in an industry where, in sharp contrast to the grocery business in the Los Angeles area, there had been a "history of tendency toward concentration in the industry." 378 U.S. at 461.

The distinctions between the recent decisions of this Court and the instant case are both numerous and substantive. Here, the combined market share is much smaller; there was little overlap in the geographical areas served by each company prior to merger; the market as a whole is fragmented, not oligopolistic in structure; the trend is away from concentration; entry is classically easy; and, moreover, the competitive effectiveness of a particular retail store is not dependent upon the size of the concern which owns it.

CONCLUSION

For the foregoing reasons, the motion to affirm should be granted.

Respectfully submitted,
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July 22, 1965

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In the Supreme Court of the United States

OCTOBER TERM, 1965

No. 303

UNITED STATES OF AMERICA, APPELLANT

v.

VON'S GROCERY COMPANY AND SHOPPING BAG FOOD STORES

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION

BRIEF FOR THE UNITED STATES

OPINION BELOW

The opinion of the district court (R. 3017) is reported at 233 F. Supp. 976. The court's findings of fact and conclusions of law (R. 3064) are unreported.

JURISDICTION

The judgment of the district court was entered on December 17, 1964 (R. 3091), and the notice of appeal was filed by the United States on February 12, 1965. This Court noted probable jurisdiction on October 11, 1965 (R. 3105; 382 U.S. 806).

The jurisdiction of this Court is conferred by Section 2 of the Expediting Act of February 11, 1903,

32 Stat. 823, as amended, 15 U.S.C. 29. *United States* v. *Aluminum Co. of America*, 377 U.S. 271.

QUESTION PRESENTED

The third and sixth largest sellers in the $2.5 billion Los Angeles retail grocery market—direct competitors—merged. The aggregate market share of the merged firms—8.9 percent—exceeded that of any other seller in the market. The market was already tending toward oligopoly, as evidenced (among other things) by the fact that the 8 largest sellers at the time of the merger had an aggregate market share of almost 39 percent; and the merger substantially raised the level of concentration. The question presented is whether such a merger violates the prohibition of Section 7 of the Clayton Act against mergers whose effect may be substantially to lessen competition.

STATUTE INVOLVED

Section 7 of the Clayton Act, 38 Stat. 731, as amended, 64 Stat. 1125, 15 U.S.C. 18, provides in pertinent part:

> No corporation engaged in commerce shall acquire, directly or indirectly, the whole or any part of the stock or other share capital and no corporation subject to the jurisdiction of the Federal Trade Commission shall acquire the whole or any part of the assets of another corporation engaged also in commerce, where in any line of commerce in any section of the country, the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly.

STATEMENT

The United States filed its complaint in this civil antitrust action on March 25, 1960, charging that the effect of the acquisition by Von's Grocery Company ("Von's") of Shopping Bag Food Stores ("Shopping Bag") might be substantially to lessen competition or tend to create a monopoly in the sale of groceries and related products in the Los Angeles metropolitan area, in violation of Section 7 of the Clayton Act (15 U.S.C. 18). The government's request for a temporary restraining order was denied and the merger was consummated on March 28, 1960.[1] After trial, the district court (Judge Carr) held that no violation of Section 7 had been proved, and dismissed the complaint.

1. THE MERGING COMPANIES

Von's and Shopping Bag were among the leading grocery retailers in the Los Angeles area. Both companies sold a complete line of groceries and related products in modern, self-service, cash-and-carry supermarkets;[2] both bought directly from suppliers; and

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[1] On June 30, 1960, the court denied the government's request for a preliminary injunction, which would have required separation of the two companies' operations pending the outcome of the suit, and stated that "the stores themselves are the basic assets of the business and the stores may be divested individually or in a group."

[2] Before the merger, the average sales of individual stores of each defendant compared favorably with all other chains in the Los Angeles Metropolitan Area. For Von's, average sales per store exceeded $3 million, while Shopping Bag's average sales per store approximated $2.1 million (GX 13, R. 2348; Pre-Trial Order, Part III, pars. 8, 12, R. 14–15). A super-

both operated their own warehouse and distribution centers and maintained fleets of trucks to service their stores (Fdgs. 3, 5, 9, 55, R. 3065–3066, 3081). Each had commenced operations in the early 1930's, had grown significantly, and was a large, profitable and expanding firm (Fdgs. 1–3, 6–9, 12(b), R. 3064–3067; GX 16, R. 2357). Each had achieved its present size through internal expansion, that is, by building and leasing its own stores rather than by merging with or acquiring other grocery enterprises.

In 1958, Von's operated 27 grocery supermarkets in the Los Angeles metropolitan area. Its total sales of approximately $94,000,000 constituted 4.7 percent of all retail grocery store sales in the area and made it the third largest grocery chain there (R. 3023). Between 1948 and 1958, it had doubled the number of its stores, almost doubled its share of the market, and quadrupled its sales (Fdgs. 3, 12(b), 25, R. 3065–3066, 3071).

In 1958, Shopping Bag operated 36 supermarkets, with total sales of approximately $90,531,000. Thirty-four of the stores, with sales of approximately $84,-164,000, were located in the Los Angeles metropolitan area, which gave Shopping Bag approximately 4.2 percent of the total retail grocery store sales and a rank of sixth in the area (R. 3023, 3066). In 1948, Shopping Bag had had only 15 stores in the area, and between 1948 and 1958 had increased its sales sevenfold

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market is variously defined as a grocery store with annual sales in excess of $300,000, $500,000, or $1 million. See *The Supermarket Industry Speaks* (16th Ann. Rep. by Supermarket Institute, 1964), p. 11.

and had more than tripled its share of the market. (Fdgs. 9, 12(b), 25, R. 3066, 3067, 3071).

2. THE CHANGING STRUCTURE OF THE RETAIL GROCERY INDUSTRY IN THE LOS ANGELES METROPOLITAN AREA

The parties agreed and the district court found that the area's twenty leading supermarket chains were all part of a network of retail grocery-store competition in which the major grocery chains, as well as other grocers, "frequently responded to competitive practices originated by one of the other major chains" (Pre-trial Order, Part III, Par. 46, R. 19; Fdgs. 39, 41, R. 3076–3077; GX 84,[3] R. 1995–1997).[4] The district court found that both Von's and Shopping Bag were "substantial competitive factors" in this market (Fdg. 42, R. 3077). In terms of dollar sales, industry position, market shares, number of stores operated, expansion activity, impact upon prices, and consumer acceptance, they were plainly among the market's leaders (Pre-trial Order, Part III, Pars. 6–52, R. 14–20; GX 4–5, 9–23, 27, 29–32, R. 2329–2330, 2333–2378, 2385, 2401–2408).

Moreover, Von's and Shopping Bag were both among the relatively few grocery chains able to engage in area-wide advertising, particularly in the metropolitan newspapers with broad circulation (GX

[3] This exhibit was inadvertently omitted in the printing of the record. It is reproduced as Appendix B hereto, p 47, *infra*.

[4] Examples of the way in which competitive practices spread through the area "like a communicable disease" (R. 1995) were the widespread adoption of trading stamps (R. 1344) and the responsiveness of the area's chains to Von's effort to eliminate loss leaders and reduce shelf prices generally on several hundred grocery items (R. 1234–1235, 1343–1344, 2018).

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17–19, R. 2358–2366).[5] In addition, the major chains, including Von's and Shopping Bag, carefully checked and attempted to match each other's prices (GX 23–26, R. 2377–2383).[6] Indeed, these two firms were among the seven (the others were Ralph's, Safeway, Alpha Beta, Market Basket and Thriftimart—all among the ten largest grocery chains in the area) which were included in the *Competitive Survey* book, now known as the *Key Survey* book, a weekly publication sold to all major chains and many independents in Southern California that contained the shelf prices charged for some 3,000 grocery items (GX 21, 22, R. 2369, 2374; R. 903–904). This pricing survey was uti-

[5] In 1959, Von's net cost for advertising was $738,906 and Shopping Bag's gross advertising expenditures (without allowances for coopertaive advertising) were $1,187,627 (GX 17, 19, R. 2358, 2364).

[6] Von's maintained and kept copies of the weekly advertising of the major chains in its files and regularly selected the Shopping Bag advertisements for this purpose (GX 24, (unprinted)). Similarly, Shopping Bag closely followed the prices of other chains when it set its own prices (GX 25, R. 2379). William R. Hayden, former president of Shopping Bag, testified on this subject as follows (GX 23, R. 2377):

> Q. It is your judgment that prior to the merger your prices were the same as Safeway and Ralphs and Von's and Market Basket, Thriftimart?
>
> A. That's right.
>
> Q. As Food Giant, as Alpha Beta?
>
> A. I would say that all prices—we check one another to see what the other man is doing, and we know that we can't demand any more from the customer than the other fellow on a nationally known item. There may be items in our store that we wouldn't be to the penny the same price, whether it be a mistake in the pricing or a mistake that the store would fail to catch when they made their price changes.

lized by chain and independent grocery retailers in setting prices for their grocery items (GX 72, *e.g.*, R. 40, par. 2, R. 76, par. 3).

Not all of Von's and Shopping Bag's individual stores were in the same immediate vicinity, although the parties agreed and the district court found that where the stores of each company were so "located that both could compete for some of the same customers" "the competition was intensive" (Fdg. 41, R. 3077; Pre-trial Order, Part III, Par. 46, R. 19). In discussing the "draw" area for customers, the district court, relying heavily on information provided by Dr. Ward Jenssen, a government witness, noted that the average customer was willing to drive at least 10 minutes, or about 4 miles, and to pass by other stores, in order to reach a particular store (Fdg. 39, R. 3076).[7]

Dr. Jenssen's testimony indicated that on the basis of ten minutes' driving time, almost half the stores

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[7]. W. D. Hayden, a director of Von's who had been in the grocery business since 1932, testified that Von's-Shopping Bag stores can draw *five* miles and that customers will pass other stores to get to the store of their choice (R. 1356–1357). While appellees' witness Bouque assumed a theoretical draw area of 1½–2 miles when making a study of competition between Von's and Shopping Bag prior to the merger (R. 1732–1733), he clearly demonstrated the importance of the outer 2 miles of an over-all 4 mile draw area by testimony which indicated that between 10 and 40 percent of all customers of Von's and Shopping Bag came from outside a 2-mile radius of any Von's or Shopping Bag store (DX BF, R. 1825). Von's president also noted that loss of a major part of these customers would be a serious problem, and that Von's would be forced to take measures to regain this trade, *e.g.*, by advertising special promotions (R. 1298–1303).

of the two concerns, with aggregate sales of approximately $76 million, were in a position to compete directly for the business of more than one million of the same customers, who bought a total of nearly $500 million in grocery products per year (R. 2023–2024; GX 13, R. 2348; GX 85[8]). On the basis of defendants' figures, more than 20 percent of their stores were so located as to be likely to draw customers from overlapping areas (DX AV, EX E, R. 2914; R. 1277–1283, DX BF, R. 1755, 1758, 1799). In 1960, the sales of these stores exceeded $48 million—approximately 25 percent of defendants' combined total sales (GX 13, R. 2348).

The Los Angeles metropolitan area, which was stipulated to consist of Los Angeles and Orange Counties, California, is the second largest metropolitan area in the United States in population, income, and retail sales.[9] At the time of the merger, approximately 6,750,000 persons resided in the area and total retail sales of groceries were in the neighborhood of $2.5 billion annually (Fdg. 15, R. 3068). In 1960, some 4,000 separate retail grocery concerns operated

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[8] GX 85, inadvertently omitted in the printing of the record, is printed as Appendix C hereto, p. 48, *infra*.

[9] In 1960, there were only seven States in the United States with larger populations than the Los Angeles metropolitan area (GX 2, R. 2328); and the area's population was larger than the combined populations of the eleven smallest States in the United States and the District of Columbia (GX 3, R. 2329). The area's total retail sales were approximately $9.1 billion in 1957, representing 42 percent of all California retail sales, 33 percent of total Pacific Coast retail sales, and 25 percent of such sales in the eleven western States (Pre-trial Order, Part III, Par. 23, R. 16).

approximately 4,800 stores in the area (Fdg. 73, R. 3084). However, the 12 largest enjoyed 50 percent of the total sales (GX 8, R. 2332 (1958 figures)).

This concentration seems, in part at least, to reflect a long-term decline in the number of small, single-store operators and an increasing trend to large supermarkets operated by local and national chains. The district court found that between 1950 and 1963, the number of single-store grocery operators in the Los Angeles area decreased by 1,775, from 5,365 to 3,590, and the number of stores operated by chains of two or more stores increased by 102, from 856 to 958 (Fdg. 23, R. 3070; GX 33–35, R. 2409–2412; R. 914). This decline was accompanied by a marked increase in the percentage of total retail grocery sales controlled by large chains.[10] In 1948, the leading 20 chains accounted for 43.8 percent of all such sales; in 1958, for 56.9 percent (R. 3023). Department of Commerce statistics show that the market shares accounted for by the eight largest chains in the area increased from 33.7 percent in 1948 to 40.9 percent in 1958; for the 12 largest chains, from 38.8 percent in 1948 to 48.8 percent in 1958; and for the 16 largest chains, from 41.6 percent in 1948 to 53.4 percent in 1958 (GX 6, 7, 87, R. 2330–2331, 902).

This trend seems likely to continue. The district court found that of the 247 new grocery stores opened in the area in 1960, 119 were opened by concerns

[10] The district court's erroneous finding that concentration was decreasing is considered *infra*, p. 34, n. 33.

operating at least one other store (Fdgs. 47, 59, R. 3079, 3082; GX 36, R. 2412)—67 of them by the leading 20 chains (Fdg. 59, R. 3082). In addition, the leading chains account for a predominant share of the business generated by new openings. The 20 leading chains enjoyed 67.8 percent of the total sales of all grocery stores opened in 1960 (GX 43, R. 2417), and 25 of the 29 new stores that year which had sales of more than $2 million were opened by such chains (GX 37, R. 2413). Most store closings are by single-store operators and the smaller chains (GX 36, 38–42, R. 2412, 2414–2417).

The market's rising level of concentration since 1948 has been accompanied by a pattern of purchases of established stores by the area's major chains. The National Association of Retail Grocers so recognized in a study of the merger movement in retail food distribution which it published in 1959. "The three Pacific states of California, Oregon and Washington rank second among the geographic divisions [of the United States] in terms of sales volume of food stores absorbed by mergers. Los Angeles was the prime center of such acquisitions."[11]

A table prepared by Dr. Willard F. Mueller, Chief Economist of the Federal Trade Commission, from figures obtained by the Commission as part of its

[11] This study, entitled *The Merger Movement in Retail Food Distribution 1955–1958 (A Four-year Study of the Trend Toward Centralized Power in America's Major Distributive Industry)*, is printed in Hearings Before a Subcommittee of the Sen. Select Committee on Small Business, 86th Cong., 1st Sess., Appendix II, pp. 61, 64 (1959).

study of food marketing shows that between 1949 and 1958 nine of the leading 20 chains in the Los Angeles metropolitan area acquired 126 grocery stores from concerns outside the top 20 chains (GX 44, R. 2418; R. 906).[12]

[12] The Commission's study was confined to chains with 11 or more stores in 1958. The record establishes, however, that members of the leading 20 chains with fewer than 11 stores also made acquisitions during this period (R. 908–909). Moreover, information developed from the work papers of a principal defense witness, Godfrey Lebhar, clearly demonstrates the substantiality of merger activity among the area's leading chains during the 1953 through 1961 period (GX 78, R. 2503). His papers record the following acquisitions and mergers, among others, and show that 5 of the leading 10 chains in the Los Angeles area as of 1958 (Food Giant, Alpha Beta, Fox, Mayfair, and Von's—see GX 4, R. 2329) made acquisitions of stores between 1957 and 1961:

Year	Acquiring firm	Acquired firm	Number of stores acquired
1957	Piper Mart	Bi-Right & Big Bear	3
1958	Mayfair	Bob's Supermarket	7
1961	Better Foods	Border's Markets	3
1954	Kory's Markets	Carty Brothers	8
1958	Food Giant	Clark Markets	15
1956	Fox	Desert Fair	4
1959	Lucky	Hiram's	6
1958	Fox	Iowa Pork Shops	11
1957	Lucky	Jim Dandy Mkts	9
1961	Food Giant (and others)	McDaniel's Markets	10
1957	Food Giant	Panorama Markets	3
1958	Pix	Patton's Mkts	4
1958	Alpha Beta	Raisin Markets	13
1960	Piggly Wiggly	Rankins Markets	4
1959	Pix	S & K Markets	2
1960	Von's	Shopping Bag	37
1959	Pix	Shop Right Markets	3
1958	Yor-Way	C. S. Smith	5
1957	Food Giant	Tolnea Marts	2
1957	Mayfair	U-Tell-Em Markets	10
	Total		169

In 1958, 99 of the acquired stores were still operated by the acquiring chains and had sales of $192.9 million, an amount equivalent to nearly 75 percent of the increase in market shares of the 20 leading chains between 1949 and 1958 (GX 6, 44, 45, R. 2330, 2418, 2420; R. 906–907). During the same period, these chains disposed of a substantial number of unwanted outlets; and without the acquired stores the market share of the chains in 1958 would likely have dropped from 56.9 percent to 47.3 percent (R. 907). "It is therefore apparent," Dr. Mueller concluded, "that a good part, if not all, of the increasing concentration in the twenty largest grocery chains resulted from acquisitions" (*ibid.*).

3. THE MERGER

Discussions of a possible merger between Von's and Shopping Bag were initiated by Von's president in late 1957 or early 1958 (GX 46, R. 2421), after Von's had unsuccessfully explored merger possibilities with officials of Kroger (DXAF, R. 2747; R. 1264) and with Alexander Markets (R. 1264). By 1959, Shopping Bag, and its president and principal stockholder, W. R. Hayden, became concerned that Shopping Bag's earnings and profits were declining (Fdg. 12(b), R. 3066), although the three preceding years had been profitable, and 1957—the year the merger discussions began—had been the most profitable in the firm's history (R. 1293).[13] The merger

[13] In addition, the district court found that Mr. Hayden wanted to become less active in Shopping Bag's affairs, but was worried because its existing management was not strong (Fdg. 12(c), R. 3067); that since both Von's and Shopping

between Von's and Shopping Bag was consummated on March 28, 1960, with Von's emerging as the surviving corporation;[14] since that time, the combined firm has operated as a single entity in the relevant market (Pre-trial Order, Part III, Pars, 4, 6, 10, 11, 41, R. 13–14, 18; GX 9–11, 21–23, 27, 47–71, R. 2333–2345, 2369–2378, 2385, 2423–2497; GX 72, *e.g.*, R. 42, par. 11; Fdg. 50, R. 3080). After the merger, Von's had total assets of approximately $42,000,000 and, on the basis of 1958 figures,[15] ranked first in the Los Angeles retail grocery market with approximately 8.9 percent of total sales.[16] The district court found that

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Bag were largely family owned, the death of any family member might result in estate-tax problems and possibly the forced sale of stock (Fdg. 12(e), R. 3068); and that the merger would result in greater efficiencies and some lower operating costs (Fdg. 12(d), R. 3067).

[14] Shopping Bag shareholders received Von's stock in return for their Shopping Bag stock (Fdg. 11, R. 3066).

[15] 1958 is the last year before the merger for which Bureau of the Census figures—whose reliability is conceded—are available.

[16] A table in the district court's opinion (R. 3023) lists the market share and industry rank of the ten leading chains for 1958 (based on a Census universe) as follows:

	Rank in sales		Sales in Los Angeles metropolitan area	Percentage
	Before merger	After merger		
Total of Von's and Shopping Bag	----------	1	$177,867,000	8.9
Safeway	1	2	161,233,000	8.0
Ralph's	2	3	128,283,000	6.4
Von's	3	----------	93,703,000	4.7
Market Basket	4	4	88,806,000	4.4
Thriftimart	5	5	88,583,000	4.4
Shopping Bag	6	----------	84,164,000	4.2
Food Giant	7	6	72,727,000	3.6
Alpha Beta Raisins	8	7	62,727,000	3.1
Fox Markets	9	8	56,438,000	2.8
Mayfair	10	9	39,360,000	2.0
Total	----------	----------	----------	43.6

Von's ranked second to Safeway after the merger in 1960 (Fdgs. 50, R. 3080).[17]

4. THE DISTRICT COURT'S OPINION

The district court first held, in accordance with the stipulation of the parties, that the merging firms had been engaged in interstate commerce at the time of the merger; that the relevant line of commerce (product market) was the retail sale of groceries and related products[18] and the relevant section of the country (geographical market) was the Los Angeles metropolitan area (consisting of Los Angeles and Orange Counties); and hence that the sole issue for decision was whether, in this market, the merger had the adverse effects on competition specified in Section 7 (R. 3020–3021). On this point, the court found that the market was characterized by frequent and easy entry of new competitors and was vigorously competitive, and that the smaller sellers were able to hold their own in competition with the major chains (R. 3024–3025, 3031). The court then indicated that these factors in its view outweighed any possible adverse effect on the structure of the market produced by the merger. Concluding that there was no probability that the merger would lessen competition in the relevant mar-

[17] We discuss this finding, *infra*, n. 36, p. 37.

[18] These are the products "usually and customarily offered for sale in supermarkets and grocery stores, and consist of groceries, meats, produce, bakery goods, dairy products, delicatessen products, frozen foods, fruits, vegetables, household supplies, drugs and sundries * * *" (Fdg. 14, R. 3068).

ket, the court directed that judgment be entered for defendants (R. 3031).

ARGUMENT

INTRODUCTION AND SUMMARY

The retail sale of groceries and related products customarily offered for sale in grocery stores and supermarkets constitutes the nation's largest industry by a substantial margin.[19] It is so large that its local markets in many instances dwarf whole industries. Los Angeles, the setting for the merger here in issue, is a case in point. Retail sales of grocery products there (the nation's second largest metropolitan area) amount to some $2.5 billion annually. Von's and Shopping Bag, the parties to the merger, had combined sales of almost $180 million per year.

The grocery industry is also a traditional bastion of the small businessman. There are more single-unit businesses in this industry,[20] most of them quite small, than in any other American industry. To be sure, the number of grocery stores has declined in recent years with the growth of the supermarket method of food retailing; and grocery chains, like Von's and Shopping

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[19] Total annual sales of all grocery stores were $52.6 billion in 1963. *1963 Census of Business—Retail Trade—United States*, p. 1–6, category 541. In comparison, total sales of all retail shoe stores, for example, were $2.4 billion and of all franchised automobile dealers $37.4 billion. *Id.*, p. 1–7, category 566, Table 2, and category 551.

[20] 215,129. *1963 Census of Business*, *supra*, RS4, p. 4–17 (Table 2).

Bag, have grown. Nevertheless, while the food industry today contains more corporate giants, and fewer corner groceries and other small firms, than it once did, it remains an industry where large firms are not yet dominant and the opportunities of individual entrepreneurs are substantial. Furthermore, from all indications, its technology is such that, even today, and for the indefinite future, many relatively small firms should be able to thrive.

This general pattern is instanced by Los Angeles. At the time of the merger, there were 4000 separate grocery businesses in the Los Angeles metropolitan area, and they operated a total of 4800 separate stores. No firm had more than an 8 percent share of the area's total grocery business (DXAM, R. 2787), and it appears that small chains, and even some single-store enterprises, were able to operate efficiently and to hold their own in competition with the larger chains. Nevertheless, a large share of the business was held by a relatively few large firms, and such concentration appeared to be on the rise. Thus, for example, the 8 largest firms in 1958 accounted for almost 39 percent of the area's total grocery sales, and the 3 largest for 19 percent.[21]

In the present case, the government challenged under Section 7 of the Clayton Act, as amended in

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[21] See district court's table (R. 3023), Statement, *supra*, p. 13, n. 16. Throughout, we emphasize 1958 figures (though the merger took place in 1960), for the reasons explained in n. 15, p. 13, *supra*; see n. 33, p. 34, *infra*.

1950 by the Celler-Kefauver Antimerger Act, the merger in 1960 of the third (Von's) and sixth largest (Shopping Bag) retail sellers of grocery products in Los Angeles; these were large and profitable firms which before the merger had combined sales of almost $180 million per year and a combined market share of almost 9 percent [22]—more than any other seller. The importance of whether such a merger is permissible under Section 7 need not be labored. The question involves the nation's largest industry, and substantial firms in one of that industry's largest local markets—a market itself far larger in monetary terms than many industries. Moreover, the legislative history of the Antimerger Act discloses particular concern with the competitive dangers of merger activity in sectors of the economy which are traditionally areas of individual enterprise and small-business opportunity, and Congress specifically referred to the retail grocery industry as one of those areas.[23]

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[22] Von's had 4.7 percent; Shopping Bag 4.2 percent. Statement, *supra*, p. 13, n. 16.

[23] As the House Report states, "recent merger activity has been of outstanding importance in several of the traditionally 'small business' industries. More acquisitions and mergers have taken place in textiles and apparel and food and kindred products—predominantly 'small business' fields—than in any other industries." H. Rep. No. 1191, 81st Cong., 1st Sess., p. 3. It seems clear that the Report was referring, among other things, to mergers among grocery retailers. See *Report of the Federal Trade Commission on the Merger Movement—A Summary Report* (1948), pp. 52–53. Congress drew heavily in its consideration of the merger problem on this FTC report. See *Brown Shoe Co.* v. *United States*, 370 U.S. 294, 315.

We believe that the district court erred in holding this merger not barred by Section 7. We do not quarrel with most of the court's subsidiary findings, but we think it applied an incorrect legal standard in that it failed to accord sufficient weight to Congress' paramount concern with arresting tendencies toward concentration. If the district court applied the wrong standard, this Court is free to ignore the district court's ultimate judgment on the legality of the merger.

We divide our argument into two parts. In the first, we propose as the proper standard for judging this merger a test of presumptive illegality, drawn from the general standards and basic purposes of Section 7 and applicable generally to mergers such as that at bar between direct competitors in markets where economic power is still relatively dispersed. Since Congress' foremost concern was to prevent the rise of oligopolies, wherein a few sellers control the bulk of a market's business, we urge that such a merger should be deemed presumptively illegal when it (1) occurs in a market where there is a significant tendency in the direction of undue concentration and (2) appreciably increases the existing level of concentration.

In proposing such a test, we follow the path broken by this Court in *United States* v. *Philadelphia National Bank,* 374 U.S. 321. Because of factual differences between the cases, we do not suggest that the standards fashioned in *Philadelphia Bank* are

appropriate here. But we think that the Court's general approach of basing decision upon a few criteria consonant with the statute remains valid in the present context, and that the test we propose is justifiable on that basis.

Applying this test to the particular facts here, we first show that at the time of the merger the Los Angeles grocery market was already loosely oligopolistic in structure, had a history of increasing concentration, and apparently was at (albeit not yet across) the threshold of oligopoly pricing. Hence, undue concentration was clearly foreseeable if substantial mergers between competitors in the market were permitted to take place. We next show that the merger of Von's and Shopping Bag, in combining the third and sixth largest sellers in that market, with an aggregate market share of almost 9 percent (more than any other single firm), increased concentration appreciably. A leading competitive factor in the market (Shopping Bag, the acquired firm), with a 4.2 percent market share, was eliminated by the merger, and this significantly reduced the number of major competitors and increased the market share and potential power of those that remained. Since the merger thus moved the market significantly in the direction of undue concentration, we conclude that it is presumptively illegal. In the last part of our argument, we show that the presumption of illegality established by the foregoing facts has not been rebutted.

I

A MERGER BETWEEN DIRECT COMPETITORS WHICH OCCURS IN A MARKET STILL RELATIVELY UNCONCENTRATED BUT BEGINNING TO DISPLAY THE ATTRIBUTES AND SYMPTOMS OF OLIGOPOLY, AND WHICH CONTRIBUTES APPRECIABLY TOWARD FURTHER CONCENTRATION OF THAT MARKET, VIOLATES SECTION 7 OF THE CLAYTON ACT

Before the facts about a merger can be intelligently sifted and weighed to determine whether it violates Section 7, it is necessary to have a more precise legal test or standard against which to measure the facts than the bare words of the statute supply. Heeding this Court's direction that "in any case in which it is possible, without doing violence to the congressional objective embodied in § 7, to simplify the test of illegality, the courts ought to do so in the interest of sound and practical judicial administration" (*United States* v. *Philadelphia National Bank*, 374 U.S. 321, 362), we shall first attempt to derive, from the general policies and objectives of Section 7, some workable legal criteria to guide decision of the specific issues of this case. We postpone to the next part of the argument the task of applying these criteria to the present facts.

A. CONGRESS INTENDED THAT MERGERS BE TESTED UNDER STRICT STANDARDS DESIGNED TO ARREST THE TRANSFORMATION OF SMALL-FIRM, RELATIVELY UNCONCENTRATED MARKETS INTO MARKETS DOMINATED BY A FEW LARGE AND POWERFUL SELLERS

The basic thrust of Section 7 is prophylactic. In enacting a law to control mergers, Congress was not seeking to curb abuses of monopoly power or to punish

restraints upon the freedom of competitors. At least, that was not its central concern. As the legislative history of the Antimerger Act makes clear,[24] and as this Court has repeatedly observed,[25] Congress' paramount concern was with preventing the emergence of a certain kind of market structure or environment—the condition economists call oligopoly, characterized by the concentration of market power in the hands of a few companies. Congress believed, and rightly so, that concentrated or oligopolistic market environments promoted competitive abuses and restraints.

The theory of competition that Congress adopted as the premise of this legislation posits that " '[c]ompetition is likely to be greatest when there are many sellers, none of which has any significant market share' " (*United States* v. *Philadelphia National Bank*, 374 U.S. 321, 363). Where the major sellers in a market are few, a price cut by one is likely to have so drastic and immediate an adverse effect upon

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[24] See S. Rep. No. 1775, 81st Cong., 2d Sess., p. 5:

> Where several large enterprises are extending their power by successive small acquisitions, the cumulative effect of their purchases may be to convert an industry from one of intense competition among many enterprises to one in which three or four large concerns produce the entire supply. This latter pattern (which economists call oligopoly) is likely to be characterized by avoidance of price competition and by respect on the part of each concern for the vested interests of its rival * * *.

The pertinent legislative history is summarized in *Brown Shoe Co.* v. *United States*, 370 U.S. 294, 315–318.

[25] See *United States* v. *Aluminum Co. of America*, 377 U.S. 271, 280; *United States* v. *Philadelphia National Bank*, 374 U.S. 321, 363.

the sales of the others as to compel them to respond promptly with matching cuts, thereby wiping out any competitive advantage won by the initiator of the reduction. Realizing this, competitors in an oligopolistic market have little incentive to cut prices. Oligopoly thus promotes price rigidity and discourages vigorous price competition,[26] and in so doing tends to direct rivalry into other channels—such as heavy advertising and promotions—the social benefits of which are less obvious, to say the least, and which tend to create formidable barriers to entry by new competitors.

As the means of arresting the transformation of markets having many sellers of roughly equal size to a state of domination by a few large firms, Congress chose to limit growth through mergers, since mergers had frequently been instrumental in the creation of oligopoly. It was recognized, however, that the process of transformation through mergers from a dispersed to a concentrated market was often gradual, that no single merger was apt to be decisive, and that there was no sharp line below which a market was atomistic and above which it was oligopolistic—and hence that unless the merger law was so drafted as to enable remedial action against a series of mergers, even though each might seem relatively harmless, viewed in isolation, it would be very largely a dead letter. Congress accordingly determined to impose a far stricter standard for judging mergers than that

[26] See, also, pp. 34–35, *infra*.

applied in Sherman Act cases. Under Section 7, no showing is required that a challenged merger in fact harms competition; it is enough if the merger "may" have the effect of substantially lessening competition.

Section 7 thus can and should be brought into play before concentration in an industry has reached a high level, so as "to brake this force at its outset and before it gather[s] momentum." *Brown Shoe Co.* v. *United States,* 370 U.S. 294, 318. It follows that the most pertinent question in a merger case is not, what is the immediate impact of the merger upon competition, but, rather, what is the likely future direction of the market's development if the merger is permitted? For, in light of Congress' basic concerns, it is the relationship of the challenged merger to the long-term evolution of the market, not the particular effects of the merger considered by itself, that is critical.

Predicting the long-term future effects of a merger is very difficult, however, because of the many variables involved. It calls more for an economic prophecy than for a conventional legal judgment. Consequently, it has become widely accepted that the merger law cannot be effectively enforced on a completely *ad hoc* case-by-case basis. Workable administration of the law requires that its general standards be translated into sound criteria, as specific as the nature of the problem permits, keyed to the basic statutory goal of preventing undue concentration—criteria that can be administered by a court and understood and applied by businessmen in planning

their affairs, and so impart needed predictability and certainty to the law."

We believe it is quite feasible to formulate an appropriate and reasonably simple legal test to govern mergers between direct competitors in markets that have not yet become, but appear to be on the way to becoming, excessively concentrated. With respect to those mergers, too, we think Congress' "intense * * * concern with the trend toward concentration warrants dispensing * * * with elaborate proof of market structure, market behavior, or probable anticompetitive effects," and that a merger found wanting under the criteria of the test is "so inherently likely to lessen competition substantially that it must be enjoined in the absence of evidence clearly showing that the merger is not likely to have such anticompetitive effects." *United States* v. *Philadelphia National Bank*, 374 U.S. 321, 363.

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[27] See, *e.g.*, *United States* v. *Philadelphia National Bank*, 374 U.S. 321, 362; *Procter & Gamble Co.*, Trade Reg. Rep. (Transfer Binder 1963–1965), ¶ 16,673, pp. 21573–21574 (FTC); *Beatrice Foods Co.*, 3 Trade Reg. Rep., ¶ 17,244, pp. 22336–22337 (FTC); President's Council of Economic Advisers, 1965 Ann. Rep., p. 135; Elman, *The Need for Certainty and Predictability in the Application of the Merger Law*, 40 N.Y.U. L. Rev. 613 (1965); Elman, *Rulemaking Procedures in the FTC's Enforcement of the Merger Law*, 78 Harv. L. Rev. 385 (1964); Bok, *Section 7 of the Clayton Act and the Merging of Law and Economics*, 74 Harv. L. Rev. 226 (1960); Stigler, *Mergers and Preventive Antitrust Policy*, 104 U. Pa. L. Rev. 176, 177 (1955). Cf. *Standard Oil Co.* v. *United States*, 337 U.S. 293.

B. A MERGER BETWEEN DIRECT COMPETITORS IN A MARKET STILL RELATIVELY UNCONCENTRATED IS PRESUMPTIVELY ILLEGAL IF (1) THE MARKET IS THREATENED BY UNDUE CONCENTRATION AND (2) THE CHALLENGED MERGER INCREASES THE MARKET'S CONCENTRATION SUBSTANTIALLY

1. Since the basic concern of Congress was with forestalling the emergence of concentrated markets, the first element of our test is a determination whether the market in which the merger takes place is threatened with increasing concentration. If there is no evidence of oligopolistic tendencies, the danger posed by a merger that does not itself radically transform the market's structure may be slight; but if the market is already tending toward oligopoly, any further merger-induced increase in concentration requires very careful scrutiny. Various factors are relevant in determining whether a threat of oligopoly exists. One in particular is whether, at the time the merger takes place, concentration in the market is already near the level of oligopoly. The significance of this factor should be apparent. An increase in concentration in a market where the 10 largest sellers have only 10 or 20 percent of the market's total sales clearly presents a less imminent danger of the emergence of behavior characteristic of oligopoly than in a market where the 10 largest have a 40 or 50 percent share. In the latter case, further increases in concentration may well produce a significant impairment of the vigor of price competition. As this example suggests, the adverse effect of a merger which increases con-

centration is more serious when there is already some concentration than when the market is still highly fragmented.

2. The second element of our proposed test is whether the challenged merger significantly raises the existing level of concentration. This has two related aspects. First, did the merger, by eliminating the acquired firm as an independent competitive factor in the market, appreciably increase the aggregate market share of the leading firms? Second, was the acquired firm an important competitive factor? The elimination of such a competitor might be far more serious than the elimination of a number of smaller competitors which, in the aggregate, had the same market share but which were too small to contribute significantly to maintaining competitive conditions in the market. Cf. *United States* v. *Aluminum Co. of America*, 377 U.S. 271, 280–281.

If the merger thus reduces the number of significant competitors in the market and enhances the market position of those that remain, it means that the merger has substantially changed the structure of the market, bringing it palpably nearer to the condition of oligopoly that Congress wanted to avoid. When such a merger occurs in a market already showing signs of oligopoly (the first part of our test), the merger should be forbidden, absent a strong showing to the contrary, because its long-range threat to competition is great.

The two-part test of presumptive illegality we propose, while modeled on, is obviously not identical to,

that of *United States* v. *Philadelphia National Bank*, 374 U.S. 321, 363. The circumstances there were different. The market was one in which concentration had already reached very high proportions,[28] and the particular test formulated by the Court—prohibiting a merger where the resulting firm had 30 percent of the business of the relevant market—was designed to deal with mergers occurring in such an environment, already tightly oligopolistic. The Court carefully avoided suggesting that its test was exclusive or that ~~competition~~ concentration of less than 30 percent were necessarily legal (see 374 U.S. at 364–365, n. 41). Where, as in the present case, a different problem is posed—the application of Section 7 in markets not yet highly concentrated but which reflect a definite trend in that direction—another, and stricter, standard is obviously necessary. Otherwise, the purpose of the statute—to prevent markets from reaching such excessive levels of concentration—would be defeated.

It is no answer to say that a merger need not be forbidden unless it actually creates oligopoly. For there is no magic point at which oligopoly springs full-blown into existence. Between the highly fragmented and the tightly concentrated market structure there is a middle area, one broad part of which is certainly a danger zone. No one can say—at least not without an inquiry far broader and deeper than practical law enforcement permits—at precisely what point a particular market will exhibit oligopolistic

[28] The two largest firms prior to the merger had a combined market share of 44 percent.

behavior.[29] It is thus meaningless to speak of allowing firms to merge up to the lower limit of oligopoly; practically speaking, that limit is unascertainable. Hence, once a market has entered the broad danger zone, a merger that substantially increases concentration is too dangerous to be permitted. Any more lax standard, we submit, would be ineffective to prevent the gradual transformation of atomistic into oligopolistic markets and industries.

II

THE MERGER OF VON'S AND SHOPPING BAG IS PRESUMPTIVELY ILLEGAL, SINCE IT APPRECIABLY INCREASED CONCENTRATION IN A MARKET WHICH WAS APPROACHING OLIGOPOLY

A. THE LOS ANGELES METROPOLITAN AREA IS A PROPER MARKET FOR PURPOSES OF THIS CASE

Appellees concede that Los Angeles is "the area of effective competition" within which to appraise the effects of the challenged merger, yet argue—inconsistently, we think—that Los Angeles is not a single market for the retail sale of grocery products in an economic sense. Pointing out that grocery stores and supermarkets draw their customers, not from the entire Los Angeles metropolitan area, but from a much smaller neighborhood area, they contend that figures showing a grocery chain's total sales throughout the

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[29] This is because the critical factor in precipitating oligopolistic behavior is psychological: sellers' assessments of the probable responses of their competitors to any price or other competitive move on their part. Machlup, *The Economics of Sellers' Competition* (1952), p. 351.

entire metropolitan area may distort the chain's actual competitive standing. The contention is without merit. The Los Angeles metropolitan area may meaningfully be regarded as a single market, the principal members of which are in competition with each other, and hence their area-wide sales totals (which we use in assessing the effects of the challenged merger) furnish a reliable index of market structure.

While it is true that a given grocery store or supermarket is unlikely to seek customers throughout the entire Los Angeles area, and in that sense is not a direct competitor of all other grocery outlets there, the principal grocery companies in the area are chains consisting of many separate stores; and some, at least, of their component stores compete directly with component stores of competing chains. Von's, for example, had 27 widely scattered supermarkets and Shopping Bag had 34, and although not all of Von's and Shopping Bag's many branches were in such proximity to each other as to compete directly for consumer patronage, clearly a great many were (see Appendix B, *infra,* p. 47). Appellees' own figures showed that more than 20 percent of the stores operated by the two firms were so located that they were likely to draw customers from overlapping areas; the true figure is nearer 50 percent. (Statement, *supra,* pp. 7, 8, and n. 7.)

The existence of such substantial overlaps suffices to make the Los Angeles grocery chains in fact direct competitors of each other—and not merely partially or intermittently so. For the chains set prices and

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advertise them on an area-wide, not a store-by-store, basis (GX 23, 25, 26, R. 2377, 2379, 2382; GX 24 (unprinted)). Suppose that chains *A* and *B*, each of which had 10 stores, both sold cereal for 40 cents, and three of *B*'s stores were located in close proximity to *A* stores but its remaining stores were not; and suppose that *A* decided to lower its price to 38 cents. Unless *B* responded, three of its stores would be adversely affected. Since, the record here indicates, *B* would probably not make a selective price cut limited to the directly affected stores,[30] it would be forced to lower its price for all of its stores including those not directly in competition with any *A* store. In this fashion, the effects of the direct competition between some branches of the chains would be felt equally throughout the entire chains, just as if there were direct competition between every branch. Thus the major chains must be regarded as competing throughout Los Angeles with one another, albeit not all of their component stores draw upon the same pool of customers. So the chains themselves think. They follow each other's prices meticulously[31]—hardly necessary if they were not direct and substantial competitors.

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[30] Since the chains advertise on an area-wide basis, it would be impractical for them to set prices on a store-by-store basis. Having advertised a single price, they could hardly charge different customers different prices depending on which branch they shop at. There is also some indication that non-uniform prices within the chain might create legal problems under local law (R. 1995–1996); it might even raise questions, in some instances, under the Robinson-Patman Act. At all events, the record is clear that each chain charges uniform prices throughout the area.

[31] Statement, *supra*, p. 6 and n. 6; and p. 35, *infra*.

B. THE LOS ANGELES GROCERY MARKET, AT THE TIME OF THE MERGER, ALREADY REVEALED A TENDENCY TOWARD THE CHARACTERISTIC STRUCTURE AND BEHAVIOR OF OLIGOPOLY

Before considering the degree to which the relevant market in this case showed signs of oligopoly immediately before the challenged merger, we think it relevant to point out that it is by no means inevitable, absent mergers such as the one challenged here, that this market should come to be dominated by a few firms. First, the market is plainly large enough, in absolute economic terms, to attract and hold many firms—with total annual sales of $2.5 billion, it overshadows many entire industries. Second, the retail grocery business in Los Angeles, as elsewhere in the country, has in fact attracted and maintained a very large number of independent firms. Third, it does not appear that the economies of large-scale operation, or any other considerations of efficiency, dictate that the Los Angeles retail food market be divided among a few large chains. Doubtless there are marginal grocery operators whom the "supermarket revolution" has made technologically and competitively obsolete. But there is no showing in this record that a well managed single-unit grocery—assuming that the single unit is a modern supermarket and belongs to a cooperative—cannot compete effectively with the chains. And certainly the merger of Von's and Shopping Bag—which united two chains already very large—was not necessary on any theory that either firm was incapable, standing alone, of continu-

ing to be a strong and effective competitor. Each was a large and profitable firm, having upwards of 25 modern supermarkets, total sales of more than $80 million a year, and complete warehouse and distribution facilities and trucking fleets (Statement, *supra*, pp. 3–4).

The foregoing circumstances would lead one to expect a market characterized by the dispersion, not concentration, of economic power. Instead—and, as we shall note, largely as the result of earlier mergers—the market already seems well on the road to oligopoly.

1. At the time of the merger of Von's and Shopping Bag in 1960, a small number of large chains accounted for a relatively large share of the market. The 10 largest (less than $\frac{3}{10}$ of one percent of the total) had an aggregate share of 43.6 percent of all retail sales of grocery products in the area (R. 3023, Statement, *supra*, p. 13, n. 16), which left the remaining 56.4 percent to be divided among almost 4,000 smaller firms. These 10 firms thus did in the neighborhood of a billion dollars' worth of grocery business in this one metropolitan area. The eight largest sellers accounted for some 39 percent of the market's total sales, the four largest for 23.5 percent, and the three largest for 19.1 percent.

Bearing in mind the vast size of this market and its traditional small-firm character, the amount of concentration immediately prior to the merger was substantial. To be sure, concentration had not reached the same height as it has in many American industries and markets. It had not reached a level at which price rigidity or other characteristic competitive ills

of oligopolistic markets were evident. But the combined market share of the leading sellers was at a level that economists would consider characteristic of at least a loose oligopoly. See Bain, *Industrial Organization* (1959), pp. 32–33, 131–132. That is to say—as we explain shortly (pp. 34–36, *infra*)—sales were already sufficiently concentrated in a few firms that they identified each other as major competitors whose actions and responses must be carefully considered in planning price and other competitive moves.

2. Moreover, concentration, mirroring national trends in the retail food industry,[32] was on the rise. According to Bureau of the Census figures, the aggregate market share of the eight largest sellers in the Los Angeles retail grocery market rose from 33.7 percent in 1948 to 40.9 percent ten years later, and the share of the 12 largest rose in this period from 38.8 to 48.8 percent (GX 7, R. 2331). Mergers were

[32] According to the January 1960 staff report to the Federal Trade Commission entitled *Economic Inquiry into Food Marketing, Part I—Concentration and Integration in Retailing*, p. 5, between 1948 and 1958 domestic food chains with 11 or more stores at the end of 1958 increased their share of total grocery store sales from 34.5 percent to close to 43 percent, an increase of 24.6 percent. See, also, Mueller and Garoian, *Changes in the Market Structure of Grocery Retailing* (1961), pp. 48–67, 115–131. And in many local markets, concentration has reached very high levels. Figures offered by appellees show that in Detroit, 5 grocery chains have 52 percent of the sales; in Kansas City, 5 have 57 percent; in Atlanta, 5 have almost 70 percent; in Pittsburgh, 3 have about 50 percent; in Washington, D.C., 4 have 75 percent; in Philadelphia, 4 have more than 65 percent (DX BB, R. 1658, 1949).

largely responsible for these increases (Statement, *supra*, pp. 10–12)."

3. The pricing policies of the major grocery chains in Los Angeles indicate that the market was approaching oligopoly conditions. When a few firms account for a large proportion of the sales of a market, each is likely to make his pricing decisions with conscious reference to the pricing policies of the

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[35] In Finding No. 80 the court below stated that "[t]here has been no increase in concentration in the retail grocery business in the Los Angeles Metropolitan Area either in the last decade or since the merger. On the contrary, economic concentration has decreased" (R. 3087). This is a conclusory finding without adequate record support and rests largely on (1) the asserted ease of entry into the market—a factor distinct from concentration (see pp. 39–40, *infra*), and (2) a defense exhibit (DX AN, R. 2788) purporting to show that the aggregate market shares of the top three, four, and five firms declined slightly between 1952 and 1960. This evidence is completely inconclusive. (a) The 1960 figures in this computation were based on a projection of experience during the first six months and the figures for the other years are also based on rough estimates. The government's statistics showing an increase in concentration between 1948 and 1958 were supplied by the Bureau of the Census; their accuracy is not questioned. Even using defendants' figures, one finds that there was an increase in the aggregate market shares of the leading three, four, and five firms if one uses almost any base year except 1952, which appears to be unrepresentative. Finally, to the extent there was any decrease between 1952 and 1960, it was apparently due to the steep decline of Safeway, which between 1948 and 1958 saw its market share fall from 14.2 to 8 percent and this was due to a nonrecurring factor: Safeway's decision to sell off or close its many small stores and convert to modern supermarket operations. In 1931, Safeway had had 1,000 stores in the Los Angeles area (Fdg. 18, R. 3069); in 1960, it had only 146 (Fdg. 74, R. 3084). Finding No. 80, incidentally, was drafted by the defendants; the district court's opinion nowhere mentions a decline in concentration.

others, and to be reluctant to initiate price reductions. "[P]arallel policies of mutual advantage, not competition, * * * emerge." *United States* v. *Aluminum Co. of America*, 377 U.S. 271, 280.[34]

By the time of the challenged merger, the leading grocery chains in the Los Angeles market had reached a significant stage on the way to consciously interdependent pricing. The record indicates that the major chains (including Von's and Shopping Bag) were accustomed to study carefully the prices charged by competing major chains, and that each strove to maintain the same prices as the others; they evidently believed that they could not afford to be undersold by any member of their ranks. This is not to say that concentration had reached the stage where vigorous price competition was seriously impaired. But it had reached the stage—which precedes and foreshadows oligopolistic pricing—where a few sellers, by reason of their size in the market, have emerged as the market's major competitors, have identified each other as the rivals to be watched,[35] and have decided that their own competitive fortunes are to some degree interdependent with those of these rivals. This merger is a substantial step toward the point where these majors—their market shares being such

[34] See, *e.g.*, Chamberlin, *The Theory of Monopolistic Competition* (7th ed., 1956), pp. 48–49; Fellner, *Competition Among the Few* (1949), pp. 177–183; and pp. 21–22, *supra*.

[35] The record clearly shows that the major chains in the Los Angeles retail grocery market recognize each other as their principal competitors (GX 23, 25, R. 2377, 2379; GX 24 (unprinted); GX 26, R. 2382; GX 84 (Appendix B, *infra*, p. 47); DX AV, R. 2881–2883, 2885 ff.).

that a price cut by one would have so drastic an impact on the business of the others as to compel an immediate matching response by all, wiping out the price cutter's advantage—decide that the game of vigorous price competition is not worth the candle.

C. THE MERGER OF VON'S AND SHOPPING BAG SIGNIFICANTLY INCREASED THE CONCENTRATION OF SALES IN THE RELEVANT MARKET IN A FEW LARGE FIRMS

In a large market, which is capable of supporting many firms none relatively very large, but in which sales have already become significantly concentrated in a few large firms, the importance of strictly scrutinizing any merger that increases concentration still further is manifest. In such a market—the kind we have here—a few substantial mergers are all that would be needed to complete the transformation of the market structure into a tight oligopoly. We believe that the challenged merger was such a substantial merger and should be barred in order to prevent further deterioration in the market's structure.

The merger eliminated a major competitor which at the time of the merger was the sixth largest retailer of grocery products in the market. A prosperous chain of modern supermarkets, enjoying 4.2 percent of the total sales of this vast market, Shopping Bag was clearly one of the market's leaders. Its elimination significantly reduced the already small number of firms which enjoyed substantial market shares. The fewer such firms, the likelier it is that the market will show the lessened competition characteristic of oligopoly. The merger also substantially increased

the aggregate market shares of the leading sellers. The aggregate share of the two largest (which after the merger were Von's and Safeway) rose from 14.4 to 16.9 percent. The aggregate share of the three largest firms rose from 19.1 to 23.3 percent. That of the four largest rose from 23.5 to 27.7 percent, and that of the eight largest from 38.8 to 41.6 percent.[36] (See Statement, *supra*, p. 13, n. 16; see, also, GX 4, R. 2329.)

Since the concern of the law is with long-term trends to concentration, it is also appropriate to compare the level of concentration as it was in the fairly recent past with the level reached after the merger. By this measure, the concentration of the Los Angeles retail grocery market's sales in the eight largest firms rose from 33.7 percent in 1948 to 41.6 percent (1958 figures) after the merger.[37] It has been suggested

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[36] In using the sum of the pre-existing market shares of the merging companies in these calculations, we follow *Brown Shoe Co.* v. *United States*, 370 U.S. 294, 343, n. 70. To be sure, the district court here found that at the time of the merger (1960), the merging firms' market shares were less than they had been in 1958 (the year used by the government in its computations). We have already explained why appellees' 1960 figures are less reliable. See n. 33, *supra*, p. 34.

[37] It is true that if the top four, rather than eight, firms were chosen, the increase would be substantially smaller. But there is every reason to be concerned with a market moving steadily toward domination by eight firms even if concentration among the top four is increasing less rapidly; a market completely dominated by only eight sellers would be very likely to display the behavioral characteristics of oligopoly. At the other end, if the top 12 or 20 chains were chosen for purposes of comparison between 1948 and post-merger concentration levels, the

that such a rise is alone enough to condemn a merger. Bok, *Section 7 of the Clayton Act and the Merging of Law and Economics*, 74 Harv. L. Rev. 226, 313, 316 (1960). At all events, it is apparent that the concentration of business in the hands of the major chains was appreciably higher after than it had been before the merger.

The precise impact of this increase in concentration upon the competitive health of the market cannot, of course, be gauged. It may indeed be small. But this much is clear: The merger moved a market already approaching oligopoly a pronounced step further in that direction. And it is obvious that only a few more steps of comparable magnitude would be necessary to make the concentration of the market so great that competition would be clearly weakened. The government is not required to await such further changes. This is the appropriate point for remedial action against a "cumulative process" of concentration. H. Rep. No. 1191, 81st Cong., 1st Sess., p. 8. See *Brown Shoe Co.* v. *United States*, 370 U.S. 294, 342-344, 346; *United States* v. *Continental Can Co.*, 378 U.S. 441, 464. In the setting of a market already

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increase would be much greater than for the top eight. But there is less reason to be concerned with eventual domination of a market by a relatively large number of sellers; oligopoly requires that the controlling sellers be few. Eight is a frequently used, if admittedly somewhat arbitrary, dividing line. Bok, *supra*, this page, p. 313, n. 262. Of course, there is all the more reason to be concerned with the threat of oligopoly when, as in this market, the effect of the merger is to increase substantially the already significant aggregate share of fewer than eight firms—the top two, three, or four, for example.

tending toward oligopoly and having a history of merger-induced concentration, this merger has significantly increased the danger that competition will be substantially injured. That is all the statute requires.

III

THE PRESUMPTION OF ILLEGALITY HAS NOT BEEN REBUTTED

We consider in this part whether appellees have shown any persuasive reason why, in the face of the facts marshaled in the preceding part, this merger should not be held illegal. They plainly have not.

A. THE CONDITION OF ENTRY BY NEW COMPETITORS INTO THE MARKET SEEMS UNLIKELY TO OFFSET THE MERGER'S ADVERSE EFFECTS

Appellees assert that there is complete ease of entry into the Los Angeles retail food market. Even if this were true—and we show next that it is not—it has not been shown that the condition of entry is such as to cancel or cure the undesirable effect of the challenged merger upon the structure of a market already moving in the direction of oligopoly.[38]

Ease of entry could presumably affect competitive conditions in a market in one of two ways. First, the threat of new competition might act as a restraining

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[38] See *Ekco Products Co.*, Trade Reg. Rep. (1963–1965 Transfer Binder), ¶ 16879, p. 21901 (FTC), affirmed, 347 F. 2d 745 (C.A. 7); Bok, *Section 7 of the Clayton Act and the Merging of Law and Economics*, 74 Harv. L. Rev. 226, 260 (1960). Cf. Bain, *Barriers to New Competition* (1956), p. 189; Bain, *Industrial Organization* (1959), p. 425.

influence upon the prices charged by existing sellers. But even so, there would certainly be a range within which existing sellers could charge relatively high prices without fear of attracting additional sellers into the market. Cf. *United States* v. *Aluminum Co. of America*, 148 F. 2d 416, 425 (C.A. 2). Hence, easy entry alone cannot be relied upon to prevent oligopolists from exploiting their market power.

The second possibility is that ease of entry might result in so substantial an influx of new competitors as to lower concentration appreciably. But, again, there is no evidence that this is in fact likely here. Entry was no less easy between 1948 and 1958, and indeed many new grocery companies did appear during that period, but concentration did not decrease; it increased.

At all events, the asserted ease of entry is overstated. Entry and expansion by small operators is in fact sharply limited, due to the preference of shopping-center owners for established large chains. The court below expressly found that shopping centers—increasingly important as supermarket sites—prefer "a large grocery chain with a well-advertised name" and a secure financial position; "smaller concerns therefore have difficulty in obtaining shopping center locations" (Fdg. 54, R. 3081). Thus, most of the new permits for larger stores are secured by the 20 leading chains, which in 1960 opened 25 of the 29 new stores that had sales of more than $2 million each (GX 37, R. 2413), and which accounted for 67.8 percent of the total sales of all new grocery stores opened that year (GX 43, R. 2417). And the capital requirements for opening a new supermarket—about $700,000

exclusive of the cost of land (R. 1286–1288)—are by no means negligible.

Moreover, to the extent that the large size of existing competitors inevitably acts as a psychological deterrent to the entry or expansion of smaller firms, it is clear that the growing concentration of the Los Angeles retail grocery market—significantly advanced by the challenged merger—will make new entry increasingly unattractive. If entry is relatively easy today, it is unlikely to remain as much so if mergers such as this one between substantial competitors are permitted. Cf. *Procter & Gamble Co.*, Trade Reg. Rep. (Transfer Binder 1963–1965), ¶ 16673, pp. 21578–21579 (FTC). Hence, it is illusory to seek to justify this merger on grounds of ease of entry. The merger certainly will not increase the ease of entry, and it may have the opposite effect.[39]

[39] Nor is the development of food merchandising through discount houses likely to have a limiting effect on concentration in the market. The district court found that this method of distribution has become "increasingly popular," "is expanding rapidly and may well indicate a substantial additional competitive force" in the Los Angeles area (R. 3027; Fdg. 61, R. 3082). The record does not show, however, how much business the food departments of discount houses actually did There were only 37 of these in existence at the time of trial (R. 1385), and five more were opened after the trial (Stipulation after Trial, R. 2326), making a total of only 42 out of 4,800 stores. Moreover, this new form of grocery retailing may well aggravate rather than reduce concentration. For at least 15 (and probably 19, in view of Food Fair's acquisition of Fox Market) of the 42 were operated by chains that were among the ten largest in 1958 (GX 4, R. 2329)—a much larger share than these leading chains had of total stores in the area.

B. IN VIEW OF THE CONCERNS WHICH ACTUATED CONGRESS IN ENACTING THE ANTIMERGER ACT, EVIDENCE THAT THE MARKET REMAINS VIGOROUSLY COMPETITIVE IS ENTITLED TO LITTLE WEIGHT

Admittedly, there is evidence that the retail grocery market in Los Angeles remains competitive despite Von's acquisition of Shopping Bag. In giving great weight to that evidence,[40] however, we think the district court clearly misconceived the thrust of Section 7. Congress was not primarily concerned with preventing mergers that resulted in actual and immediate competitive injury; such mergers were forbidden by Section 1 of the Sherman Act. Its concern, rather, centered on mergers which, while occurring in markets still competitive, and while not perceptibly reducing competition, contributed materially to a movement toward oligopoly—a movement which eventually would produce substantial adverse effects on the health and vigor of competition. We do not contend that such effects are already manifest in the Los Angeles market, or that the challenged merger created a full-blown oligopoly. But we have shown that the merger seriously aggravated a tendency toward oligopoly, and hence that its long-term effects

[40] The district court relied especially heavily on evidence that in the few years between the consummation of the merger and the trial the merger appeared to have had no adverse effects on competition (Fdgs. 52, 66, 82(e), 83, R. 3080, 3083, 3088–3089). Such reliance was contrary to this Court's observation that, while post-acquisition evidence in a merger case is relevant, it is not controlling, since "the force of § 7 is still in probabilities, not in what later transpired" (*Federal Trade Commission* v. *Consolidated Foods Corp.*, 380 U.S. 592, 598).

may be seriously adverse. The prophylactic function of the Antimerger Act would be crippled if such a merger could be justified by proving that it produced no immediately discernible impairment of competition.

C. THE MERGER CANNOT BE EXCUSED ON THE GROUND THAT THE MERGING FIRMS WERE LOCAL RATHER THAN NATIONAL IN THE SCOPE OF THEIR OPERATIONS

Appellees stress that Von's and Shopping Bag were local, not national, grocery chains. This is true in the sense that their operations were limited to the Los Angeles metropolitan area; it does not mean they were small firms. The Los Angeles area constitutes a vast market for the retail sale of grocery products. Von's and Shopping Bag, both market leaders, had aggregate sales in the year of the merger of almost $180 million. They were much larger than the vast majority of their competitors. And they were profitable and growing. The merger of such firms, resulting, as we have seen, in a substantial increase in concentration in a $2.5 billion market already tending toward oligopoly, cannot be excused on the ground that these firms—like the merging banks in *Philadelphia Bank*—were local.

We grant that the grocery industry contains a number of larger and geographically more diversified firms than Von's and Shopping Bag—although we note that the merger made Von's the nation's sixteenth largest grocery chain.[41] We also grant that some of the na-

[41] See *Economic Inquiry into Marketing* (FTC Staff Report), *supra*, n. 32, p. 33, at p. 76, Table 28 (1958 figures).

tional chains have engaged in recent years in extensive merger activity, including acquisitions in the Los Angeles metropolitan area. The merger activity of the major national chains has, in fact, been challenged in several formal proceedings, and is the subject of several current investigations, under Section 7.[42] But an enforcement program which completely ignored mergers by powerful local chains would be fatally incomplete. It is the local areas, like Los Angeles, that are the effective areas of competition in the grocery industry. If they are permitted to become oligopolistic, the congressional mandate in this industry will be thwarted.

We need scarcely add that a decision by this Court holding illegal the Von's-Shopping Bag merger will not mean that small firms in the retail grocery industry cannot merge, the better to compete with large firms. There is not the slightest indication that this merger—the largest that ever took place in this market—was necessary to enable Von's or Shopping Bag to compete effectively with anyone. And viewed in their market setting, they were plainly large, not small, firms. Furthermore, the market was already

[42] See *Kroger Co.*, F.T.C. Docket 7464 (complaint issued April 1, 1959); *National Tea Co.*, F.T.C. Docket 7453 (complaint issued March 26, 1959; hearing examiner's decision, April 5, 1963; pending on appeal to Commission); *Grand Union Co.*, F.T.C. Docket 8458 (complaint issued January 12, 1962; hearing examiner's decision October 4, 1963; consent order of divestiture issued by Commission, June 10, 1965). In *Kroger*, Commission counsel have moved to amend the complaint to add a challenge to Kroger's acquisition of the Market Basket chain in Los Angeles. The acquisition of Alpha Beta by Acme Stores, Inc. is currently being investigated by the Department of Justice.

tending toward undue concentration; the legality of mergers in completely fragmented markets is not here in issue.

This case presents the sole issue whether, in a market that is already a loose oligopoly, the merger of two of the market's leaders, which between them control almost 10 percent of the business of the market, is "an appropriate place at which to call a halt" to a further rise in concentration (*Brown Shoe Co. v. United States*, 370 U.S. 294, 346). We submit that it clearly is, and that appellees have not shown that sanctioning this merger, in the face of its adverse effect upon the competitive structure of the relevant market, would nevertheless be consistent with the policies that underlie the statute.

CONCLUSION

The judgment of the district court should be reversed, and the case remanded with directions that the court enter an appropriate remedial degree.

Respectfully submitted.

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FEBRUARY 1966.

APPENDIX A

The exhibits cited in this brief were admitted in the record as follows:

Government exhibit:	Record page
GX 2–27	35
29–71	35
72	38
78	1193
84	2009
85	2062
87	2063

Von's-Shopping Bag Exhibit:	Record page
DX AF	1165
AM	1189
AN	1189
AV	1275
BB	1162
BF	1186

NO. 303

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JOHN F. DAVIS, C

IN THE

Supreme Court of the United States

OCTOBER TERM, 1965

UNITED STATES OF AMERICA,

Appellant,

v.

VON'S GROCERY COMPANY and
SHOPPING BAG FOOD STORES,

Appellees.

On Appeal from the United States District Court
For the Southern District of California,
Central Division

BRIEF OF APPELLEE VON'S GROCERY COMPANY

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1965

UNITED STATES OF AMERICA,

Appellant,

v.

VON'S GROCERY COMPANY and
SHOPPING BAG FOOD STORES,

Appellees.

On Appeal from the United States District Court
For the Southern District of California,
Central Division

BRIEF OF APPELLEE VON'S GROCERY COMPANY

THE QUESTION PRESENTED

The Los Angeles retail grocery business, as appellant recognizes, is "vigorously competitive", with "vigorous price competition" being waged by approximately 4000 separate firms operating over 4800 stores in the vast Los Angeles area (App. Br. 42, 35). There are some 3700 single-store operators and most of these, as well as other concerns, obtain their groceries from huge retailer-owned cooperative buying organizations. Both parties

are agreed that "opportunities of individual entrepreneurs are substantial" and the probability is that "for the indefinite future many relatively small firms should be able to thrive" (App. Br. 16). In the ten years prior to the 1960 merger of Von's and Shopping Bag, the market share of each of the two leading concerns (Safeway and Ralphs Grocery Co.) declined. Post-acquisition evidence indicates (and appellant concedes) that the merger has not had an adverse effect on competition; indeed competition appears to have intensified since 1960. The question presented is whether in these circumstances this merger, which brought together two local concerns with a combined market share of less than 8 per cent, should be invalidated solely on the basis of a rigid and novel test of illegality.

STATEMENT

This is a direct appeal from the final judgment of the District Court of the United States for the Southern District of California, Central Division, dated December 16, 1964, in a civil antitrust case charging that the merger of Shopping Bag Food Stores into Von's Grocery Co. would violate Section 7 of the Clayton Act, as amended (15 U.S.C. §18). The District Court held, after trial, that the merger, which occurred on March 28, 1960, did not violate said Section 7.

Three different District Judges on four different occasions have ruled adversely to Appellant on various phases of this action. The complaint was filed on March 25, 1960, and, after taking evidence, Judge William C. Mathes on March 28, 1960 denied the Motion For A

Temporary Restraining Order, whereupon the merger was consummated. The Motion For A Preliminary Injunction to require that the former Shopping Bag be operated as if it were a separate entity from Von's was denied by Judge Mathes by order dated June 13, 1960. On March 28, 1962, Judge Albert Lee Stephens, Jr. denied Appellant's Motion For Summary Judgment. After trial on the merits, Judge Charles H. Carr on September 14, 1964 wrote a Memorandum Opinion (R. 3017-3031) and ordered Judgment for Appellees.

At the time of the merger on March 28, 1960 Von's operated 28 retail grocery stores, all in the Los Angeles Metropolitan area (Los Angeles and Orange Counties) with annual sales of $86 million in 1959. It was the successor to a family partnership which commenced doing business in the depression days of 1932 with a grocery concession in a small store. Its development thereafter was through internal growth and it was at all times largely family owned and managed. (Fdgs. 2, 3, R. 3064.)

Shopping Bag was the successor to a partnership which commenced operations in a single small grocery store in 1930. At the time of the merger it had grown through internal expansion to a 38-store chain (36 in the Los Angeles Metropolitan Area) with annual sales of $84 million. It was likewise largely family owned and managed. The company lacked depth of qualified management, a problem which was intensified with its growth. (Fdgs. 7-13, R. 3065-3068.)

After the merger in 1960, combined Von's and Shopping Bag operated only 1.4% of some 4800 grocery

stores in the Los Angeles Metropolitan Area and their combined market share in 1960 was 7.5% of total grocery store sales and 6.9% of food store sales in the area.* After the merger Von's ranked second to Safeway. (R. 1739, Fdgs. 73-74, R. 3084-3085)

By agreement of the parties any issue as to the relevant line of commerce and the relevant section of the country was eliminated. The parties agreed and the District Court found that the relevant line of commerce is "groceries and related products taken as a whole", and the relevant section of the country is the Los Angeles Metropolitan Area which is comprised of Los Angeles and Orange Counties. (Fdgs. 14, 15, R. 3068-3069.) There was no issue in the case as to the effect, if any, of the merger upon suppliers, and no evidence was offered on that subject. (Fdg. 16, R. 3069, and R. 22.)

After trial, the District Court judge filed his Memorandum Opinion in which he stated it could not be concluded "that the merger in question would probably lessen competition in the Metropolitan Area either at the time of the merger or in the forseeable future." He added that "competition in the area appears to remain vigorous, open to anyone and especially those with

* This is based on 1960 figures, the year of the merger, and was a somewhat smaller market share than the total for the two companies in 1958. (Compare Dx. AM, R. 2787-2788 and R. 1739) Appellant variously states that after the merger Von's market share was 8.9% (Br. 13), "almost 9%" (Br. 17, 19) and "almost 10%." (Br. 45) However, they repeatedly refer to area sales of $2.5 billion and Von's Shopping Bag sales of "almost $180,000,000" (Br. 15, 43) and this, if correct, would make the market share 7.2%.

experience and training, and the consumer is reaping the benefit." (R. 3031).

In accordance with Rule 7 of the Local Rules, counsel for defendants were directed to prepare revised proposed findings of fact and conclusions of law and judgment.* At a conference of the parties and the Court, District Judge Carr directed that changes be made in the proposed findings and said changes were made (R. 2250-2251). Thereafter at a hearing to settle the findings, additional changes were ordered. (R. 2246-2297). The Findings of Fact and Conclusions of Law and the Judgment were signed and filed on December 16, 1964. Appellant subsequently filed a motion under Rule 52(b) of the Federal Rules of Civil Procedure for amendment of the findings and for additional findings. (R. 3092-3097). That motion was denied by Order signed and filed on January 8, 1965. (R. 3098). This appeal followed.

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* By agreement both parties had theretofore submitted proposed findings with appropriate record references. (R. 1337-1338, 2077-2079).

ARGUMENT

INTRODUCTION AND SUMMARY

I.

Appellant's entire brief rests upon the erroneous premise that the Los Angeles grocery market is a "loose oligopoly" in structure and performance. Far from being oligopolistic, the Los Angeles market is one of the most unconcentrated and fragmented markets in America. Appellant concedes that at present the grocery business in this area is highly competitive, marked by vigorous price competition, and that smaller concerns can compete effectively with the leading concerns. (Br. 31, 35, 42) The evidence in this case and the history of the grocery business in this area lead inevitably to the conclusion that the market not only is but will remain fragmented and highly competitive.

In the vast Los Angeles area, there are some 4000 separate firms operating over 4800 grocery stores. The market leaders, Safeway and Ralphs, despite their own growth and success, have lost ground to smaller concerns in terms of market share. Thus, in 1948 Safeway and Ralphs had aggregate sales of approximately $193.5 million, 21.1% of the market. In 1958, they had increased their sales to $288 million but their market share declined to 14.3%. (Fdg. 27, R. 3072.)

In 1953, there were 96 concerns operating two or more stores. By 1962, there were 150 such concerns operating a total of 1,085 stores. In 1953 there were only 10 concerns operating 10 or more stores. By 1962, there were 24 such concerns, 7 of which experienced all of their growth in the prior decade. (Fdg. 27, R. 3072).

Thus, the trend has clearly not been toward oligopoly. Rather, there has been a diffusion of economic power and a decrease in concentration, as a number of smaller concerns have grown to challenge the market leaders. With the top 20 concerns having an aggregate market share of only 56%, the Los Angeles market is "atomistic" in structure and is not a "loose oligopoly" under the test proposed by Professor Turner before he became an advocate. Kaysen and Turner, *Antitrust Policy* (1959), 72.

While Appellant professes (Br. 34-36) to foresee a danger of "interdependent" or oligopolistic pricing patterns, there is no real likelihood of this occurring now or in the future. In the unlikely event that the leading concerns should at some time in the future become so foolish or so complacent as not to engage in vigorous price competition, they would very soon cease being leading concerns. The history of grocery retailing in Los Angeles has been and still is characterized by the growth of very aggressive, very ambitious smaller competitors desirous of increasing their sales and able to compete effectively with the larger chains. Thus, if the leading chains were to conclude that the "game of price competition is not worth the candle", the aggressive smaller concerns and discount houses selling groceries would be presented with an opportunity which they would surely grasp.

II

In a market as fragmented and competitive as Los Angeles, the loss through merger of a single competitor with a market share of less than 5% is not likely to

lessen competition, substantially or otherwise. After Shopping Bag's merger with Von's, there still remained in the market a very large number of substantial competitive factors, and in fact the market became even more competitive following the merger. The Shopping Bag stores remained in existence and became more effective competitive units. (R. 507, 681-682, 1249-1251.) The Government's industry witnesses testified that competition remains vigorous (R. 66, 115-116, 189, 249, 335, 340, 613-614); a number testified it was constantly increasing in vigor (R. 66, 115-116, 449, 638, 713, 729, 759-761, 765-766, 777); "this is a trend" (R. 249, 1140); "there is more competition now than ever" (R. 449 and see R. 521, 660, 661).

Competitive vitality in the grocery business, at least in the Los Angeles area, cannot be computed on a slide rule. Among the important forces of the market place are individual initiative, imagination, experience, vigor, ingenuity, geography and many other forces that cannot be measured arithmetically. The existence of two huge cooperative buying organizations, Certified Grocers of California, Ltd. and Orange Empire Co-op, equalizes buying power (Fdgs. 29-36, R. 3074-3076), and this, coupled with the limited draw area of any particular retail store, compel the conclusion that market power cannot be measured simply in terms of the size or market share of the concern which operates it. Aggressive and experienced operators of single stores and smaller chains have such advantages as the opportunity to provide personal service, greater flexibility in making merchandising changes, and the ability to supervise personally all aspects of their business. As Appellant recognizes, "opportuni-

ties of individual enterpreneurs are substantial" and the probability is that "for the indefinite future, many relatively small firms should be able to thrive." (Br. 16).

III.

Appellant seeks in this case to establish a black-letter rule of presumptive (actually *per se*)* illegality for any merger, regardless of the market in which it occurs. Appellant's novel rule would apply to all lines of commerce and all sections of the country — to laundries, to department stores, to furniture stores and dress shops; to New York and Los Angeles as well as Stockton, California and Logan, Utah. To adopt such a test — and thus rule out examination into economic realities with respect to a merger of two concerns having a small market share in an unconcentrated and expanding market which is characterized by ease of entry, vigorous competition, and ability of smaller concerns to compete effectively and to thrive and grow — would not be consistent with congressional intent or prior decisions of this Court. Cases such as this one can properly be decided only in the light of all relevant factors and in the context of an industry setting which is necessarily unique in every case. *Brown Shoe Co. v. United States*, 370 U.S. 294, 322 n. 38.

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* Appellant states (Br. 18) that its "proper standard" makes the merger "presumptively illegal" but it means *per se* (Br. 39-45). If ease of entry, substantial opportunities for individual entrepreneurs, and admittedly continuing vigorous price competition cannot rebut the "presumptively illegal" test, then what, one may inquire, could possibly suffice?

Appellant seeks to justify its novel *per se* test of illegality by suggesting (Br. 23) that there is no sure way of predicting whether a merger is likely to have anti-competitive effects. However, the test which appellant proposes is so sweeping that it would necessarily invalidate even inoffensive mergers, thereby requiring the forfeiture of the advantages which would flow from them. We urge that these advantages should not be forfeited in the absence of a showing of reasonable probability of a substantial lessening of competition. In an unconcentrated market characterized by ease of entry, the ability of the small entrepreneur to start a business, to grow by internal expansion, and then sell on an advantageous basis (as here) will be a spur to other new entrants. A flat prohibition of such opportunities can stifle initiative and discourage the entry of new concerns.

It is extremely important that Section 7 be interpreted so as not to bar all mergers—the inoffensive or desirable along with those which are likely to be anticompetitive in effect:

> " . . . Widespread prohibition of mergers would impose serious, if not intolerable, burdens upon owners of businesses who wished to liquidate their holdings for irreproachable personal reasons. Moreover, economic welfare is significantly served by maintaining a good market for capital assets. By enhancing the value of assets when owners wish to sell, a strong capital assets market increases the rewards of successful entrepreneurial endeavor. . . . "*

* Turner, *Conglomerate Mergers and Section 7 of the Clayton Act*, 78 Har. L. Rev. 1313, 1317 (1965).

ARGUMENT

I. THE LOS ANGELES GROCERY MARKET IS UNCONCENTRATED AND HIGHLY COMPETITIVE; IT IS NEITHER OLIGOPOLISTIC NOR TENDING IN THAT DIRECTION.

We shall show in a subsequent section (*infra*, p. 50 et seq.) that the new test proposed by Appellant is both unwarranted by the statute and unrealistic. We commence the argument, however, by discussing the basic misconception of appellant's brief, namely, that the Los Angeles grocery market is so threatened by oligopoly that the loss of a single competitor creates a reasonable probability of substantially lessening competition.

A. Far from being oligopolistic in structure, the Los Angeles grocery market is one of the most fragmented and competitive in the nation.

1. The market is atomistic; it is not loosely oligopolistic in structure.

In its brief, appellant repeatedly asserts that this market is already "loosely oligopolistic" (pp. 19, 45); that "the combined market share of the leading sellers was at a level economists would consider characteristic of at least a loose oligopoly" (Br. 33). The market facts rebut this claim and establish instead that the market is unconcentrated to a degree matched in very few other industries in America. Even appellant's figures show that at most the leading ten concerns had an aggregate market share of 43.6% (Br. 13) and the leading twenty concerns a market share of only 56.9% (Br. 9).

Assistant Attorney General Turner, before he became an advocate, regarded such a market as "atomistic" as opposed to being a "loose oligopoly." In Kaysen and Turner, *Antitrust Policy** (1959) market structures are divided into four categories: "atomistic structure" (the least concentrated), "loose oligopoly," "tight oligopoly" and "partial monopoly" (the most concentrated). A "loose oligopoly" is defined therein at page 72 as: "a small number (less than twenty) of firms supplying 75 percent of the market, with no one supplying more than 10 - 15 percent and a fringe of smaller firms supplying the rest." In the case at bar, a small number of firms does not supply anything approaching 75%. Even the entire top 20 supplies only 56%. Thus, by Mr. Turner's own definition, the grocery business in Los Angeles is not a "loose oligopoly." It is far less concentrated than that. It is atomistic.

2. Appellant concedes that the market is highly competitive and unconcentrated.

Appellant concedes, as it must, that

> "the food industry . . . remains an industry where large firms are not yet dominant and the opportunities of individual entrepreneurs are substantial.

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* The preface to this work noted, p. xix, that "the study is in an important sense, the product of the discussion of a group of lawyers and economists extending over several years. Members of the group were Morris Adelman, Joe Bain, Robert Bishop, Robert Bowie, Kingman Brewster, David Covers, Kermit Gordon, Lincoln Gordon, Carl Kaysen, John Lintner, Edward Mason (Chairman), Albert Sacks, Donald Trautman, Donald Turner."

> Furthermore, from all indications, its technology is such that, even today, and for the indefinite future, many relatively small firms should be able to thrive." (Br. 16.)

Appellant further recognizes that: "This general pattern is instanced by Los Angeles. At the time of the merger there were 4000 separate grocery businesses in the Los Angeles metropolitan area operating a total of 4800 separate stores. No firm had more than an 8 percent share of the area's total grocery business (Dx. AM, R. 2787), and it appears that small chains, and even some single-store enterprises, were able to operate efficiently and to hold their own in competition with the larger chains." (Br. 16, and see Br. 31.)

Appellant further concedes that concentration is not yet "undue" (Br. 19) and that "vigorous price competition" is not "seriously impaired". (Br. 35.) Appellant asserts, however, that "evidence that the market remains vigorously competitive is entitled to little weight" (Br. 42) despite the fact that it does "not contend" that substantial adverse effects on the health and vigor of competition "are already manifest in the Los Angeles market . . . " (Br. 42.)

Lacking evidence other than a dubious and theoretical test to indicate *any* anticompetitive effects, appellant is nevertheless critical of the district court for relying "heavily on evidence that in the few [more than three] years between the consummation of the merger and the trial the merger appeared to have had no adverse effects on competition (Fdgs. 52, 66, 88(e), 83, R. 3080, 3083, 3088-3089)." (Br. 42, fn. 40.) In short, despite its

concessions, appellant nevertheless urges that this Court totally ignore findings of fact based on the evidence and give controlling effect to conjecture rather than to the realities of the market place.

3. The shares of the market leaders have been declining.

The decade prior to the Von's-Shopping Bag merger was marked by the decline in the relative positions of the leading chains and the growth of smaller concerns in this area. The market share of the leading grocery chain in 1960 (Safeway with 146 stores and an 8% market share) has steadily declined since the 1930's when it had more than 1000 stores in the area. (Fdgs. 18, 27, 74, R. 3069, 3072, 3084-3085.)*

The market share of the top two chains decreased from 21.1% in 1948 to 14.3% in 1958. (Fdg. 27, R. 3072). The market share of the leading three, four and five concerns declined between 1952 and 1960 (Fdg. 80, R. 3087-3088).** Following 1960 one of the top 8 and two more of the top 20 concerns went into bankruptcy and a number of their stores were sold to single-store

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* Appellant asserts (Br. 34, fn. 33) that this decline in Safeway's market share "was due to a non-recurring factor: Safeway's decision to sell off or close its many small stores and convert to modern supermarket operations." Why this should cause a *decline* in Safeway's market share appellant does not explain. The fact is that Safeway's market share declined because of the entry and growth of new concerns and there is no basis whatsoever for concluding that this is a "non-recurring factor."

**The market share of each of the third, fourth and fifth increased in this period but not enough to make up for the decline of the two leaders. (Dx. AN, R. 2788.) Appellant criticizes the accuracy of our figures, despite the fact that they were based

operators and small chains (R. 1649-1650). This, presumably at least, further reduced the aggregate market share of the leading concerns.

Seven of the top twenty chains in 1960 were either not in existence at all or had only one store in 1948. (Fdg. 27-28, 79, 3086-3087.)* In 1953 there were 96 concerns operating two or more stores; by 1962 there were 150 such concerns operating a total of 1085 stores. In 1953 there were only 56 concerns operating two or three stores, whereas in 1963 there were 104 such concerns, an increase of 86% in the number of these smaller concerns. (Fdg. 27, R. 3072.) Thus, the grocery business in Los Angeles is not dominated by large concerns. Rather the market leaders have lost ground to smaller concerns, some of them new entrants. If an industry were "dominated" by a few large concerns, one would not expect that many small concerns would continue to survive and grow.

4. The market is characterized by ease of entry.

Entrance into the business of food retailing is unusually easy to effect; perhaps more than any other industry,

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on actual sales data obtained by the F.B.I. directly from the records of the companies involved and supplied to defendants by counsel for the Government pursuant to court order. Appellant relies (Br. 34, fn. 33) on Census figures which cannot be verified because the concerns to which they relate are not identified.

* These shifts in the relative positions of firms within an industry are a good indication of the workability of competition. See e.g., Joskow, *Structural Indicia: Rank-Shift Analysis As A Supplement To Concentration Ratios*, The Antitrust Bulletin, Vol. VI, p. 9.

the grocery business is characterized by low entry barriers.* The record fully demonstrates that entry into the Los Angeles grocery market is relatively easy, thus insuring that the market will remain competitive. There is uncontradicted evidence that many successful firms have started recently with small investments (Fdgs. 28, 44-49, R. 3072-3074, 3077-3080). A new entrant:

> "starts off by renting a market that has been vacated by a chain store, usually. The fixtures are available to him, either because they have been left in the market, or he can buy used fixtures. Certified [Grocers of California, Ltd., the retailer-owned cooperative wholesaler] has a lenient plan to help the fellow put in his initial inventory, and if he is smart and works his supplier capital until he gets a foothold, he can actually get into the food business with a relatively modest investment. . . ." (R. 1314).

Indeed, the testimony indicated that the grocery department in a fairly good, small store "could be opened for not over $5000 and much of that could be suppliers' money." (R. 1315.)

Eighteen of the thirty industry witnesses called by the Government and ten of those called by the defendants opened their first store subsequent to 1948. (Fdg.

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* See, e.g., Cassady, *Competition and Price Making In Food Retailing* (1962) p. 63; Kaysen and Turner, *supra, Antitrust Policy, An Economic And Legal Analysis* (1959) p. 40; Adelman, *A & P: A Study In Price-Cost Behavior and Public Policy* (1959) pp. 14, 408.

48, R. 3079.) Government witness Eaton in 1953 at the age of 24 and with total assets of $1000 obtained the lease on a small (2500 square foot) store in La Puente. His total sales in the first year were $72,000 and they increased each year to 1961 when they leveled off at around $450,000. Prior to 1963 he had purchased real property on which he planned to construct a new and larger grocery store. (Fdg. 44(e), R. 3078-3079; R. 268-271.) Government witness Palmer in 1946 at the age of 25 and with assets of $16,000 purchased a one-half interest in a grocery store in Hollywood. He subsequently sold this interest and thereafter purchased and sold other grocery stores. In 1963 he was the president and sole stockholder of a chain of four grocery stores with annual gross sales of more than $6 million. (Fdg. 44(f), R. 3079; R. 672-679, 688-689.)

Defense witness Gelson and his brother with total assets of $5000 in 1946 purchased a small, 700 square foot market in North Hollywood. They now own two large supermarkets, one of which has annual sales of approximately $6 million and the other continues to prosper despite the fact that there are 12 supermarkets near enough to be in competition with it. (R. 1434-1438.) Defense witnesses Albert Goldstein and Joseph Goodnight each left executive employment with leading chains after Von's and Shopping Bag had merged, and each is now operating a successful business. (R. 1407-1411, 1448-1451 and see R. 1141-1142.) Other examples of the opportunities for entry, growth and success are set forth in the findings. (Fdg. 28, R. 3072-3074; Fdg. 44, R. 3077-3079.)

Appellant nevertheless asserts (Br. 40-41) that "Entry and expansion by small operators is in fact sharply limited, due to the preference of shopping-center owners for established large chains. . . . And the capital requirements for opening a new supermarket — about $700,000 exclusive of the cost of land (R. 1286-1288) — are by no means negligible. . . . The merger certainly will not increase the ease of entry, and it may have the opposite effect."

No one has ever contended that the merger will "increase the ease of entry" but there is absolutely no record or other support for appellant's speculation that "it may have the opposite effect." Appellant's assertions are otherwise completely fallacious:

(a) While it is true that shopping center owners prefer an established large chain (Fdg. 54, R. 3081), it is likewise true that prior to the merger Von's* was able to and did obtain shopping center locations. (Fdg. 54, R. 3081.) The merger changed nothing in this respect. Moreover, it is equally true that not all good grocery store locations are in shopping centers (Fdg. 54, R. 3081.) Most of the stores in this area are "free standing" stores, not in a shopping center, and this is true of the stores of the larger chains. (R. 1329-1331.)

(b) While capital requirements for opening a *new* supermarket may approximate $700,000 exclusive of the cost of land (R. 1286-1288), most supermarkets are leased by the operator, not purchased (R. 1314).

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* And Shopping Bag also (R. 152, 277, 1438).

Moreover, appellant assumes (erroneously) that the new entrant to be successful must *start out* with a new supermarket. This ignores business realities. The new entrant typically, as the record shows, starts out with an existing, older store and takes off from that point. (R. 278, 1314.) As appellant points out (Br. 12), in the period 1948-1958 the chains "disposed of a substantial number of unwanted outlets." The fact is and the record shows (R. 1472, 1476, 1489, Fdg. 49, R. 3079-3080) that the leading chains furnish the training, the experience, and frequently the stores for their future competitors. (Fdg. 81, R. 3088.) Witness Harlos Gross, for example, took over an old "unwanted" Shopping Bag store and was able to increase its gross sales from $600,000 to $1 million and maintain them at that figure despite the fact that the number of competing retail grocery stores within a two-mile radius increased from five in 1953 to 17 by 1960. (R. 1411-1413.) Witness Cecil Dobson took over an older, "unwanted" former Thriftimart store and increased its gross sales from $1 million to $2 million despite the fact that he faces competition from newer and larger stores of various chains in his shopping area. (R. 1393-1396.)

The many executives of chains who resign their positions to take over an older store and thus start their own business attest to the unlikelihood of market foreclosure by the leading chains. (R. 1396-1402, 1417-1422, 1402-1406, 1407-1411, 1448-1451, 1483-1487, 1495-1499.) If, as the appellant suggests, the existence of larger chains may discourage future entry by single-store operators, one must wonder how these experienced and

knowledgeable grocery executives could be so blind as not to see what appellant professes to foresee so clearly. The record shows (Fdgs. 28, 44-49, R. 3072-3074, 3077-3080) that persons with experience can and do enter the business with relative ease and can reasonably expect to prosper in competition with the large chains and others.

B. The intense price competition which exists in the Los Angeles market is completely inconsistent with the charge that the market was approaching oligopoly conditions.

Both before and after the merger, vigorous price competition has characterized the Los Angeles market (R. 1234-1235, 1340-1341, 1344, 3031) with rival concerns featuring in their advertisements reduced prices on many and different products. Government exhibit 24, unprinted, is a collection of advertisements of some of the rivals of Von's. That exhibit shows that these concerns each offered reduced prices on a wide variety of products. Where the identical product was advertised, prices of the respective chains frequently varied.* This is not the "interdependent" pricing of oligopolists. Indeed, the actual commercial practice in the market place is a refutation of the charge that the market has oligopolistic characteristics.

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* For example (Gx. 24, unprinted) shows the following prices for March 3, 1960:

Quaker Oats		
Ralphs	— 42 oz.	39¢
Safeway	— 42 oz.	37¢
Pillsbury Flour		
Ralphs	— 5 lb. bag	67¢
Safeway	— 5 lb. bag	49¢

Toilet Tissue		
Ralphs	— 4 rolls Zee	39¢
Market Basket	— 4 rolls Zee	29¢
Jello		
Market Basket	—	1 pkge 5¢
Hughes	—	16 pkges $1.00
Coffee		
Food Giant	— 1 lb. Maxwell House	49¢
Alpha Beta	— 1 lb. MJB	79¢
Lipton Soup Mix		
(a) *Onion*		
Ralphs	— pkge of 2	35¢
Market Basket	— pkge of 2	29¢
Fox	— pkge of 2	37¢
Shoppers	— pkge of 2	35¢
(b) *Chicken Noodle*		
Ralphs	— pkge of 3	43¢
Market Basket	— pkge of 3	39¢
Shoppers	— pkge of 3	41¢
(c) *Tomato-Vegetable*		
Market Basket	— pkge of 2	25¢
Shoppers	— pkge of 2	29¢
Hunt's Tomato Sauce		
Food Giant	— 4-8 oz. cans	25¢
Shoppers	— 15-8 oz. cans	$1.00
C & H Powdered or Brown Sugar		
Ralphs	—2-1 lb. pkges	35¢
Market Basket	— 2-1 lb. pkges	25¢
Campbell's Tomato Soup		
Alpha Beta	— 10½ oz. can	10 for $1.00
Fox	—10½ oz. can	2 for 23¢

The advertisements for each week covered by Gx. 24, unprinted, show similar examples of price cutting by the separate grocery chains. Moreover, a reference to any of the current Thursday issues of the Los Angeles Times or Wednesday issues of neighborhood newspapers readily demonstrates that fierce price competition continues to characterize this market.

Although admitting that concentration has not "reached the stage where vigorous price competition was seriously impaired" (Br. 35, and see headnote Br. p. 42), appellant erroneously asserts that the Los Angeles market is approaching "oligopoly conditions" with the chains on the way to "consciously interdependent pricing." (Br. 34-35). As purported evidence of this erroneous conclusion, appellant cites (Br. 35) the fact that the major chains were accustomed to study carefully the prices charged by competing major chains* (and, it should be noted, of smaller chains and independents, Gx. 26, R. 2382-2383);** that they evidently believed they could not afford to be undersold; that the chains check stores of competitors, and that Von's maintained and kept copies of the weekly advertisements of major chains, including Shopping Bag advertisements. (Gx. 24, unprinted.)

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* Appellant asserts also that "each strove to maintain the same prices as the others." (Br. 35.) Apparently this misconception arises from Mr. Hayden's testimony, quoted Br. 6, fn. 6, that "we know that we can't demand any more from the customer than the other fellow on a nationally known item." Obviously, however, Mr. Hayden was referring to shelf prices, not specials. When a product is put on a shelf the price is already stamped on it. These are "shelf prices". When these shelf prices are reduced, they are known as "specials." It is not feasible to stamp a new price on items each time the price is changed. Anyone shopping at the typical supermarket can observe that the checker has and uses a list which shows the special prices at which many items are being sold.

** Several of the industry witnesses operating single stores testified that they regularly check the stores of the leading chains and that the chain store managers check the stores of their smaller competitors. (R. 279-280, 306-307, 1398, 1432).

The practice of checking stores of competitors and becoming conversant with their prices on a day-to-day basis does not at all indicate "conscious interdependent pricing (Br. 35)." Professor Cassady has correctly pointed out* that "A vendor involved in an intensive competitive situation will exert considerable effort in attempting to find out how competitors are faring" and *"If they are to compete effectively, retail vendors must keep themselves informed regarding the prices of rival sellers . . ."***

If appellant's economic theory has validity it would only be so as applied to an industry which is relatively static and has high entry barriers (see e.g. *United States v. Aluminum Co. of America*, 377 U.S. 271, 280), not in an industry characterized by easy entry and rapid shifts in market shares.***

Moreover, when a new type of merchandising institution (such as the discount house) enters the market,

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* Cassady, *Competition and Price Making In Food Retailing* (1962), pp. 111, 142.

** Emphasis is ours throughout this brief unless otherwise noted.

***Kaysen and Turner, *Antitrust Policy* (1959) point out (p. 40) that the significance of market structure is far greater in mining and manufacturing than in retail trade, service and construction industries. It has also been observed that:

> " . . . This practice of live-and-let-live is feasible, in the absence of formal agreement or understanding, only in a market of few sellers. Of course, in the case of consumer goods advertised and sold to unidentified members of the general public, the practice is, absent market division, not possible even in an oligopolistic market." Comment, 68 Yale L.J. 1627, 1641 (1959).

competition increases. This situation occurred in the Los Angeles market in 1961 as a result presumably of successful competitive efforts of several aggressive discount house food operations:

> "In mid 1961 one of the most important supermarket institutions in the Los Angeles area dropped shelf prices drastically on 3 fast selling items—sugar, coffee (all brands), and bread (its own brand). This move was met almost immediately by at least two important competing supermarket concerns. Shortly thereafter, a small but aggressive supermarket chain operator announced that he was dropping prices of 'over 3,640' items in one of his stores (on a test basis) and patronizing this establishment would require 'no membership cards or fees.' This was promptly followed by specially announced moves on the part of leading supermarket concerns in the area, one of which stated in its advertising that it was dropping shelf prices of over 1,000 items. The items publicized were mainly the fast-moving type: margarine, soups, detergents, soaps, shortening, paper products, flour, mayonnaise, gelatins, canned and powdered milk, baby foods, coffee, sugar, and bread. Comparative prices given in this one advertisement indicated that reductions ran approximately 10 per cent."*

Articles in trade papers in the years following the trial demonstrate that, contrary to appellant's economic theory, price competition in this area continues to be

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* Cassady, *Competition and Price Making In Food Retailing* (1962) P. 184, fn. 84.

intense.* Such competition is utterly inconsistent with the charge that this market is approaching oligopoly either in structure or performance.

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* See, e.g., Grocery Bulletin, May 7, 1965: "Chains Meet Discount Threat In Area With Price Slashes"; Supermarket News, May 17, 1965: "Von's Stress On Price Cuts Cues Others"; Grocery Bulletin, October 15, 1965: "Discount Price Battle Breaks Out Among Chains In Metropolitan Los Angeles Area"; Supermarket News, January 3, 1966: "Los Angeles — Fierce competition from discount supermarkets during 1965 forced most conventional chains here to lower prices and in turn watch profit margins sink." Chain Store Age (Western Supermarket Executives Edition) March 1966, pp. W1 and W2: "Two factors have prompted Western chains to seek new roads to tomorrow's earnings: 1. Stiffening internal competition: Not only is there razor-sharp competition among conventional supermarkets, but discounters, drive-in dairies and deli-liquor stores are also trying to cut a bigger piece of the Western market pie. 2. External competition from Eastern chains entering Western territory: These expansion-oriented firms not only want a beachhead on the West Coast, but they come equipped with timetables for new store openings."

C. Neither the decline in number of stores nor acquisitions made by others indicate a tendency toward oligopoly in the Los Angeles market.

1. The individual grocer, and the smaller concerns, aided by cooperative wholesalers, remain major competitive forces.

The number of grocery stores in this area has declined largely because of the development of the supermarket and more widespread use of the automobile which deprived the former small corner grocery store of its local neighborhood monopoly (Fdg. 24, R. 3070-3071). Presumably these were "the marginal grocery operators whom 'the supermarket' revolution has made technologically and competitively obsolete." (App. Br. 31.)* Nevertheless, there is scarcely a single household in the entire Los Angeles Metropolitan Area which does not have a choice of from three to ten competitive grocery stores within convenient shopping distance. (Fdgs. 26, R. 3071.)

But the gradual disappearance of the small, old style grocery store does not mean the small businessman will disappear from the grocery industry, as appellant apparently concedes (Br. 31). Nor can the leading chains price their products without regard for the many single-

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* According to the January 1960 staff report to the Federal Trade Commission entitled *Economic Inquiry Into Food Marketing, Part I — Concentration and Integration in Retailing*, p. 10, the number of grocery stores nationwide decreased by more than 110,000 between 1939 and 1954 and the "whole decrease from 1939 to 1954 occurred in the class of stores selling less than $50,000 a year."

store operators with whom they compete: the toughest competitors for the leading chains are often the single-store operators. (See, e.g., R. 1328, R. 1388, R. 1392, R. 1396, R. 1397, R. 1404, R. 1408, R. 1412, R. 1421, R. 1430, R. 1432, 2061.)*

The prospect for the foreseeable future is that the hundreds of single-store operators will continue to thrive and at the same time provide vigorous competition for the larger chains. This is due primarily to the existence in this area of the two largest cooperative buying organizations in the world, Certified Grocers of California, Ltd. and Orange Empire Co-op. The growth of these cooperatives has been phenomenal: In 1948 Certified's wholesale sales to its member-owners amounted to $86,829,000 and its members' retail sales were $382,000,000 — by 1958 Certified's wholesale sales to its members had more than tripled, to $338,957,000 and so had its members' retail sales — to $1,390,000,000. (R. 1641-1645, Fdg. 34, R. 3076). Orange Empire had a similarly spectacular growth: Its wholesale sales to its members were $12,500,000 in 1945 and were $321,000,000 in 1962. (Fdg. 35, R. 3076) These cooperative buying organizations provide their members with group buying advantages as well as many other advantages and are, without doubt, a decisive factor in the continued vitality and growth of smaller concerns (Fdgs. 29-37, R. 3074-3076).

* Illustrative of the vitality of the smaller competitors and their ability to compete with stores of the larger chains is the comment of W. H. Crawford, a single-store operator. He testified he had no problem competing with the chains; that "the question is not whether I can compete against them, but whether they can compete against me." (R. 1388 and see R. 2061.)

The January 1960 Staff Report To The Federal Trade Commission* noted that more than a fourth of all cooperative wholesale sales are in California and that "Although the unaffiliated retailer is rapidly losing position, voluntary and cooperative distributors have shown a capacity for effective competition with the corporate chains." This is certainly true in the Los Angeles Metropolitan Area. (Fdgs. 29-37, R. 3074-3076.) Membership in Certified Grocers or Orange Empire is open to anyone (R. 1208, 3026) and the single-store operator can thus obtain his merchandise and related services** at a cost comparable to that of the direct-buying large chain.

Since smaller grocers have always been and still are the primary support of Certified Grocers, that cooperative would naturally be opposed to any merger which might adversely affect the competitive opportunities of individual retailers in the area. However, both the former President and the Chairman of the Board of Certified Grocers testified that the merger of Von's and Shopping Bag would not have such an effect. (R. 1483-1487, 1641-1645.) The District Court felt that "considerable weight" (R. 3027-3028) should be accorded the testimony (R. 1641-1645) of Campbell Stewart, former President of Certified Grocers. This testimony as well as that of the single-store operators and officers of small and large chains fully supports the conclusion that there is no tendency toward oligopoly in the Los Angeles grocery market.

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* *Economic Inquiry Into Food Marketing, Part I — Concentration and Integration in Retailing*, pp. 6 - 7.

**See Dx. AV, R. 2869-2880.

2. The fact that some other concerns had previously made acquisitions should not invalidate this merger.

Government exhibits 44 and 45 (R. 2418-2420) indicate that between 1949 and 1958 ten of what were the leading 20 grocery concerns as of 1958 had acquired some 126 grocery stores in the Los Angeles Metropolitan Area. Forty per cent of the acquisitions (48 stores with gross sales of $71,537,000) were made by Fox Markets, Yor-Way and McDaniels. All three of these firms had become bankrupt prior to the time the exhibits were prepared.* It is apparent that growth by acquisition is by no means an assurance of a successful operation and does not necessarily or in fact lead to undue concentration. (See R. 1233-1234).**

Indeed, the evidence was clear that the growth in market share of the top 20 concerns of which appellant complains was due primarily to internal growth of

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* Yor-Way commenced doing business in 1953 and thereafter expanded rapidly by acquisition. Following the death of its founder, Mr. Kennedy, in 1961 it suffered reverses and eventual bankruptcy. Fox Markets was first organized in 1954 and it likewise expanded very rapidly primarily by an aggressive acquisition program. Because of too rapid expansion, undercapitalization and lack of qualified management in depth, Fox Markets became bankrupt. McDaniels, for largely the same reasons likewise became bankrupt in 1961. (Fdg. 49, R. 3080, and R. 1649-1650, 1222-1225, 1537-1538.) The bulk of the Yor-Way, Fox and McDaniels stores were sold off to single-store operators and small chains in 1961 and 1962. (R. 1649-1650, 1236.)

**It should also be noted here that the exhibit is in error in showing an acquisition by Food Giant *from itself* of six stores doing an annual volume of $31,700,000. Actually this was simply a change of name by Food Giant (R. 1535).

smaller concerns, many of them new entrants. (Fdgs. 27-28, 80-81, R. 3072-3074, 3087-3088.) The following table taken from Dx. AN, R. 2788, indicates the growth between 1948 and 1958 of concerns not shown to have made any acquisitions in that period:

Company	Market Share 1948	1958
Von's	2.4	4.7
Shopping Bag	1.2	4.2
Market Basket	2.2	4.4
Boys'	.9	1.3
Shoppers*	.0	.8
Alexander's	.5	1.1
	7.2	16.5

Also, as noted above, in this same period the leading concerns, some of which are listed by Dr. Mueller as having made acquisitions, disposed of a "substantial number of unwanted outlets" (App. Br. 12) and thus provided an opportunity for new entrants. (Fdgs. 49, 81, R. 3079-3080, 3088, and see R. 1476, 1489-1490, 1651-1652).

D. New forms of competition are resulting in even more intense rivalry than existed in the past.

In 1963 there were 35 discount houses with grocery departments doing business in the Los Angeles area. (Fdg. 61, R. 3082-3083.) They are becoming a factor of increasing importance in the grocery business in Los

* Shoppers did have one market in 1948. (R. 1478.)

Angeles. (R. 54, 233-234, 236,237, 360, 510-512, 614, 759,761, 2324-2327, 1439-1445, 1646-1648, 3027, Fdg. 61, R. 3028.) Their food prices are often lower than the chain grocers in part because of lower operating costs and in part because they often use low food prices to attract customers who may buy appliances and other items on which markups are higher. In addition, surveys have indicated that average sales per customer and average sales per square foot of selling space are higher in discount houses than in supermarkets. (R. 1590, 1739-1740.) At least one industry observer* has predicted that within a few years the discount houses will relegate today's supermarkets to the role of the "Mom and Pop" store. (R. 1586-1589.) Regardless of the accuracy of this prediction the discount house is a new and dynamic competitive force in the area. Appellant's effort to deprecate the importance of the discount house as a competitive factor (Br. 41, fn. 39) is rebutted by Professor Cassady,** by appellant's witnesses (R. 54, 233-237, 360, 510-512, 614, 690, 759-761), by studies made by the Department of Agriculture (R. 1590), and by the Opinion of the District Court (R. 3027) and Finding 61, R. 3082.

In addition to discount houses there has been an influx of bantam or convenience stores. (Fdg. 62, R. 3082.) Milk depots, which by California law are permitted to sell milk, an important draw item for a grocery store (R. 240-241), at a lesser price are increasing in number.

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* Government witness (on other matters) Dr. Jenssen.

**See p. 24, post.

They have captured 16% of the milk market and they also sell other grocery items. (Fdg. 63, R. 3083 and see R. 240-241, 467-468.) Liquor stores are selling more and more other grocery products — some sell more bread than some supermarkets. (Fdg. 64, R. 3083.) Indeed, the record demonstrates that grocery retailing in the Los Angeles area has been and promises to be a constantly changing, highly competitive business — one in which the aggressive individual competitor can and does survive and the consumer is well served.

II. THE LOSS OF ONE COMPETITOR WITH A MARKET SHARE OF LESS THAN 5% DOES NOT HAVE A REASONABLE PROBABILITY OF LESSENING COMPETITION IN A MARKET WHICH IS AS FRAGMENTED AND COMPETITIVE AS LOS ANGELES.

A. Withdrawal of Shopping Bag as a separate competitive factor had no significant actual or potential adverse effect on competition.

What was lost to the market by this merger was a single chain with a 4% market share. What remained were five of the largest national chains, two sectional chains, seventeen "local" chains with ten or more stores, 126 other chains and several thousand single-store operators backed up by huge cooperative buying organizations. (Fdgs. 75-77, R. 3085-3086, and Fdgs. 29-38, R. 3074-3076). Moreover, after the merger, the Shopping Bag stores were upgraded and became more effective competitive units. (R. 1249-1251.)

Appellant nevertheless attaches great importance to the fact that Shopping Bag was one of seven firms listed in the Key Survey book, a weekly publication sold "primarily to retailers who operate one, two or three stores—the so-called independents." (R. 1648.)* The Key Survey book lists the *shelf* prices charged for some 3000 grocery items (Gx. 21, 22, R. 2369, 2374) but "it does not purport to reflect actual prices being charged by the chains surveyed on all items at any given point of time." (R. 1646-1647.) Regardless of its being listed in the Key Survey book Shopping Bag was not considered a price leader. A survey of the market with particular reference to Von's, Shopping Bag and Alexander's Markets made by an employee of the Kroger Company in 1957 concluded that "general observations indicate that their [Shopping Bag and Alexander's] retails are slightly higher than either Ralphs or Von's." (Dx. AF, R. 2749, 2755.)

Government witness Palmer, the sole stockholder of a four-store chain with annual sales of $6 million, testified as follows:

> "Q. Do you recall . . . you told me that you had felt that Shopping Bag before the merger were real good competitors?
>
> "A. Yes. I don't recall that in the conversation, but that is a fact. That is what I recall.
>
> "Q. Do you recall saying this is because their prices were a little higher than the others?
>
> "A. I could have said that.

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* Shopping Bag was not listed in a rival survey book (R. 1647).

"Q. Do you recall saying that Von's sells at lower prices than the other chains and therefore you felt this merger was bad?

"A. Yes, I could have said that because that is the way I feel.

• • •

"Q. I direct your attention to several prices (advertised in the Los Angeles Times July 13, 1961) and I ask you to read the headline first, please, Mr. Palmer.

"A. 'Von's and Shopping Bag Slashes Food Prices Permanently. Over 1,000 Regular Prices Slashed. Now a New Low Price.'

"Q. Were these actually slashed prices?

"A. Yes.

• • •

"Mr. Hughes (government counsel): Q. Did Shopping Bag do any price slashing such as this prior to the merger?

"A. No."

(R. 681-682 and R. 720-721.)*

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* Nevertheless, the witness testified that he was able to and did meet these prices by cutting overhead without suffering a loss of profits. He further testified this price reduction enabled the chains and single-store operators to become more competitive with the discount houses (R. 726-727).

1. The testimony of industry witnesses demonstrates that the merger will not lessen competition.

The crucial importance of industry witnesses was underscored by the Government in its brief filed with this Court in the *Brown Shoe* case* and was also emphasized in the opinion of this Court in that case. (370 U.S. at p. 344.) In the lower court Appellant consistently deprecated the importance of such testimony; here, it simply ignores it. We suggest the explanation is obvious: In *Brown Shoe* such testimony established the Government's case; here it destroys the Government's case.

The defense industry witnesses gave solid reasons** to support their respective conclusions that this merger is not likely substantially to lessen competition or tend to create a monopoly. While recognizing that the larger chains have certain advantages, they pointed to the counterbalancing advantages of aggressive and experienced operators of single stores and smaller chains. (R. 1387-1499.) These include:

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* In its brief filed with the United States Supreme Court in the *Brown Shoe* case, the Government stated in part:

> "This Court has said that '[t]he existence of competition . . . is a fact disclosed by observation rather than the process of logic' (International Shoe Co. v. Federal Trade Commission, 280 U.S. 291, 299). Recognizing the validity of this proposition, the government called as its major witnesses 24 retailers who represented a cross-section of the retail shoe industry. . . ." (Government Brief at pp. 63-64).

**Unlike the industry testimony in *United States v. Philadelphia National Bank* 374 U.S., 321, 367.

(a) Membership in a cooperative buying organization which, in addition to other valuable services provided, enables them to purchase their groceries as cheaply as the larger chains;

(b) Their ability to purchase their meat and produce at prices comparable to those of the larger chains;

(c) Their greater flexibility in making price and other changes;

(d) Their greater opportunity to provide personal service, participate in community affairs and thus develop a loyal patronage; and

(e) Personal supervision and on-the-scene management.

The defense presented a representative cross-section of industry witnesses: Twelve single-store operators (whose gross annual volume ranged from $1 million to $4 million), nine representatives of concerns operating from two to nine grocery stores, nine representatives of chains having ten or more stores, five officials of Von's and five representatives of suppliers. These witnesses testified to the continued vigor of competition, the opportunity for new entrants, the ability of smaller concerns to compete and grow, the inability of the larger concerns to dominate the market, and the absence of any likelihood that this merger might substantially lessen competition or tend to create a monopoly. Each gave concrete reasons to support his conclusion. (R. 1387 to R. 1645.) Except for three of the five Von's officials, the Government failed to cross-examine any of these defense witness-

es. Their testimony stands unchallenged and it is impressive proof that this merger has not had and is not likely to have an anti-competitive effect. We submit that this "formidable array of testimony by experienced retailers cannot be minimized . . . ."*

2. Sufficient "major competitive factors" remain to assure vigorous competition.

Many large national and sectional concerns do business in the Los Angeles area. The following table lists 1962 total assets,** total sales, and numbers of stores for all areas of these grocery concerns which compete in the Los Angeles area (Dx. L, R. 2568-2573):

Name of Firm	Total Stores	Total Sales	Assets (millions)
A & P	4,475	$5 billion	$767
Safeway	2,069	2.5 billion	473
Kroger	1,354	2 billion	400
Acme	845	1 billion	209
Food Fair	465	1 billion	193
Mayfair	178	288 million	62
Lucky	141	232 million	47

In addition there are approximately 17 "local" chains operating ten or more stores in the area (seven of which were not operating as many as two stores as late as 1952) and 126 other concerns operating two or more stores in this area. (Fdg. 77, R. 3086.) It is apparent also, we believe, that even the single store operators, such as

* Government Brief on the appeal in *Brown Shoe* at pp. 63-64.

**After the merger Von's had 66 stores, sales of approximately $180 million and assets of $42 million. (R. 15, Fdgs. 3, 6, R. 3064-3065).

Messrs. Crawford, Dahl, Dobson, Elkin, Goldberg, Goldstein, Gross, Hines, Irwin, Richard, Roberts, and Sherry (R. 1387-1433) and the operators of smaller chains such as Messrs. Gelson, Gilbert, Godfrey, Goodnight, Inadomi, Jones, Miller, and Wilson (R. 1434-1467) are "substantial competitive factors" in this market. It seems apparent that appellant has grossly exaggerated the significance of the disappearance of Shopping Bag as a separate competitive factor.

3. Appellant is in error in its attempt to inflate the amount of overlap in the draw areas of particular Von's and Shopping Bag stores.

The operations of the two companies complemented each other with little overlap in the geographical areas each served (Fdgs. 4, 10, 12, 53, R. 3065-3066, 3080-3081). The District Court found that Von's and Shopping Bag were able to compete for the same customers in "only four or five areas." (Fdg. 53, R. 3080-3081.) Most of Von's stores were located in the southern and western portions of the Los Angeles Metropolitan Area and Shopping Bag's in the northern and eastern portions of that area. (Fdgs. 4, 10, 12, R. 3065-3066, and see Fdg. 53, R. 3080-3081.)

Nevertheless, relying on a survey by its witness, Dr. Jenssen (Dx. BK, R. 3011-3016; and see Gx. 85, App. C to App. Br.) and his testimony (R. 2024-20) that the "average customer was willing to drive at least 10 minutes, or about 4 miles, and to pass by other stores, in

order to reach a particular store (Fdg. 39, R. 3076)" (Br. 7),* appellant asserts that "almost half the stores of the two concerns, with aggregate sales of approximately $76 million were in a position to compete directly . . . ." (Br. 7-8.) This is a gross overstatement of the amount of competitive overlap:

(a) It assumes that each of the two stores could compete for *all* of the customers served by the other, with the result that appellant's $76 million figure represents *total* sales rather than the pertinent figure, namely, possible sales to customers in the more limited areas from which stores of the two concerns could possibly draw the same customers;

(b) It ignores physical barriers such as hills, freeways and the like (Fdg. 39, R. 3076, and see R. 2065-2071); and

(c) Dr. Jenssen's study (Dx. BK, R. 3011-3016) actually found that only 54% of those interviewed shopped "regularly" (more than 6 times a month) or "frequently" (4 to 6 times a month) at retail food

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* An earlier study Dr. Jenssen had made for Shoppers Markets for their store in Norwalk indicated that 67% of the customers came from a one-mile radius and 94% from within a two-mile radius. (Dx. BJ, R. 3002-3010 and see R. 2048-2050). And see an earlier (1955) study which indicates the much more limited draw area of Von's stores (Dx. S, R. 2623-2630).

stores located at such a distance from their homes (R. 3027 and Dx. Bk., R. 3011).*

Assuming, however, for argument's sake that even as much as 50% of the sales of the Von's-Shopping Bag stores in question could represent possible overlap competition, this would represent at most $38 million in possible overlap sales between Von's and Shopping Bag — or 1.5% of the $2½ billion grocery sales in the Los Angeles area. In *Tampa Electric Co. v. Nashville Coal Co.*, this Court declared that a total foreclosure of competition for a period of twenty years is not illegal if it does not involve a substantial share of the relevant market; that a mere showing that a substantial number of dollars is involved ordinarily is of little consequence; that a preemption of less than 1% of competition "is, conservatively speaking, quite insubstantial", and that "While $128,000,000 [here $38 million by the most generous of tests] is a considerable sum of money, even in these days, the dollar volume, by itself is not the test, . . . " (365 U.S. 320, 327-334).

Moreover, appellant's discussion of overlap necessarily focuses on competition between the acquired and acquiring concerns and thus ignores the fact that in the purported overlap areas there were at least six stores of other chains and a number of stores of other concerns readily available to the population in those areas. (Fdg.

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* Another 16%, according to Dr. Jenssen's study, shopped at such a distance "occasionally" but since this question was defined as "less than 4 times a month" (R. 3011) we suggest the answer is meaningless — it could mean once or twice a year. Thirty percent never shopped at such a distance. (Dx. BK, R. 3011).

53, R. 3080-3081). This Court has stated that the test is broader, i.e., the effect on competition *generally:*

> " . . . Section 7 of the Clayton Act, prior to its amendment, focused upon . . . lessening of competition between the acquiring and the acquired companies. The 1950 amendments made plain Congress' intent that the validity of such combinations was to be gauged on a broader scale: their effect on competition generally in an economically significant market." *Brown Shoe Co. v. United States,* 370 U.S. at 335.

B. Post acquisition evidence confirms that this acquisition will not have an anti-competitive effect.

Industry witnesses called by the Government and the defense confirmed the fact that competition remains vigorous; many testified competition has increased in vigor; "that is the trend" (R. 249); "there is more competion now than ever" (R. 449); "competition generally, increases every year" (R. 1425); it seems to be steadily increasing" (R. 1482); it has been "enhanced since the merger" (R. 1498); "competition is and always has been vigorous. It is becoming more so as the passage of time brings change, not only in the geographic area of competition faced by any store, but in the form, content and character of competition as well." (R. 1640.)

Appellant concedes that the "market remains vigorously competitive" but nevertheless urges that this fact "is entitled to little weight." (Br. 42.) In the court below, appellant strongly contended that post-acquisition evi-

dence could not even be considered (R. 2111-2116). In this Court, appellant merely deprecates the importance of such evidence. We suggest the reason for deprecating the importance of the evidence is apparent: despite the more than three years which had elapsed since the merger occurred, appellant was totally unable to point to any diminution of competition generally in the market area.

This Court has recently emphasized that post-acquisition evidence is relevant in a merger case but that the "force of § 7 is still in probabilities, not in what later transpired" (*Federal Trade Commission v. Consolidated Foods Corp.*, 380 U.S. 592, 598). However, in a case (as here) where appellant concedes that:

(a) "[O]pportunities of individual entrepreneurs are substantial" and the probability is that "for the indefinite future, many relatively small firms should be able to thrive" (Br. 16); and

(b) The market remains "vigorously competitive" (Br. 42); and

(c) Concentration has not reached the stage where "vigorous price competition" is "seriously impaired" (Br. 35),

then the post-acquisition data would seem considerably more reliable than appellant's proposed "economic prophecy". (Br. 23.)

C. None of the merger cases decided by this Court supports reversal of the trial court.

The foundation case under amended Section 7, *Brown Shoe Co. v. United States*, 370 U.S. 294, involved a large national chain which, through a series of acquisitions, had integrated its manufacturing operations with its retail operations to the proven disadvantage of small, nonintegrated, retail competitors. Moreover, the Court said that the tendency toward concentration in the shoe industry was being "accelerated through giant steps striding across a hundred cities at a time." 370 U.S. at 346.

The combined market shares for Brown and Kinney in women's shoes in 114 cities ranged from a low of 5.1% in Cedar Rapids, Iowa, to a high of 57.7% in Dodge City, Kansas; in children's shoes it ranged from a low of 5% to a high of 51.8%; in men's shoes the combined market shares ranged from a low of 5.1% to a high of 24.8%, and for all shoes the combined market shares for 35 cities ranged from a low of 10% to a high of 35.8%, and by Standard Metropolitan Area* the combined market share ranged from a low of 2.5% to a high of 22.6% for all shoe sales. (370 U.S. at 347-354, App. A-D.)

By contrast, in the case at bar, the government is not urging that the merger had anticompetitive implications of a vertical character. Moreover, even on the basis of appellant's 1958 market share statistics, the top concern following the merger had only an 8.9% market share; the top two 16.9%; the top four 24.4%; the top eight 40.9%; the top twelve 48.8%; the top six-

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* Not the relevant market in that case; see 370 U.S. at 339.

teen 53.4%; and the top twenty only an aggregate market share of 56%. (Br. 13 and Gx. 7, R. 2331.)

Brown Shoe was amplified in *United States v. Philadelphia Nat. Bank*, 374 U.S. 321, but neither the facts nor the language of that case stand as a barrier to affirmance of the judgment of the court below. In *Philadelphia Nat. Bank*, the merger produced a bank controlling 30% of a highly concentrated market marked by high entrance barriers in which four concerns controlled 78% of the business. Moreover, after the merger, the two leading banks in Philadelphia would have controlled 58% of the total bank assets, deposits, and loans in the relevant market area.

In *Philadelphia Nat. Bank* this Court laid down the much-quoted test that "a merger which produces a firm controlling an undue percentage share of the relevant market, and results in a significant increase in the concentration of firms in that market, is so inherently likely to lessen the competition substantially that it must be enjoined in the absence of evidence clearly showing that the merger is not likely to have such anti-competitive effects." 374 U.S. at 363. In contrast to *Philadelphia Bank*, this merger produced a combined percentage share of 1.4% of the grocery stores and 7.5% of sales in the relevant market. Cf. *Philadelphia Nat. Bank*, 374 U.S. at 364 n. 41. The increase in concentration is far from "significant": in the decade prior to the merger, the market shares of the leading chains had been decreasing. (Fdgs. 74, 78, R. 3084-3086). As a result of the merger, the market share of the leading two concerns increased from 14.1 to 15.1% (Dx. AM-AN, R. 2787-2788; Fdgs. 74, 78, R. 3084-3086).

In *United States v. First National Bank*, 376 U.S. 665, the merged bank was larger than all of the remaining banks combined, having more than 50% of the bank assets, deposits, and loans in the market area there held to be relevant. It is plainly inapposite because, unlike the Von's-Shopping Bag merger, the merger of the banks involved in that case produced a bank controlling an "undue" percentage of an already concentrated market.

In *United States v. Aluminum Co. of America*, 377 U.S. 271, this Court found that the "line of commerce showed highly concentrated markets," with the domination by a few companies producing an "oligopolistic" structure (completely unlike that present in the grocery industry in Los Angeles). 377 U.S. 278-80. In this setting, the Court found that the acquisition of Rome Cable by Alcoa, the market leader with 27.8%, was a violation of Section 7 despite the relatively small share of the acquired company in the aluminum conductor market.

In *United States v. Continental Can Co.*, 378 U.S. 441, the relevant product market was dominated by six firms having a total of 70.1% of the business. The merger produced a company with 25% of the market which the court found to be violative of Section 7 in an industry where, in sharp contrast to the grocery business in the Los Angeles area, there had been a "history of tendency toward concentration." 378 U.S. at 461.

The distinctions between the recent decisions of this Court and the instant case are both numerous and substantive. Here, the combined market share is much smaller; the market as a whole is atomistic; the market

is dynamic and expanding; the trend is away from concentration; entry is classically easy; the competitive effectiveness of a particular retail store is not dependent upon the size of the concern which owns it, and new forms of competition have arisen to heighten already vigorous price competition.

III. THE MERGER WILL HAVE A BENEFICIAL EFFECT ON COMPETITION AND ON THE COMMUNITY.

A. The ability of a concern to grow and sell out advantageously serves economic welfare and acts as a spur to new entrants and thus increases competition.

In an unconcentrated market with low entry barriers (as here), the opportunity for the individual to start a business, grow by internal expansion, and eventually, if he so desires, sell on an advantageous basis tends to spur additional entrants. A continuous flow of new competitors can thus be expected—and this stimulates, adds to, and revitalizes competition. A rule-of-thumb prohibition of such opportunities will, we believe, stifle incentive to entry, aggressive competitive effort, and growth.

Since the record demonstrates that this merger is not likely to lessen competition (and appellant concedes that in the more than three years following the merger the market remained vigorously competitive) (Br. 42) we urge that there can be no compelling reason to deprive all concerned of the many beneficial effects of the merger, including:

(a) Cost savings;*

(b) Opportunity for the principal owners of two closely held corporation to create a more ready market for their securities by getting listed on the New York Stock Exchange;

(c) Substitution of a broad and able management group;

(d) Assurance to stockholders that they would receive an adequate return on their investment and that it would continue to be secure;

(e) Avoidance of the adverse effects that a possible decline or failure of Shopping Bag might have on the employees, the stockholders and the community; and

(f) Ability to obtain equity or debt financing, if necessary, on more advantageous terms. (Dx. AW at R. 2967 and Fdgs. 12-13, R. 3066-3069, and R. 1511, 1539-1541, Gx. 66, R. 2487-2491).

B. The sale by Shopping Bag was dictated by valid personal and business reasons.

Compelling reasons support the merger from the standpoint of Shopping Bag. The president and principal stockholder was advanced in years. He wished to dispose of the company on a favorable basis. The stock was not

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* The importance of not using cost savings as a basis for invalidating mergers has heretofore been emphasized. Turner, *Conglomerate Mergers and Section 7 of the Clayton Act*, 78 Har. L. Rev. 1313, 1326 (1965).

listed and there was not an active market in it. Shopping Bag profits had been declining; management was thin; the president was concerned about the future of his company and the impact of further decline or possible failure upon his family, stockholders, employees, and the public. (R. 1506-1514; Fdg. 12, R. 3067-3068.)*

Shopping Bag was not a "failing company" but the concern of its president was not entirely without reason. The following table (Fdg. 12, R. 3067) shows Shopping Bag's total sales, net income, percentage of net income to total sales and percentage of net profit after taxes to total assets for the years 1957-1959. For purposes of comparison, comparable information for Von's is also set forth:

SHOPPING BAG

Year	Total Sales	Net Income	% of Net Income to Total Sales	% of Net Income to Total Assets
1957	$87,007,857	$1,360,986	1.6%	6.6%
1958	90,531,209	912,851	1.0%	3.9%
1959	84,403,866	770,122	.9%	3.2%

VON'S

Year	Total Sales	Net Income	% of Net Income to Total Sales	% of Net Income to Total Assets
1957	$89,990,056	$1,872,943	2.1%	12.7%
1958	94,483,993	1,947,367	2.1%	12.4%
1959	86,605,829	1,981,358	2.3%	10.8%

(A four week strike in January 1959 resulted in lower sales for each company in that year.)

* See also Gx. 66, R. 2487-2491. Three of the top 20 concerns did fail in 1961. (Fdg. 81, R. 3088.)

Estate tax considerations necessarily played an important part in the decision to merge. Prior to the merger the Von der Ahe family owned 80% of the Von's stock and Mr. Hayden and his family owned 60% of Shopping Bag's stock. The death of a member of either family who held a large number of shares would have resulted in severe estate tax problems requiring the forced sale of many shares of the closely held stock. Von's had only 3,280 public stockholders and Shopping Bag had only 2,064. The over-the-counter market in the stock of these companies was not active. The merger gave Von's a total of 5,344 public stockholders and a much broader and more active market for its stock—in fact, as a result of the merger the stock of the merged company became eligible for listing on the New York Stock Exchange and it was so listed in 1961. Therefore, the merger, as anticipated, has resulted in a much more favorable market for the sale of family-held stock should this become necessary to meet estate taxes or other needs. (R. 1506-1514, Fdg. 12, R. 3066-3068.)

C. The merger maintains local control of the business.

Shopping Bag no doubt could have been sold to one of the large national chains not then doing business in the area.* But the president of Shopping Bag preferred to deal with Von's. He had been acquainted with the Von der Ahe family for some 34 years and had confidence in their fairness, integrity and business ability. He knew that Von's had an able and deep management staff and that its business record in terms of profits in relation to

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* But cf. Appellant's Brief p. 44, fn. 42.

sales and in relation to assets was one of the best in the entire food industry. (R. 1506-1514.) The acquisition of Shopping Bag by Von's was consistent with the "desirability of retaining 'local control' over industry." (See *Brown Shoe Co. v. United States*, 370 U.S. at 315-316.)

IV. THE NEW TEST PROPOSED BY THE GOVERNMENT IS UNWARRANTED BY THE STATUTE AND TOTALLY UNREALISTIC.

Appellant requests this Court to establish a rigid, rule of "presumptive illegality"* to strike down any merger of "substantial" concerns in *any* market, in *any* industry, in which *any* grouping of leading concerns appellant may choose has increased its aggregate market share. Appellant concedes that its test "calls more for an economic prophecy than for a conventional legal judgment." (Br. 23.) We suggest that economic prophecy has not reached a stage of reliability that it should supplant the record facts and the findings which demonstrate the prophecy is totally unreliable. Assistant Attorney General Turner has asserted:

> ". . . If you attack a merger, you have to make a judgment of what would happen in the future. Economics does not yet provide an adequate theoretical framework for this." 29 A.B.A. Antitrust Section, August 1965, p. 194.

Other authorities would also agree that economic analysis has not yet been formally developed to the point where it can usefully be incorporated into the law:

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* Actually they mean *per se*. See p. 9, n., *supra*.

". . . Economic analysis, like the adjudicatory process, must center upon the individual case. Both its advocates and critics would agree that the concept of workable competition, or its necessary equivalent, has not yet been formally developed to the point where it can usefully be incorporated into the law itself. That is to say, indicia of monopoly that can be unswervingly and uniformly applied to all industries, irrespective of their market environment and stage of development, have not yet been clearly identified." Markham, *The Per Se Doctrine And The New Rule of Reason,* 22 Southern Economics Journal (1955) p. 29.

Appellant, in effect, suggests abandonment of the accepted test of reasonable probability of a substantial lessening of competition or tendency to monopoly in favor of economic prophecy applicable, as stated, to all mergers, all markets and all industries. This test would necessarily invalidate inoffensive and even beneficial mergers along with those which, with reasonable probability, may likely be anticompetitive. Assistant Attorney General Turner has stated:

". . . I have formed a fairly definite view that Section 7 cannot be effectively enforced except on the basis of more or less arbitrary rules — arbitrary in the sense that they may well apply in particular situations to mergers which an exhaustive investigation of the facts might disclose would not have, or do not have a likelihood of having, an adverse effect on competition."*

* 29 A.B.A., Antitrust Section, August 1965, p. 194.

More recently, Mr. Turner amplified his views as follows:

"Q What's the solution to the problem, as you see it?

"A To draw up broad rules or guidelines that will be right in the great majority of cases, and accept the fact that they will sometimes be wrong.

"For instance, I have made it clear that we will attack any merger between substantial and healthy competitors in almost any industry.

"But I wouldn't try to argue that there is going to be substantial harm to competition in every case in which two substantial competitors merge. And the antimerger act is concerned with probabilities, not certainties.

"Q Does that mean that you would rule out some 'good' mergers along with the 'bad' mergers?

"A Yes. But remember what I said: You simply can't predict what the economic effects are going to be in every individual case.

"We'll never really know which mergers would have worked out all right. And, if our rule is right most of the time, then the few instances in which it turns out to be wrong are probably not going to do much damage."

. . . . .

"Q Does it worry you that Federal Trade Commission figures show an increase in the number of mergers?

"A I'm not worried about the numbers as such.

"Q Why not?

"A What if most of the mergers, as is undoubtedly true, have no adverse effects on competition? The concern of the antitrust laws is whether mergers are likely to have anticompetitive consequences of some sort. The fact that the merger rate is going up doesn't necessarily establish that."*

We urge that appellant's proposal is not warranted by the statute or its legislative history. In *Brown Shoe Co. v. United States,* 370 U.S. at 321-322, this court stated:

". . . Congress indicated plainly that a merger had to be functionally viewed, in the context of its particular industry. . . ."

Elaborating upon the foregoing, this Court pointed out:

"Subsequent to the adoption of the 1950 amendments, both the Federal Trade Commission and the courts have, in the light of Congress' expressed intent, recognized the relevance and importance of economic data that places any given merger under consideration within an industry framework almost inevitably unique in every case. Statistics reflecting the shares of the market controlled by the industry leaders and the parties to the merger are, of course,

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* U. S. News & World Report, Feb. 21, 1966, *Guidelines For Fair Competition; Interview With Head of Antitrust Division,* pp. 76-77, 84.

the primary index of market power; but only a further examination of the particular market — its structure, history and probable future — can provide the appropriate setting for judging the probable anti-competitive effect of the merger." 370 U.S. at 322, fn. 38.)*

In *United States v. Philadelphia National Bank*, 374 U.S. 321 at 363, this Court said that the test of presumptive illegality there applied:

". . . lightens the burden of proving illegality only with respect to mergers whose size makes them inherently suspect in light of Congress' design in § 7 to prevent undue concetration. . . ."

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* Moreover, appellant is in error in its statements (Br. 17 and fn. 23) that the legislative history of the Antimerger Act discloses that "Congress specifically referred to the retail grocery industry" as one of the industries of particular concern. Congress did specifically refer to mergers which had taken place in the field of "food and kindred products". H. Rep. No. 1191, 81st Cong., 1st Sess., p. 3. But appellant must concede that "food and kindred products" is a census category of *manufacturers*, not retailers. Only one retailer, Safeway is mentioned in the 1948 *Report of the Federal Trade Commission on the Merger Movement — a Summary Report* and the discussion of Safeway related primarily to its backward vertical acquisitions of food manufacturers. Nor does the said Report of the Federal Trade Commission on which "Congress drew heavily in its consideration of the merger problem", (App. Br. 17, fn. 23) support appellant's new proposed *per se* test, because it very carefully states: "As in the case of other acquisitions cited in this report, the Commission takes no position as to whether any individual acquisition or group of acquisitions constitutes 'a substantial lessening of competition or tendency to create a monopoly.' *Such a determination can be made only after an examination of the facts on a case-by-case basis.*" (Report, pp. 53-54, fn. 41.)

There is no warrant, however, for lightening the burden of proving illegality in the case of a merger of two concerns with small market shares in an unconcentrated market where the market shares of the leading two concerns have been declining, where the market shares of the top four aggregate only 24.4% (Gx. 7, R. 2331), where market share is not the equivalent of market power, where the small concern admittedly can compete effectively with the larger chains, and where entry is classically easy.*

Appellant clearly is requesting judicial legislation to correct what it considers inadequacies in the present law. With respect to comparable contentions prior to 1950 that "there was no need to amend § 7 because the loophole could be closed by judicial interpretation", the House Judiciary Committee responded

> ". . . the Commission has taken the position, and the committee believes rightly so, that any defect in the law, as interpreted by the Supreme Court, should be remedied through legislative rather than judicial action."**

The Los Angeles retail grocery business is about as unconcentrated and vigorously competitive as any market

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* Entry, of course, is not easy in the banking business. In *Philadelphia Bank* only one new bank had entered the market in the decade prior to 1961 and after ten years it had only one-third of 1% of the area's deposits. 374 U.S. at 367. The top *two* banks after merger in that case had a greater market share than the top *twenty* concerns in the present case. 374 U.S. at 331.

** H. Rep. No. 1191, 81st Cong., 1st Sess. p. 11.

in the United States. It is a dynamic and growing market characterized by ease of entry, innovation and technological changes. Small competitors flourish and consumers are well served. (Fdgs. 27-28, 43-44, R. 3072-3074, 3077-3079, and see R. 3031.) The market leaders have been unable to maintain, much less increase, their market shares. We urge it would not be appropriate to ignore the realities of the market place as demonstrated in the record and reflected in the findings of fact and substitute therefor appellant's proposed rigid test. Indeed, the basic vice of appellant's novel proposed test is that it substitutes theory and conjecture in place of reasonable probability, and, as applied to this merger at least, it is completely unrealistic.

CONCLUSION

For the foregoing reasons, the judgment of the District Court should be affirmed.

Respectfully submitted,

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MAR 1 5 1966
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No. 303

IN THE

Supreme Court of the United States

OCTOBER TERM, 1965

UNITED STATES OF AMERICA, *Appellant*

v.

VON'S GROCERY COMPANY and
SHOPPING BAG FOOD STORES, *Appellees*

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA

Brief of the National Association of Retail Grocers of the United States, as Amicus Curiae

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STATEMENT OF INTEREST OF THE ASSOCIATION

The National Association of Retail Grocers of the United States (hereinafter called "the association") respectfully submits this brief as *amicus curiae* because of the concern of its members. Written consent of all parties to file a brief was given under Rule 42(2).

The association is a non-profit membership trade association, founded in 1893, and incorporated in 1916 under the law of the District of Columbia, with its principal office and place of business at 360 North Michigan Avenue, Chicago, Illinois.

It is a federation of over 100 state and local food retailer associations, and has approximately 40,000 members, including supermarket operators.

The Board of Directors of the organization—all of its officers and directors—are local operators. The association represents retail food distributors who conduct small and medium size local enterprises, a substantial and growing percentage of which are corporations subject to Section 7 of the Clayton Act, 15 USC § 18.

While, the appellees have a somewhat larger sales volume than that held by members whose interests prompt our concern, we believe that the Government's legal test to govern mergers between competitors in the highly competitive retail grocery field will impose a new and severe handicap on competitive growth and development of independent supermarket operators.

The interest of the association and its members in this case arises because of its many unique features. It is the first case to come before this Court in which the Government has challenged any merger in retail food distribution. It is the first involving appropriate standards for applying Section 7 to what the Government terms "an industry where large firms are not yet dominant and the opportunities of individual entrepreneurs are substantial", and which has a technology allowing relatively small firms to thrive for the indefinite future (Br. p. 16). It is the first action to reach this Court presenting substantial questions as to the

proper tests under Section 7 applicable to a merger of concerns engaged solely in retail distribution.

The members of the association have an interest in this action because the design of the Government is to condemn the merger under a test of presumptive illegality, by applying a rigid mechanical formula based primarily on market share statistics without determining the probable effect of the merger on competition in the market. This issue is one of primary significance. The association is apprehensive that if the Government's position in this case is approved, it will result in penalizing the growth and success of many local operators in a manner that defeats antitrust policy. It is believed that the proposed construction of Section 7 will erode competitive strength of local retailers.

Finally, the association, now as in the past, supports effective enforcement of Section 7 and other antitrust laws. The best indication of it's good faith and credibility in this matter is referred to in the Government's brief (p. 10) where it calls attention to a study published in 1959 by the association, entitled *The Merger Movement in Retail Food Distribution 1955-1958.* When this study was published, no action had been taken under Section 7 challenging an acquisition in the industry. But now, seven years later, no one could be more surprised that the first case to reach this Court involves a merger of two local, largely family-owned companies, each having approximately 4 per cent of the market where the evidence shows so clearly that no harm to competition will result. Prior to filing this complaint, the association had consistently supported the Department of Justice in antitrust matters both before this Court and Congress. The organization's position in the instant case is believed consistent with its basic policy.

INTRODUCTION AND SUMMARY OF ARGUMENT

Essentially, the Government is seeking to outlaw the merger of Von's and Shopping Bag under a rule of presumptive unlawfulness based on a superstructure of statistics. Its major aim is to escape having to demonstrate the likelihood of substantial adverse competitive effect.

The trouble with this simplified theory is that it does not fit the facts in this case, and accordingly does not carry out the policy of the statute. The unique competitive situation shown in the record precludes use of a static mold which gives no consideration to the market setting.

The market involved is not structurally oligopolistic, and has exhibited no sign of monopolistic behavior. It contains effective antibodies which prevent any prospect of dominance by a few large concerns.

There is no image of bigness serving as a competitive advantage, and no colossus in the industry to support a presumption of illegality. Appellees are local, largely family-owned companies and serve a small part of the relevant market, which is strongly decentralized.

Quantitative measures of the merger in terms of market shares, market rank, market gap and concentration ratios do not support the position that precedential case authority opens the way for imposition of a test based on presumptive illegality. The 7 per cent of the Los Angeles market served by Von's after the merger is small, and will not produce significant concentration, or give Von's a decisive competitive advantage.

The Government's strict mechanical market shares theory for invalidating horizontal grocery mergers strikes indiscriminately at acquisitions having no demonstrable anticompetitive impact, as well as those strengthening competition. The Government's rigid and encompassing test forecloses normal and beneficial avenues for growth. Moreover its excessive reach stretches the application of the law to a point where it could actually produce anticompetitive effects and thereby become self-defeating.

There is no foundation in law or in fact for holding that the merger of Von's and Shopping Bag is unlawful. In view of the market facts in this case and the economic characteristics of the parties and the industry generally, we submit it is inappropriate to prescribe a test which relieves the Government of its burden to establish prohibited competitive effect in the first merger case pertaining to retail grocery distribution. Cf. *White Motor Co.* v. *United States,* 372 U.S. 253 (1963).

I. The validity of the merger at bar should be tested on the basis of its actual and probable competitive effects generally in Los Angeles. The parties involved are small compared to their large market. They operate local businesses in a fragmented market. It is highly competitive, and smaller firms have shown an ability to compete vigorously. "[S]mall chains, and even some single-store enterprises, were able to operate efficiently and to hold their own in competition with the larger chains." Gov. Br. p. 16.

With respect to the industry nationally, the Government acknowledges that it is not one where large firms are dominant. "Furthermore, from all indications, its

technology is such that, even today, and for the indefinite future, many relatively small firms should be able to thrive." Gov. Br. p. 16.

A rule of presumptive unlawfulness has no place in this case. It has been applied where the market is dominated by a few companies, and where the merger will result in a further significant increase in concentration. Case authority authorizing a market shares test of presumptive illegality is inapposite here.

Figures in the record with respect to market shares held by larger firms in Los Angeles and nationally do not demonstrate anticompetitive effect, and the Government has indicated an uncertainty with respect to the degree of concentration in the relevant market it asserts has taken place and relies on to support its theory. The facts in this case discredit the Government's suggestion that the Los Angeles market is on the way to becoming excessively concentrated, and belie the assertion that concentration nationally is on the rise. A nation-wide trend toward supermarkets appears as a major influence reducing the number of grocery stores and increasing the importance of those in operation.

A telescopic view of this merger entails more than looking at the form of the market in terms of structure. It also requires that equal attention be given to its competitive substance.

II. In removing the "acquiring-acquired" test and the term "community" from the 1914 version of the statute, Congress intended that the standard for judging a horizontal merger applicable in this case be based on its competitive effect in the relevant market. Among the factors it considered important was the

frequent desirability of improving the competitive position of local businesses. It was concerned about the danger of prohibiting horizontal mergers under mechanical rules. The 1950 amendments to the statute adopted a more meaningful standard concerned with demonstrable effect on competition. Congress avoided trying to classify harmful horizontal acquisitions on the basis of a few simple facts. It emphasized the primacy of competition, and not the competitive relationship of the merging firms or their share of the market.

III. The Government's simplified test will prejudice the growth of relatively small concerns and defeat the purpose of the statute. It will have adverse effects on local control of markets.

Holding a merger of the small proportions challenged here presumptively illegal because of structural changes in the market clears the way for disapproval of similar acquisitions involving similar market shares. In more narrowly defined markets, the proposed standard would make mergers between competitors of minor significance inherently suspect.

As a practical matter, the proposed rule against horizontal acquisitions will close the most readily available and beneficial merger route for many smaller businesses. Their only alternative will be to build through internal expansion. This creates numerous competitive inequalities. The issue can ultimately become one of being denied adequate opportunities to expand in competition with larger rivals.

Paradoxically, the Government's theory has the capacity to create a special business class deprived

of making acquisitions because they lack sufficient economic power. Applying a simplified market shares test in this case will inhibit competitive conditions Congress sought to promote and encourage those it desired to prevent.

ARGUMENT

I.

THE MERGER SHOULD BE VIEWED FROM ITS EFFECTS ON COMPETITION GENERALLY IN LOS ANGELES, INSTEAD OF SOLELY RELYING ON MARKET SHARES OF THE PARTIES AND AGGREGATE SHARES FOR GROUPS OF COMPANIES.

The heart of the Government's theory in this case is that the compilation of statistics on market shares found in the record establishes a presumption that the merger is illegal. To color its position so it may appear more reasonable, the Government seeks to create the image that involved here is the consolidation of great economic power in the hands of a large corporation. With this foundation, it proceeds to dispense itself of the need to demonstrate probable anticompetitive effect, and to disregard substantial evidence in the record demonstrating that the merger will have no harmful result prohibited by the statute. Thus, the Government's primary effort is to shield an unsound case from inquiry regarding market impact, which will expose its weakness.

Part I of our argument will show this is not an action where naked statistical comparisons can be substituted for reliable evidence showing probable anticompetitive impact.

A. The Merger Is Not of Such Size To Be Inherently Suspect Under an Automatic Market Shares Test.

Involved in this action is a horizontal merger of local, largely family-owned companies (Fdgs. 1, 6, R. 3064-3065; Fdg. 12(e), R. 3068; Gov. Br. n. 13, pp. 12-13), holding a small percentage (R. 2787) of a large fragmented market (R. 2156, 3020), in competition with numerous firms of comparable size (R. 2787) and a great many smaller, but extremely vigorous, competitors (R. 1895-1901, 1947-1951). Compared to their large geographic and product market, appellees are relatively small.

The Government relies on previous merger cases before this Court, contending that they point the way toward using a market shares test for holding the merger presumptively illegal. But such reasoning falls of its own weight when this merger is compared to others previously considered by the Court.

Von's was not the market leader before or after the merger (Fdg. 3, R. 3065; Fdg. 50, R. 3080). Von's share of the market after the merger was 7.5 per cent of grocery store sales and 6.9 per cent of food store sales (Fdg. 74, R. 3084-3085), compared to the merged firms' share of 36 per cent in *Philadelphia*,[1] 29 per cent in *Alcoa*,[2] and 25 per cent in *Continental Can*.[3] Furthermore, concentration factors in retail grocery distribution in Los Angeles show a fragmented market quite unlike that in previous merger cases

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[1] *United States* v. *Philadelphia National Bank*, 374 U.S. 321 (1963).

[2] *United States* v. *Aluminum Company of America*, 377 U.S. 271 (1964).

[3] *United States* v. *Continental Can Co.*, 378 U.S. 441 (1964).

before this Court. In terms of market shares, the two largest concerns in Los Angeles held only 15.5 per cent of grocery store sales and 14.3 per cent of food store sales after the merger (Fdg. 74, R. 3084-3085). Whereas, the top two competitors held 58 per cent in *Philadelphia,* and 52 per cent in both *Alcoa* and *Continental Can.* And, further emphasizing the differences involved, the company in Los Angeles with the largest percentage of the market (Safeway) suffered a market share decrease from 14.2 per cent to 7.7 per cent from 1948 to 1960 (R. 2787). Following the merger, Von's had approximately a 1 per cent greater market share over its nearest smaller competitor (R. 2787). In *Philadelphia,* the comparable figure was 14 per cent, in *Alcoa* it was 6 per cent, and in *Continental Can* 14 per cent.

The Government makes much of the fact that the top 20 retailers held between 54 per cent and 57 per cent of the Los Angeles Market. In *Philadelphia,* five banks held 82 per cent of the market; in *Alcoa* eight firms had 96 per cent of the market, and in *Continental Can* five companies possessed 70 per cent of the market.

With respect to *Brown Shoe,* the acquired firm was "the largest family-style shoe store chain in the United States," *Brown Shoe Co.* v. *United States,* 370 U.S. 294, 303 (1962), whereas Shopping Bag was small in the national market, and held only 4.2 per cent of grocery store sales and 3.8 per cent of food store sales in Los Angeles (R. 2787). It's earnings and profits were declining, and it suffered from a shortage of qualified executive personnel (Fdg. 12, R. 3066-3068).

Brown Shoe was both the fourth largest shoe manufacturer, and the third largest seller of shoes by dollar

volume in the country. Brown was a "moving factor" in a trend among shoe manufacturers to acquire retail outlets. Prior to the merger, it acquired the Nation's largest operator of leased shoe departments. *Brown Shoe, supra* (370 U.S. at 297, 301-303). Von's is certainly not in this class. And, as the Government admits, Von's and Shopping Bag achieved their present size through internal expansion (Gov. Br. p. 4).

The local market share held by both Brown and Kinney was significant primarily because the companies involved had a customer-supplier relationship raising the issue of foreclosure of a share of the market otherwise open to competitors. *Brown Shoe, supra* (370 U.S. at 328-332). "Thus, in this industry, no merger between a manufacturer and an independent retailer could involve a larger potential market foreclosure." *Brown Shoe, supra* (370 U.S. at 331-332). Since the merger of Von's and Shopping Bag is a horizontal arrangement, the foreclosure test is literally inapplicable.[4]

The Government's heavy reliance on market shares in this case is misplaced since the market facts shown in the record demonstrate that Von's will not have a decisive advantage over its competitors (R. 1641-1645; Fdg. 82, R. 3088-3089). The 7 per cent of the market held by Von's, relative to 93 per cent held by remaining competitors, is not such as automatically to supply an affirmative answer to the critical question of whether the merger will have a probable effect prohibited by Section 7. If anything, the market shares factor indicates quite the contrary.

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[4] Kaysen and Turner, Antitrust Policy (1959), 130. See Bock, Mergers and Markets (National Industrial Conference Board, Study No. 85, 1964) 167.

A merger having the small proportions shown here cannot be considered as one producing a firm controlling an "undue" percentage share of the Los Angeles market resulting in significant increased concentration. It is well below the line established in *Philadelphia* and *Continental Can.* And it does not pose a threat under standards recommended by Kaysen and Turner,[5] Bok[6] and Stigler.[7] In fact under Stigler's rules the merger would be *prima facie* lawful.[8]

The share of the Los Angeles market held by Von's resulting from the acquisition of Shopping Bag, is not of such dimensions as to warrant application of the rule of presumptive unlawfulness. The burden is on the Government to prove that the merger will create a reasonable probability of substantial lessening of competition, or a tendency to create a monopoly.

B. In the Context of This Case, the Government's Reliance on Concentration as a Criterion Is Unwarranted and Untenable.

The Government's rationale centers around the word "concentration", which it equates with proof of declining competition proscribed by Section 7. There

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[5] Kaysen and Turner, *supra* at 133.

[6] Bok, Section 7 of the Clayton Act and The Merging of Law and Economics, 74 Harv L Rev 226, 308-316 (1960). According to the Government's brief, in 1948 the aggregate market share held by the 8 largest Los Angeles grocery chains was 33.7 per cent (Br. pp. 9, 33); at the time of the merger in 1960 it states this share was 39 per cent (Br. p. 32). "It is true that if the top four, rather than eight, firms were chosen, the increase would be substantially smaller." (Br. n. 37, p. 37). Bok suggests an increase of 7 or 8 per cent as the *lower* limit of a significant growth in concentration.

[7] Stigler, Mergers and Preventive Antitrust Policy, 104 U of Pa L Rev 176, 181-182 (1955).

[8] *Ibid.*

are three difficulties with this. First, evidence in the record undermines the Government's contention that grocery store sales in Los Angeles have become so concentrated in the hands of a few of the largest concerns as to produce the probability of a substantial lessening of competition. Second, the facts in this case do not show a direct relationship between changes in concentration and the likelihood of substantial competitive harm. Third, it has not been established that to whatever extent concentration has developed or is likely to develop, it is of such character and magnitude to bring about a probable substantial lessening of competition.

Dealing first with what the evidence shows respecting concentration in the relevant market, it appears from the record that there is, at the very least, some uncertainty on this point.

In addition, examination of the record with respect to aggregate shares held by larger firms in the market contradicts the position that increasing concentration has taken place, to the extent that the rule of presumptive unlawfulness is warranted.

Appellees' Exhibit AN (R. 2788) indicates that the percentage of total grocery store sales in the Los Angeles area held by the three largest chains declined from 1952 to 1960. This was also true with respect to the four largest chains, and the five largest chains in the area. The lower court pointed out in its opinion: "In other words, during the period when it is claimed that the competitive situation was deteriorating, single store operators and small chains were beginning, growing, and competing successfully." (R. 3026).

Evidence introduced by the Government also raises substantial doubts that it can successfully predicate its

case on increased concentration (R. 3028). Its Exhibit 7 (R. 2331) shows that the four largest Los Angeles chains accounted for a smaller percentage of grocery store sales between 1948 and 1958. And based on 1958 sales of the 20 largest grocery chains, Government's Exhibit 8 (R. 2332) indicates that the combined concentration ratios for all, except the four largest chains, actually decreased over 10 per cent. The record shows no discernible concentration pattern on which a presumption can be made that the statute has been violated.

The Government's proposed theory is also untenable because it is erroneously based on the assertion that concentration in Los Angeles mirrors national trends. Such reflection is accurate in that neither in Los Angeles nor nationally is there a threat of oligopoly.

The Government has perceived some basic economic facts regarding the industry. Throughout its brief, it has indicated an awareness of its competitive health calling attention that it:

> ". . . is . . . a traditional bastion of the small businessman." (Gov. Br. p. 15)
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> * * *
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> ". . . remains an industry where large firms are not yet dominant and the opportunities of individual entrepreneurs are substantial. Furthermore, from all indications, its technology is such that, even today, and for the indefinite future, many relatively small firms should be able to thrive." (Gov. Br. p. 16)

With the facts, the Government could not have concluded otherwise than that the industry is highly competitive, that small firms continue to thrive, and that size, however obtained, holds out no guarantee of

success, much less dominance.[9] And these conditions are widely recognized.[10] One of the basic reasons for the healthy competitive state of the industry is the ease with which new firms enter the market and thrive.[11] In part, this has been attributable to the increasing success of voluntary and cooperative wholesale groups which provide small entrepreneurs with many advantages available to larger multi-unit operators. Retail members of these groups comprise the fastest growing segment of the industry. *Economic Inquiry into Food Marketing* (FTC Staff Report), *Part I—Concentration and Integration in Retailing,* p. 6.

That size is not a determinant of ability to compete is vividly demonstrated in Los Angeles where single store operators and small chains were able "to hold their own in competition with the larger chains." (Gov. Br. p. 16).

There is no basis in this record for assuming a parallel between upward adjustments in concentration

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[9] R. 1947-1951.

[10] Such recognition does not always operate to the industry's benefit, as investors may prefer "safer" opportunities. A weekly news magazine recently summarized the industry's prospects, as follows: "Grocery chains—competition remains murderous. Their profit margin of 1.1 per cent is still one of the lowest." *Newsweek,* January 10, 1966, at p. 48.

[11] Other industry factors enhance free access to the market, such as, absence of a patented technology, lack of secret know-how and no substantial product differentiation. A recent Nielsen survey concluded that national-manufacturer branded products have continued to improve their position in the market. See Supermarket News, November 15, 1965, at p. 1. The vigor of competition in food retailing is also strengthened by the entry and growth of new types of competitors. Fdg. 62, R. 3083 For example it has been estimated that 30,000 convenience stores will be in operation by 1975. See, Supermarket News, February 28, 1966 at p. 21. The entry of so-called discount houses with large food departments is also a new competitive factor. Fdg. 61, R. 3082.

ratios with probable substantial lessening of competition (Fdg. 82, R. 3088-3089). The lower court found that the decline in number of grocery stores was due to evolutionary developments inherent in our society (Fdg. 24, R. 3070-3071). The supermarket revolution developed in response to consumer desires and technological changes.[12] It has no antitrust significance. It cannot be assumed that Congress intended Section 7 to obstruct the development of supermarkets.

Where the Government seeks to disparage the intensity of competition, reliance is placed on statistics which fail to support its thesis. For example, it states that between 1948 and 1958 the market share of the 20 largest Los Angeles chains increased from 43.8 per cent to 56.9 per cent.[13] But the bare recital of such figures proves little if anything without further analysis to determine the identity of the component companies. As found by the lower court, "[a]t least seven of the concerns in the top twenty by 1960 were not even in existence as chains (i.e., having more than one store) in 1948." (Fdg. 79, R. 3086-3087). Thus, an attempt is made to prove "concentration" with statistics that are equally susceptible to proof of a competitive market in which smaller operators can achieve success against strong rivals.

The Government places reliance on market share figures for six local markets as evidence of a "rise"

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[12] See, Hampe & Wittenberg, The Lifeline of America (1964), 325-339.

[13] Gov. Br. p. 9 Simultaneously, it attempts to explain away Safeway's decline in market share from 14.2 per cent to 8 per cent by a non-recurring decision to dispose of a large number of small stores. Gov. Br. n. 33, p. 34. The supermarket revolution, however, established a general trend toward operation of fewer stores by larger companies. See, Lebhar, Chain Stores in America 1859 to 1962 (1963) at pp. 339-398.

in concentration in the national market Gov. Br. n. 32, p. 33. They show no such thing. The figures cited were for a particular time only, and the record (R. 1658, 1949) is silent on what time period was selected. These data show no trend of any kind. And since retail grocery distribution is marked by incessant change—always in the process of becoming—, the figures for these local areas lack probative value. Market shares are certainly not static.[13a] There is no basis for assuming they are increasing in the absence of evidence to that effect.

The Government's brief (n. 32, p. 33), states that grocery firms with 11 or more stores increased their share of national sales between 1948 and 1958 from 34.5 per cent to around 43 per cent. But, here again anticompetitive effect is not demonstrated since these data do not consider the changing relationship among the market leaders, who they are, or whether a significant proportion of the market share growth is accounted for by new entrants starting with 1 store and growing into the 11 or more class.[14] In light of the record in this case, reliance on increased concentration by means of such statistics proves nothing.

By centering attention on market share figures, while declining to attach commensurate importance to

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[13a] See, e.g. Supermarket News, December 27, 1965 at p. 1, and February 14, 1966 at p. 1; Food Topics, November, 1965, at pp. 7-26.

[14] A recent study, using a "survivor technique", indicates that there is an inverse correlation between sales growth and size of operators with 4 or more stores. See, Gould, The Relation of Sales Growth to the Size of Multi-Store Food Retailers, (1966). Using another system of analysis, he arrives at the opposite conclusion from that urged by the Government. The logical conclusion may be that, as a general proposition, size alone has no relation whatever to competitive success in retail grocery distribution.

qualitative market facts in the record, the Government is asking that meaningful evidence of competitive impact be treated with indifference. This results in obfuscating analysis and creates a false competitive picture.[15]

Of special significance in this case is that the policy of the law favors "retaining 'local control' over industry". *Brown Shoe, supra* (370 U.S. at 316). "Taken as a whole, the legislative history illuminates congressional concern with protection of *competition*, not *competitors*, and its desire to restrain mergers only to the extent that such combinations may tend to lessen competition." *Id.* at 320.

Seizing on the additional share of the market acquired by Von's while giving, at the most, perfunctory attention to the strength of remaining competition, the low entry barriers encouraging unborn competition, and the growth of new forms of competition shown to exist in Los Angeles result in erroneous conclusions.

C. The Proper Antitrust Yardsticks in This Case Require a Probative Analysis of the Market's Competitive Environment.

The structure of the market, as well as the competitive relationship of Von's and Shopping Bag, are relevant factors for consideration. But, against the particular background in this case, whether the merger will result in probable anticompetitive effects prohibited by Section 7 cannot be judged without examination of competitive conditions in the market involved.

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[15] "Therefore, the traditional view that the local-market industries are essentially competitive in character is probably correct, even though unconcentrated structure is not to be ascribed to them universally." Kaysen and Turner, *supra* at 40.

With a merger of the small proportions shown here, the decision called for by the statute should rest on realities, not abstractions. An empirical appraisal is necessary if an acquisition outside the ambit of the statute is not to be condemned. In the world of anti-trust little things can mean a lot.

This is not to say that an unlimited range of economic inquiry is required. But more than theoretical or superficial answers should be given to the questions—who may be injured by the merger, what injury will occur, where will it develop, and how significant will it be.

It is not an answer that Von's and Shopping Bag were among a dozen or more leading chains of supermarkets in the Los Angeles area. And the pre-merger market share of 4.7 per cent for Von's and 4.2 per cent for Shopping Bag requires that a broad, rather than narrow, inquiry of its economic effects is needed.

The market in which Von's and Shopping Bag operate experienced a normal—nation-wide—structural evolution toward supermarkets generating fewer and larger stores. Nothing shown here provides a basis for raising a presumption of illegality which depends on disregarding acknowledged conditions fostering competition that are applicable in this case, e.g., the industry nationally and the market involved are not dominated by a few leaders, the merging companies are local operators and possessed a relatively small share of the market, remaining competition from both larger and smaller concerns is vigorous, and there is remarkably easy access to the market with new competition developing (Gov. Br. pp. 15-16, 27, 31, 40-42).

The Government's theory fails to concern itself with a realistic appraisal of the impact of the merger on

competition in the relevant market. Instead, it relies upon speculative hypotheses which it does not support on the basis of actual competitive conditions. In the trial of the case, the Government offered little of value showing the probable effects of the merger on market behavior, prices, cost of operation, ability of small firms to compete, entry of potential competition, strength of remaining competition, freedom to use advanced technologies, opportunities for innovation, significance of consumer preferences and other variables that are important.

Reliance on published market price surveys to infer oligopolistic tendencies is unrealistic. Such surveys are characteristic of fragmented highly competitive markets. It is when a market becomes oligopolistic, that price checking by such means becomes unnecessary because of general knowledge of the leaders' prices.

The Government assumes, entirely on the basis of a strict mechanical formula, that the merger is likely to lessen competition substantially. It seeks to impose a rule of general application in grocery retailing based on the size and relationship of the merging firms and changes in market shares.

Trouble arises because this concept is in direct conflict with reality. Such a narrow test—as the Government proposes—is based on a small body of facts isolated from their practical importance in the market.

This illustrates the hazards of reliance on a generalized formula for applying the sanctions of the law in this case. Mechanistic application of announced principles by syllogistic reasoning sometimes involves the process of inferring the desired result from an assumed premise. Facts tend to become subjugated to

the purpose of drawing a parallel, which is what the Goverment has done here. Judging the validity of its conclusion that the merger violates Section 7 requires independent evaluation of its premise.

By creating and then invoking a novel arbitrary test, the Government not only seeks to avoid the need to adduce convincing evidence showing that smaller firms will be at a decisive disadvantage because of the merger, but also disregards abundant evidence establishing the contrary. The vigorous and growing strength of remaining competition in the market—attested by numerous findings of fact by the trial court (Fdgs. 28-38, R. 3072-3076; Fdgs. 43-52, R. 3077-3080; Fdg. 82, R. 3088-3089), is considered unimportant under the Government's theory.

As this Court observed in *Times-Picayune:* "[N]o magic inheres in numbers; 'the relative effect of percentage command of a market varies with the setting in which the factor is placed.' "[16]

Since the application of Section 7 to a merger of retail grocery distributors raises questions of first impression before this Court, it is particularly important that careful attention be given to the validity of the Government's hypothesis that the merger of Von's and Shopping Bag should be decided on the basis of market share figures. It is a matter of no small importance that if this theory is correct, many horizontal mergers by retail operators having little or no adverse competitive impact (as well as those actually strengthening competition) will suddenly become suspect, if not automatically invalid.

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[16] *Times-Picayune Publishing Co.* v. *United States,* 345 U.S. 594, 612 (1953).

II.

THE GOVERNMENT'S MAJOR RELIANCE ON THE MARKET POSITION AND COMPETITIVE RELATION OF VON'S AND SHOPPING BAG CONTRAVENES THE LEGISLATIVE PURPOSE, TERMS AND PROPER APPLICATION OF SECTION 7.

As established by this Court's analysis in the 1962 *Brown Shoe* opinion, Congress in amending Section 7 of the Clayton Act in 1950, broadened its focus particularly with respect to horizontal acquisitions:

> "Where the arrangement effects a horizontal merger between companies occupying the same product and geographic market, whatever competition previously may have existed in that market between the parties to the merger is eliminated. Section 7 of the Clayton Act, prior to its amendment, focused upon this aspect of horizontal combinations by proscribing acquisitions which might result in a lessening of competition between the acquiring and the acquired companies. The 1950 amendments made plain Congress' intent that the validity of such combinations was to be gauged on a broader scale: their effect on competition generally in an economically significant market." *Brown Shoe, supra* (370 U.S. at 335).

The Government's reasoning in this case rests on a premise that in a relatively decentralized market a combination of local supermarket firms holding a small share of the same market, faced with vigorous competition from firms of all sizes, should be presumed illegal under Section 7 largely because of the competitive relation and market position of the merging firms.

This is a strange rule to apply in retail grocery distribution which admittedly is not dominated by any company, and where small firms in many local markets

have demonstrated their viability resulting in relatively low concentration. But wholly aside from this issue, we submit that the Government's theory in this case is not warranted by the facts and not in accordance with the law.

A. One Legislative Purpose of Section 7, as Amended in 1950, Was To Broaden the Area of Inquiry and Focus Attention on the Probable Effects of the Merger on Competition Generally in the Relevant Market.

As originally enacted, Section 7 of the Clayton Act of 1914 provided three tests of violation: (1) substantial lessening of competition between the acquiring and the acquired corporations; (2) restraining commerce in any section or community; and (3) tending to create a monopoly. 38 Stat. 731. The 1950 amendments to Section 7, 64 Stat. 1125, 15 U.S.C. § 18, removed the first test and substantially altered the second, so the statute now provides two standards: (1) substantial lessening of competition in any section of the country; (2) tending to create a monopoly. Section 7 was of course designed to arrest its prohibited effects in their incipiency. *Brown Shoe, supra* (370 U.S. at 317).

By deleting the "acquiring-acquired" test and the term "community" in the original text, Congress plainly broadened the scale for determining where there is reasonable probability that a horizontal acquisition will have the prohibited effects of substantially lessening competition or tending to create a monopoly.

The legislative history of the 1950 amendments amply support this view. "It is expected that, in the administration of the act, full consideration will be given to all matters bearing upon the maintenance of com-

petition, including circumstances giving rise to the acquisition." S. Rep. No. 1775, 81st Cong., 2d Sess. 7 (1950).

Prominent proponents of the legislation urged this result. Senator Kefauver, one of the Act's sponsors, stated that the mere elimination of competition between the merged firms would not make the acquisition illegal. "[T]he merger would have to have the effect of lessening competition generally." 96 Cong. Rec. 16456 (1950). And at public hearings on earlier proposed legislation dealing with the subject, Congressman Clifford Case raised the objection that horizontal asset acquisitions would be illegal, if subject to the "acquiring-acquired" test, even though they invigorated competition. Hearings on HR 515, 80th Cong., 1st Sess. 23 (1947). During consideration of the legislation, repeated serious concern was raised about the danger of prohibiting horizontal mergers which afford greater competition to larger companies, and it was pointed out that the 1914 test based on competition between the acquiring and acquired companies was more restrictive than is now provided in the statute. HR Rep. No. 1191, 81st Cong., 1st Sess. 6-7 (1949). The legislative history of the 1950 amendments is particularly significant in this case, because of the attention given to benefits of competition which result from building up the competitive ability of small or local enterprise. See, e.g., 95 Cong. Rec. 11488 (1949); 96 Cong. Rec. 16435-16436 (1950).

Another change in Section 7, as enacted in 1950, which had the same general effect of broadening the injury standard, was deletion of the term "community". 96 Cong. Rec. 16456 (1950). Proposed

amendments as originally introduced retained the 1914 test in this respect, which would have been violated if competition was substantially lessened "in any community" of the country. Use of the word "community" raised a storm of protest, again for the reason that it could be used to prevent local businesses from improving their competitive position through horizontal mergers. S. Rep. No. 1775, 81st Cong., 2d Sess. 4 (1950). As this Court observed in *Brown Shoe, supra* (370 U.S. at 319), Congress sought to attack mergers having demonstrable anticompetitive effects recognizing that some mergers may stimulate competition. "The deletion of the word 'community' in the original Act's description of the relevant geographic market is another illustration of Congress' desire to indicate that its concern was with the adverse effects of a given merger on competition only in an economically significant 'section' of the country. Taken as a whole, the legislative history illuminates congressional concern with the protection of *competition,* not *competitors,* and its desire to restrain mergers only to the extent that such combinations may tend to lessen competition." *Brown Shoe, supra* (370 U.S. at 320).

It is clearly a factor of special importance in this case that in approving the 1950 amendments to Section 7, Congress was concerned with the excessive sweep of the earlier statute because of the injury test applicable to horizontal mergers. Attention was directed to the fact that this type of acquisition had special importance for local businesses desiring to build up their competitive strength.

The purpose of the 1950 amendments was to assure a broader construction of the more fundamental pro-

visions of the section that were retained. As one commentator stated:

> "The removal of the acquiring-acquired test and these clear statements of Congressional intent regarding the meaning of the phrase 'in any line of commerce in any section of the country' reveal clearly that one of the most important implications of the 1950 amendments of Section 7 is a complete change in the direction in which the commission and the courts must look for the effect of an acquisition. Under the new law, the investigation must center on a market, in the economic sense, rather than on the relationship between the acquiring and the acquired firms."[17]

Congress in amending Section 7 did more than close a loophole in the law. It also created "a new statutory formula for determining the legality of mergers".[18]

B. The Terms of Section 7, as Amended, Do Not Support the Government's Theory That the Instant Merger Is Illegal Because of the Size and Competitive Relationship of the Merging Firms.

One obvious difficulty with the Government's rationale in this case is the broad and general language of the statute. It speaks in terms of the effect of the acquisition "in any line of commerce in any section of the country". It deals with reasonably probable substantial lessening of competition, or tendency to create a monopoly. It does not approve or suggest any particular formula for analyzing the effects of a merger. *Brown Shoe, supra* (370 U.S. at 321).

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[17] Martin, Mergers And The Clayton Act 265 (1959).

[18] Bok, *supra* at 306.

If Congress intended otherwise and desired to impose some strict market shares rule of presumptive illegality, it had opportunity to do so. The fact is, however, that it rejected several proposals which would have taken a similar approach.[19]

Congress declined to make the difficult selection of a precise formula, the application of which would readily compartmentalize every case on the basis of a few simple facts. It left to the courts and the Federal Trade Commission the major responsibility for accommodating the interdependent concerns of preventing mergers which may substantially injure competition, while allowing legitimate and desirable mergers that have no such effect. "[M]any mergers are neutral with respect to competition, and some may promote efficiency or increase competition, or both."[20] And the mere possibility of a prohibited restraint or tendency to monopoly will not establish the statutory requirement. *United States* v. *E. I. DuPont de Nemours & Co.*, 353 U.S. 586, 598 (1957).

One of the dominant themes in this Court's *Brown Shoe* opinion is that the statute calls for an examination beyond market shares to determine its application in complex cases.[21] The proper test of illegality has been held to involve "the necessity for 'consideration not merely of the competition between the two com-

[19] These bills are discussed in Martin, *supra* at 222-226.

[20] Markham, Merger Policy Under The New Section 7: A Six-Year Appraisal, 43 Va L Rev 489, 493 (1957).

[21] See, e.g., Barnes, The Primacy of Competition and the Brown Shoe Decision, 51 Geo. L J 706, 712-13 (1963); Rahl, Current Antitrust Developments In The Merger Field, 8 Antitrust Bull. 493, 508-09 (1963).

panies, but also the competitive situation of the industry.'" *American Crystal Sugar Co.* v. *Cuban-American Sugar Co.*, 259 F. 2d 524, 527 (CA 2d Cir., 1958).

C. The Proper Application of Section 7 in This Case Does Not Rest on a Test Involving Competition between the Merging Firms, or Their Share of the Relevant Market.

In tracing the legislative history of the amendments to Section 7 adopted in 1950, this Court observed in *Brown Shoe* that Congress provided "no definite quantitative or qualitative tests by which enforcement agencies could gauge the effects of a given merger to determine whether it may 'substantially' lessen competition or tend toward monopoly". *Brown Shoe, supra* (370 U.S. at 321).

None of the indicia of an inherently suspect merger dealing with market power and concentration is present in this case, and in any event the record clearly establishes that the merger of Von's and Shopping Bag is not likely to have the anticompetitive effects prohibited by the statute. As has been shown in this argument, the facts with respect to the instant merger are in no sense similar, or even comparable, with those in *Philadelphia National Bank* (pp. 9-10, *supra*).

The merger of Von's and Shopping Bag should not be presumed illegal according to any so-called simplified standard. The burden is on the Government to prove that it will create a reasonable probability of a substantial lessening of competition, or a tendency to create a monopoly. This determination, if made, should rest on the merger's effects on competition generally in the relevant market.

A quantitative measure of competition between Von's and Shoping Bag, and of Von's market share following the acquisition does not provide the answer to the merger's impact on competitive conditions in the market. "For Section 7 cannot be satisfied by a mere showing that the merging companies do a large dollar volume of business." *U. S. Atty. Gen. Nat. Comm. to Study the Antitrust Law, Report 122.* Factors involving the size of the merging firms or the firm created by the merger cannot be judged without considering the setting within which the acquisition took place. The issue is whether the effect of the acquisition may be "substantially" to lessen competition. And Congress did not "adopt a definition of the word 'substantially,' whether in quantitative terms of sales or assets or market shares or in designated qualitative terms, by which a merger's effects on competition were to be measured." *Brown Shoe, supra* (370 U.S. at 321).

The general language of the statutory standard applicable "reflects a conscious avoidance of exclusively mathematical tests". *Brown Shoe, supra* (370 U.S. n. 36 at 321). Manifestly, the Government's attempt to measure the effects of the instant merger in terms of a rigid static mold which gives no consideration to variables in the market setting is untenable.

The merger involved here, like all horizontal acquisitions, necessarily resulted in bringing together the sales volume of the merging firms. An increase in the market share of the resulting firm almost certainly develops as a natural outgrowth. But not all horizontal mergers are outlawed; only those which have a probability of substantially lessening competition

or tending to create a monopoly are prohibited. The law was not intended to prohibit all acquisitions among competitors. HR Rep. No. 1191, 81st Cong., 1st Sess. 11 (1949).

The competitive impact of the instant merger cannot be ascertained simply by measuring the volume of business done by Von's and Shopping Bag before the merger, or computing the increase in market share held by Von's after the merger.

III.

THE GOVERNMENT'S MECHANICAL TEST HOLDING HORIZONTAL GROCERY MERGERS PRESUMPTIVELY UNLAWFUL DEFEATS ANTITRUST POLICY

A matter of considerable concern is what general effect the Government's theory for outlawing the challenged merger will have on economic concentration in the industry. We submit it will frustrate the purpose of Section 7 by fostering creation of oligopolistic conditions which foreclose local operators from markets otherwise open to them. If allowed to prevail, the Government's policy will tend to change retail grocery distribution from one that is relatively unconcentrated, decentralized and intensely competitive, to one in which large concerns can capture an increasing number of high volume supermarkets.

Horizontal mergers are not the only road which can lead to undesirable economic concentration. There are alternative routes, and anti-merger policy should not be designed or applied in a manner that will have the effect of encouraging undue concentration by other means.

As pointed out previously, the design of the Government in this action is to outlaw horizontal mergers in

grocery distribution by means of the most unyielding mechanistic formula. This type of merger is frequently the only kind of acquisition open to a vast majority of retail operators desiring to expand and thereby strengthen their competitive position.

If shares of the relevant market—held by the acquiring and acquired firms, by the new firm, and by remaining competitors—are to raise an automatic presumption of a violation without making an economic appraisal of the merger's likely impact on competition in the market, many retailers will be deprived of an effective means for growth beneficial to competition. Oligopoly, with its attendant adverse effects upon local control which Congress sought to prevent, will be furthered by the Government's standard for judging the merger here involved.

A. The Standard of Presumptive Illegality Based on Changes in Market Structure Provides a Basis for Prohibiting Beneficial Horizontal Mergers Involving Relatively Small Firms.

A merger of two local, largely family-owned concerns, each having approximately 4 per cent of a large metropolitan market which is highly competitive and decentralized, is automatically condemned under the Government's theory in this case. The dangers to which the basis for this judgment leads in invalidating horizontal mergers of smaller supermarket operators are readily apparent.

It is evident that the Government is seeking to provide a general guideline for judging horizontal retail mergers in the industry (J.S. p. 11). The first element of its test of presumptive illegality, namely a market "threatened" with increasing concentration

(Gov. Br. p. 25), can be met by showing a structural change in the relevant market toward fewer and larger outlets. This is characteristic of almost every local market area, since, as the Government points out, the number of grocery stores has declined in recent years, with the growth of the supermarket method of food retailing (Gov. Br. p. 15). Consequently the average sales size, and hence market share, of those stores remaining have increased. Thus, under this standard, the Government could establish at least half its case against a vast range of horizontal mergers where no conceivable injury to competition could result.

Simplified to its essential meaning, the second and final element of the proposed standard requires demonstrating that "the merger thus reduces the number of significant competitors in the market and enhances the market position of those that remain" (Gov. Br. p. 26). Here again a simple structural change is the key. Such a change in market structure is inherent in any horizontal merger, except one of de minimis proportions where the acquired firm may be considered an unimportant competitive factor. What the Government is really seeking is wide discretionary authority for condemning virtually any significant horizontal merger involving grocery stores without bothering to weigh its actual and potential impact on the strength of competition in the market affected.

But aside from this sweeping aspect of the Government's theory, other considerations bring it into conflict with "Congress' desire to promote competition through the protection of viable, small, locally owned businesses." *Brown Shoe, supra* (370 U.S. at 344). Commercial realities warrant the inference that there may

be local markets with greater structural concentration than exists in Los Angeles. And it would not be surprising to find this condition particularly in markets and submarkets of considerably smaller population and area size, where independent and local operators have been able to prosper by aggressive competition.[22]

If the acquisition of a local distributor the size of Shopping Bag, holding only 4.2 per cent of the sales of such a vast, highly decentralized and competitive market as Los Angeles, can produce prohibited structural changes under the Government's test, it could easily apply with the same harsh result against benign and even beneficial mergers by smaller operators in smaller markets and submarkets.

In retail distribution, convenience of location has the effect of localizing competition. And, as this Court observed in *Philadelphia National Bank, supra* (374 U.S. at 357), the appropriate geographic market may be determined, not with relation to "where the parties to the merger do business or even where they compete, but where, within the area of competitive overlap, the effect of the merger on competition will be direct and immediate."

The selection of the relevant geographic market, or submarket, governs the extent to which changes in market share, market rank, market gap and concentration ratios are measured and observed. The size of the market in terms of area, population and sales can have a pronounced effect in determining the thrust of a horizontal merger, most especially in terms of structural changes. In *Tampa Electric Co.* v. *Nashville*

[22] See Kaysen and Turner, *supra* at 40. And consult note 15, *supra*.

Coal Co., 365 U.S. 320 (1961), this Court recognized that as the pie is sliced more thinly, measuring the prospect of injury by means of a purely quantitative test necessarily results in a greater comparative effect.

These considerations prompt the view that if the Government's standard for judging horizontal mergers is upheld, it will have achieved an unsurpassed latitude for condemning acquisitions in grocery distribution, including those which clearly invigorate competition. If the merger of Von's and Shopping Bag, achieving 7 per cent of sales in the relevant market is held illegal, it could well require disapproval of future merger efforts by smaller retailers resulting in similar market shares.

B. The Government's Standard for Proscribing Horizontal Mergers Will Penalize Many Relatively Small Operators.

The rule of presumptive unlawfulness, based entirely on structural changes in the market, will require many relatively small retailers to rely on competitive internal growth as the only safe and dependable means of expansion, in keeping pace with the market they serve. As we have pointed out, expansion through the merger route will become dangerous for a large number of retail operators under the arbitrary strictures sought to be applied here. And since a majority of retailers lack sufficient resources for prolonged litigation, even the prospect of an attack would dissuade them from going ahead. In practical effect, many small and medium size enterprises would suffer the considerable disadvantage of being forced to build rather than buy added facilities.

It is not a sophism to suggest that the backlash effect of the Government's theory in this case would

create inequalities leading to substantial competitive problems for numerous independent retailers. Some of these effects would be indirect, but nevertheless real.

Bok summarized many of the factors involved as follows:

> "The advantages of buying over building are, however, numerous. For one thing, new facilities can be purchased more quickly than they can be built. In the second place, since the securities of the acquired firm are frequently selling below the replacement cost of its assets, it is often cheaper to buy. Third, the purchase of another firm may bring specialized know-how or managerial ability (though in reality this argument is but a variant of its predecessor since talent of this sort could presumably be 'bought' at some price). Fourth, buying an existing firm provides a certain security, in that it may assure the acquiring firm of products that have already proved themselves in the market. Finally, an acquisition can sometimes be financed more easily than new construction, since stockholders of the acquired firm may be more willing to accept shares of the acquiring company than investors would be to take such shares at a public distribution. *Thus, the expenses and risks connected with building are no mere trifles. In some cases, they may loom large enough to cause a firm to abandon expansion plans if merging is blocked;* this is particularly likely where the anticipated benefits from expansion are not great. On the other hand, it is also true that the largest firm in the market will usually be as able as any to surmount these difficulties and to expand by internal growth if expansion promises in fact to be profitable."[23] (Emphasis added)

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[23] Bok, *supra* at 302-303.

Underlying all these disadvantages is the fact that smaller concerns lack the leverage of money, and are less able to secure adequate growth capital in competition with larger rivals. And the Government acknowledges that the capital requirements for opening a new supermarket are a significant competitive factor (Gov. Br. pp. 40-41).

To whatever extent this is manifested in blocking the development of such enterprises, or making the process more costly and slower, the issue becomes not one of being forced to build, but being denied adequate opportunity to expand in competition with more opulent rivals. The question here is not one of private interests, but rather the public interest in preventing malignant competitive effects. From this point of view, the Government's proposed standard is so expansive and so rigid as to create a substantial risk that it will make the statute self-defeating. In sum, the Government's simplified test does violence to the Congressional objective embodied in Section 7.

CONCLUSION

For all of the foregoing reasons, the judgment of the district court should be affirmed.

Respectfully submitted,

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March 15, 1966

In the Supreme Court of the United States

OCTOBER TERM, 1965

No. 303

UNITED STATES OF AMERICA, APPELLANT

v.

VON'S GROCERY COMPANY AND SHOPPING BAG FOOD STORES

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA

REPLY BRIEF FOR THE UNITED STATES

A brief reply is necessary to two new issues which appellees' brief has injected into this case.

I. Appellees rely extensively (*e.g.*, Br. 24–25) on articles in trade papers and other extra-record sources for the proposition that competitive conditions were unchanged after the merger. These sources give an incomplete and one-sided version of events in the relevant market since the merger.

(1) Substantial merger activity has continued unabated. Between 1961 and 1964, 14 independent supermarket operators and small chains located in the Los Angeles metropolitan area, with aggregate sales at the time of merger of almost $84 million, were acquired by the area's major chains (Appendix, *infra*, p. 5).

(2) The market share of the leading chains has continued to increase. Between 1958 and 1963,[1] the share of sales held by the 4 largest firms in Los Angeles County [2] rose from 24.6 to 30.3 percent, the share of the top 8 rose from 39.6 to 43.1 percent, and the share of the 20 largest rose from 54.8 to 60.5 percent.

(3) The number of grocery companies in the Los Angeles metropolitan area has continued to decline. There were 4,000 at the time of the merger in 1960 (Fdg. 73, R. 3084); three years later there were only 3,475 (*1963 Census of Business, Retail Trade* (*BC63-RS4*) (table captioned "Single Units and Multi-units").

In short, the structure of the relevant market has continued to deteriorate since the challenged merger.

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[1] These statistics are from a Special Tabulation prepared by the Census Bureau on the basis of the 1963 Census of Business, and have only recently become available.

[2] Prior to 1963, the Census Bureau combined Orange and Los Angeles Counties to form the Los Angeles standard metropolitan statistical area. Beginning with the 1963 Census of Business, the Bureau provides statistics separately for each county. Since grocery sales in Los Angeles are 9 times as great as in Orange County, figures for Los Angeles County give a good indication of the picture throughout the metropolitan area. In fact, concentration figures for Los Angeles County, if anything, understate concentration on an area basis, since the grocery trade in Orange County is more highly concentrated. There, in 1963, the market share of the 4 leading chains was 43.2 percent. We note that the Special Tabulation shows a slight decline in the share of the 4 and 8 leading chains in Orange County between 1958 and 1963. The share of the 4 largest declined from 47.1 to 43.2 percent, and that of the 8 largest from 63 to 61.8 percent. (The 20 largest, however, increased their share from 77.2 to 79.6 percent.) In view of the smallness of the declines, the very high concentration levels even after the declines, and the fact that Orange County represents only 10 percent of the sales of the metropolitan area, we attach no significance to the declines.

The market may still be competitive. But the trend is clearly toward excessive concentration. Appellees err in suggesting that events since the merger prove there is no such trend.

2. In support of their argument that the Los Angeles retail grocery market is not, as we argue, threatened by concentration, appellees twice state (Br. 7, 12) that at the time of the challenged merger this market was atomistic under the test propounded in Kaysen and Turner, *Antitrust Policy* (1959). They have misread this work.

The language appellees quote defines a "loose oligopoly" as (p. 72) "a small number (less than twenty) of firms supplying 75 percent of the market, with no one supplying more than 10–15 percent and a fringe of smaller firms supplying the rest." In so defining "loose oligopoly", the authors do not suggest that any less concentrated market is atomistic. On the contrary, they adopt as the dividing point between oligopolistic and non-oligopolistic markets "a market share of one third of total market sales for the eight largest sellers" (p. 27). They then break down the oligopolistic sector into "Type I" and "Type II" oligopolies, and they define a Type II oligopoly as one where "[t]he first eight firms make 33 percent or more of the shipments, and the first twenty make less than 75 percent of the shipments" (p. 30). Under this test, the retail sale of grocery products in the Los Angeles metropolitan area was, on the eve of the merger, not an unconcentrated or atomistic market but a Type II oligopoly, since, all agree, the eight largest sellers had substantially more than one third of the market's total sales (see, *e.g.*, R. 3023). As we point out in our brief (p. 33), Professor Bain would also classify the rele-

vant market in this case as oligopolistic. See Bain, *Industrial Organization* (1959), pp. 32–33, 131–132.

Appellees evidently consider Kaysen and Turner's *Antitrust Policy* an authoritative work which represents a consensus of legal and economic thinking (see Br. 12n.). If so, they must agree that, on the eve of the merger of Von's and Shopping Bag, the relevant market was clearly threatened by undue concentration. In such a market setting, we submit, a merger that unites two of the handful of leading sellers is a matter of serious concern.[8]

Respectfully submitted.

THURGOOD MARSHALL,
Solicitor General.

MARCH 1966.

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[8] *Antitrust Policy* also refutes appellees' assertion that "the Los Angeles market is one of the most unconcentrated and fragmented markets in America" (Br. 6). See, *e.g.*, *Antitrust Policy*, pp. 31–32, 35, 39, and 275 *et seq.* (statistical appendix).

Another example of misleading quotation occurs on page 10 of appellees' brief, where they quote from Turner, *Conglomerate Mergers and Section 7 of the Clayton Act*, 78 Harv. L. Rev. 1313, 1317 (1965), as follows: "Widespread prohibition of mergers would impose serious, if not intolerable, burdens upon owners of businesses who wished to liquidate their holdings for irreproachable personal reasons. Moreover, economic welfare is significantly served by maintaining a good market for capital assets. * * *" As the context makes clear (see 78 Harv. L. Rev., pp. 1320-1322), the author was not advocating a relaxation of legal standards for testing horizontal mergers. Rather, "realizing that there are strong reasons for not interpreting the law so broadly as to limit unduly the number of potential purchasers of capital assets, we must recognize that the legal standards for various classes of mergers are interdependent. We cannot decide how far to go in prohibiting one kind of merger without having some idea of how far we have gone or should go with regard to the others." (P. 1320.) The author's conclusion was that the strictest rules should be reserved for horizontal mergers—like that at bar. (P. 1322.)

APPENDIX

Food store acquisitions in the Los Angeles metropolitan area 1961–64 [1]

Year	Acquiring company	Acquired company (or stores)			Type of acquisition	
		Name	Number of stores	Sales (thousands) [2]	Horizontal	Other
1961	Acme Markets	Alpha Beta Food Markets	45	$79,042		X
	Boys Markets	Korys Markets	5	10,000	X	
	Food Giant Markets	McDaniels Markets	9	21,500	X	
	Mayfair Markets	Yorway Markets	1	1,500	X	
		Alpha Beta Food Markets	1	1,700	X	
1962	Mayfair Markets	Schaubs Market	1	1,800	X	
		Fox Markets	1	2,200	X	
	Ralph's Grocery Co	Imperial Supreme Markets	1	916	X	
1963	Food Fair Stores	Fox Markets	22	44,419		X
	Kroger	Market Basket	53	110,860		X
	Mayfair Markets	Bi Rite Markets	1	2,569	X	
		Dales Food Market	1	2,200	X	
		Food Giant Markets	1	1,700	X	
1964	Albertson's, Inc	Greater All American	14	30,308		X
	Mayfair Markets	Gateway Market	4	8,000	X	
		Pattons Markets	4	10,400	X	
	Ralph's Grocery Co	Cracker Barrel Supermarket.	1	1,000	X	
	Food Giant Markets	McDaniels Markets	7	18,350	X	
	Total horizontal mergers.		38	83,835		
	Total market extension mergers.		134	264,629		

[1] Consists of Los Angeles and Orange Counties. (1963 census defined the Los Angeles metropolitan area as Los Angeles County only.)

[2] In most cases, sales are for the 12-month period prior to acquisition.

Source: Federal Trade Commission.

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SUPREME COURT OF THE UNITED STATES

No. 303.—October Term, 1965.

United States, Appellant, *v.* Von's Grocery Company et al.	On Appeal From the United States District Court for the Southern District of California.

[May 31, 1966.]

Mr. Justice Black delivered the opinion of the Court.

On March 25, 1960, the United States brought this action charging that the acquisition by Von's Grocery Company of its direct competitor Shopping Bag Food Stores, both large retail grocery companies in Los Angeles, California, violated § 7 of the Clayton Act which, as amended in 1950 by the Celler-Kefauver Anti-Merger Bill, provides in relevant part as follows:

> "No corporation engaged in commerce . . . shall acquire the whole or any part of the assets of another corporation engaged also in commerce, where in any line of commerce in any section of the country, the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly." [1]

On March 28, 1960, three days later, the District Court refused to grant the Government's motion for a temporary restraining order and immediately Von's took over all of Shopping Bag's capital stock and assets including 36 grocery stores in the Los Angeles area. After hearing evidence on both sides, the District Court made findings of fact and concluded as a matter of law that there was "not a reasonable probability" that the merger would tend "substantially to lessen competition" or "create a monopoly" in violation of § 7. For this reason the District Court entered judgment for the defendants. 233 F. Supp. 976, 985. The Government appealed di-

[1] 38 Stat. 731, as amended by 64 Stat. 1125, 15 U. S. C. § 18 (1963 ed.).

rectly to this Court as authorized by § 2 of the Expediting Act.[2] The sole question here is whether the District Court properly concluded on the facts before it that the Government had failed to prove a violation of § 7.

The record shows the following facts relevant to our decision. The market involved here is the retail grocery market in the Los Angeles area. In 1958 Von's retail sales ranked third in the area and Shopping Bag's ranked sixth. In 1960 their sales together were 7.5% of the total two and one-half billion dollars of retail groceries sold in the Los Angeles market each year. For many years before the merger both companies had enjoyed great success as rapidly growing companies. From 1948 to 1958 the number of Von's stores in the Los Angeles area practically doubled from 14 to 27, while at the same time the number of Shopping Bag's stores jumped from 15 to 34. During that same decade, Von's sales increased fourfold and its share of the market almost doubled while Shopping Bag's sales multiplied seven times and its share of the market tripled. The merger of these two highly successful, expanding and aggressive competitors created the second largest grocery chain in Los Angeles with sales of almost $172,488,000 annually. In addition the findings of the District Court show that the number of owners operating a single store in the Los Angeles retail grocery market decreased from 5,365 in 1950 to 3,818 in 1961. By 1963, three years after the merger, the number of single-store owners had dropped still further to 3,590.[3] During roughly the same period from 1953 to 1962 the number of chains with two or more

[2] 62 Stat. 989; 15 U. S. C. § 29 (1963 ed.).

[3] Despite this steadfast concentration of the Los Angeles grocery business into fewer and fewer hands, the District Court, in Finding of Fact No. 80, concluded as follows:

"There has been no increase in concentration in the retail grocery business in the Los Angeles Metropolitan Area either in the last

grocery stores increased from 96 to 150. While the grocery business was being concentrated into the hands of fewer and fewer owners, the small companies were continually being absorbed by the larger firms through mergers. According to an exhibit prepared by one of the Government's expert witnesses, in the period from 1949 to 1958 nine of the top 20 chains acquired 126 stores from their smaller competitors.[4] Figures of a principal defense witness, set out below, illustrate the many acquisitions and mergers in the Los Angeles grocery industry from 1953 through 1961 including acquisitions made by Food Giant, Alpha Beta, Fox, and Mayfair, all among the 10 leading chains in the area.[5] Moreover, a table prepared by the Federal Trade Commission appearing in the Government's reply brief, but not a part of the record here, shows that acquisitions and mergers in the Los Angeles retail grocery market have continued at a rapid rate since the merger.[6] These facts alone are enough to cause us to conclude contrary to the District Court that the Von's-Shopping Bag merger did violate § 7. Accordingly, we reverse.

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decade or since the merger. On the contrary, economic concentration has decreased . . . ."

This conclusion is completely contradicted by Finding No. 23 which makes plain the steady decline in the number of individual grocery store owners referred to above. It is thus apparent that the District Court, in finding No. 80, used the term "concentration" in some sense other than a total decrease in the number of separate competitors which is the crucial point here.

[4] Appellees, in their brief, claim that 120 and not 126 stores changed hands in these acquisitions:

"It should also be noted here that the exhibit is in error in showing an acquisition by Food Giant *from itself* of six stores doing an annual volume of $31,700,000. Actually this was simply a change of name by Food Giant . . . ."

[5] These figures as they appear in a table in the Brief for the United States show the following acquisitions of retail grocery stores in the Los Angeles area from 1953 to 1961: See Appendix.

[6] See Appendix.

From this country's beginning there has been an abiding and widespread fear of the evils which flow from monopoly—that is the concentration of economic power in the hands of a few. On the basis of this fear, in 1890, when many of the Nation's industries were already concentrated into what Congress deemed too few hands, it passed the Sherman Act in an attempt to prevent further concentration and to preserve competition among a large number of sellers. Several years later in 1897 this Court emphasized this policy of the Sherman Act by calling attention to the tendency of powerful business combinations to restrain competition "by driving out of business the small dealers and worthy men whose lives have been spent therein, and who might be unable to readjust themselves in their altered surroundings." *United States* v. *Trans-Missouri Freight Assn.*, 166 U. S. 290, 323.[7] The Sherman Act failed to protect the smaller businessmen from elimination through the monopolistic pressures of large combinations which used mergers to grow ever more powerful. As a result in 1914 Congress, viewing mergers as a continuous, pervasive threat to small business, passed § 7 of the Clayton Act which prohibited corporations under most circumstances from merging by purchasing the stock of their competitors. Ingenious businessmen, however, soon found a way to avoid § 7 and corporations began to merge simply by purchasing their rivals' assets. This Court in 1926, over the dissents of Justice Brandeis, Chief Justice Taft, Justices Holmes, and Stone approved

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[7] Later in 1945 Judge Learned Hand, reviewing the policy of the antitrust laws and other laws designed to foster small business, said, "Throughout the history of these statutes it has been constantly assumed that one of their purposes was to perpetuate and preserve, for its own sake and in spite of possible cost, an organization of industry in small units which can effectively compete with each other." *United States* v. *Aluminum Co. of America*, 148 F. 2d 416, 429.

this device for avoiding § 7 [8] and mergers continued to concentrate economic power into fewer and fewer hands until 1950 when Congress passed the Celler-Kefauver Anti-Merger Bill now before us.

Like the Sherman Act in 1890 and the Clayton Act in 1914, the basic purpose of the 1950 Celler-Kefauver Bill was to prevent economic concentration in the American economy by keeping a large number of small competitors in business.[9] In stating the purposes of the bill, both of its sponsors, Representative Celler and Senator Kefauver, emphasized their fear, widely shared by other members of Congress, that this concentration was rapidly driving the small businessman out of the market.[10] The period from 1940 to 1947, which was at the center of attention throughout the hearings and debates on the Celler-Kefauver bill, had been characterized by a series of mergers between large corporations

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[8] *Thatcher Manufacturing Company* v. *Federal Trade Commission*, 272 U. S. 554, 560.

[9] See, *e. g.*, *U. S.* v. *Philadelphia Nat. Bank*, 374 U. S. 321, 362–363; *United States* v. *Alcoa*, 377 U. S. 271, 280.

[10] Representative Celler, in introducing the bill on the House floor, remarked:

"Small, independent, decentralized business of the kind that built up our country, of the kind that made our country great, first, is fast disappearing, and second, is being made dependent upon monster concentration." 95 Cong. Rec. 11486.

Senator Kefauver expressed the same fear on the Senate floor.

"I think that we are approaching a point where a fundamental decision must be made in regard to this problem of economic concentration. Shall we permit the economy of the country to gravitate into the hands of a few corporations . . . ? Or on the other hand are we going to preserve small business, local operations and free enterprise?" 96 Cong. Rec. 16450.

References to a number of other similar remarks by other Congressmen are collected in *Brown Shoe Co.* v. *United States*, 370 U. S. 294, 316, n. 28.

and their smaller competitors resulting in the steady erosion of the small independent business in our economy.[11] As we said in *Brown Shoe Co.* v. *United States*, 370 U. S. 294, 315, "The dominant theme pervading congressional consideration of the 1950 amendments was a fear of what was considered to be a rising tide of economic concentration in the American economy." To arrest this "rising tide" toward concentration into too few hands and to halt the gradual demise of the small businessman, Congress decided to clamp down with vigor on mergers. It both revitalized § 7 of the Clayton Act by "plugging its loophole" and broadened its scope so as to prohibit not only mergers between competitors, the effect of which "may be substantially to lessen competition or to tend to create a monopoly" but to prohibit all mergers having that effect. By using these terms in § 7 which look not merely to the actual present effect of a merger but instead to its effect upon future competition, Congress sought to preserve competition among many small businesses by arresting a trend toward concentration in its incipiency before that trend developed to the point that a market was left in the grip of a few big companies. Thus, where concentration is gaining momentum in a market, we must be alert to carry out Congress'

[11] H. R. Rep. No. 1191, 81st Cong., 2d Sess., p. 3, described this characteristic of the merger movement as follows:

". . . the outstanding characteristic of the merger movement has been that of large corporations buying out small companies, rather than smaller companies combining together in order to compete more effectively with their larger rivals. More than 70 percent of the total number of firms acquired during 1940–47 have been absorbed by larger corporations with assets of over $5,000,000. In contrast, fully 93 percent of all the firms bought out held assets of less than $1,000,000. Some 33 of the Nation's 200 largest industrial corporations have bought out an average of 5 companies each, and 13 have purchased more than 10 concerns each."

intent to protect competition against ever increasing concentration through mergers.[12]

The facts of this case present exactly the threatening trend toward concentration which Congress wanted to halt. The number of small grocery companies in the Los Angeles retail grocery market had been declining rapidly before the merger and continued to decline rapidly afterwards. This rapid decline in the number of grocery store owners moved hand in hand with a large number of significant absorptions of the small companies by the larger ones. In the midst of this steadfast trend toward concentration, Von's and Shopping Bag, two of the most successful and largest companies in the area, jointly owning 66 grocery stores merged to become the second largest chain in Los Angeles. This merger cannot be defended on the ground that one of the companies was about to fail or that the two had to merge to save themselves from destruction by some larger and more powerful competitor.[13] What we have on the contrary is simply the case of two already powerful companies merging in a way which makes them even more powerful than they were before. If ever such a merger would not violate § 7, certainly it does when it takes place in a market characterized by a long and continuous trend toward fewer and fewer owner-competitors which is exactly the sort of trend which Congress, with power to do so, declared must be arrested.

Appellee's primary argument is that the merger between Von's and Shopping Bag is not prohibited by § 7 because the Los Angeles grocery market was competitive

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[12] See, *e. g.*, *Brown Shoe Co.* v. *United States*, 370 U. S., at 346; *U. S.* v. *Philadelphia Nat. Bank*, 374 U. S., at 362. See also *United States* v. *du Pont & Co.*, 353 U. S. 586, 597, interpreting § 7 before the Celler-Kefauver Anti-Merger Amendment.

[13] See *Brown Shoe Co.* v. *United States*, 370 U. S. 294, 319.

before the merger, has been since, and may continue to be in the future. Even so, § 7 "requires not merely an appraisal of the immediate impact of the merger upon competition, but a prediction of its impact upon competitive conditions in the future; this is what is meant when it is said that the amended § 7 was intended to arrest anticompetitive tendencies in their 'incipiency.'" *United States* v. *Philadelphia Nat. Bank*, 374 U. S., at p. 362. It is enough for us that Congress feared that a market marked at the same time by both a continuous decline in the number of small businesses and a large number of mergers would, slowly but inevitably gravitate from a market of many small competitors to one dominated by one or a few giants, and competition would thereby be destroyed. Congress passed the Celler-Kefauver Bill to prevent such a destruction of competition. Our cases since the passage of that bill have faithfully endeavored to enforce this congressional command.[14] We adhere to them now.

Here again as in *United States* v. *El Paso Gas Co.*, 376 U. S. 351, 662, since appellees "have been on notice of the anti-trust charge from almost the beginning . . . we not only reverse the judgment below but direct the District Court to order divestiture without delay." See also *United States* v. *du Pont & Co.*, 366 U. S. 316; *United States* v. *Alcoa*, 377 U. S., at 281.

Reversed.

MR. JUSTICE FORTAS took no part in the consideration or decision of this case.

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[14] See, *e. g.*, *United States* v. *du Pont & Co.*, 353 U. S. 586; *Brown Shoe Co.* v. *United States*, 370 U. S. 294; *U. S.* v. *Philadelphia Nat. Bank*, 374 U. S. 321; *United States* v. *El Paso Gas Co.*, 376 U. S. 651; *United States* v. *Alcoa*, 377 U. S. 271; *United States* v. *Continental Can Co.*, 378 U. S. 441; *FTC* v. *Consolidated Foods*, 380 U. S. 592.

APPENDIX.

[Footnote 3.]

Year	Acquiring firm	Acquired firm	Number of stores acquired
1957	Piper Mart	Bi-Right & Big Bear	3
1958	Mayfair	Bob's Supermarket	7
1961	Better Foods	Border's Markets	3
1954	Kory's Markets	Carty Brothers	8
1958	Food Giant	Clark Markets	10
1958	Fox	Desert Fair	4
1959	Lucky	Hiram's	6
1958	Fox	Iowa Pork Shops	11
1961	Food Giant (and others)	McDaniel's Markets	16
1957	Food Giant	Panorama Markets	3
1958	Pix	Patton's Mkts	3
1958	Alpha Beta	Raisin Markets	13
1960	Piggly Wiggly	Rankins Markets	4
1959	Pix	S & K Markets	2
1960	Von's	Shopping Bag	37
1959	Pix	Shop Right Markets	3
1958	Yor-Way	C. S. Smith	5
1957	Food Giant	Toluca Marts	2
1957	Mayfair	U-Tell-Em Markets	10
	Total		150

[Footnote 4.]

Food store acquisitions in the Los Angeles metropolitan area 1961–64[1]

Year	Acquiring company	Acquired company (or stores)			Type of acquisition	
		Name	Number of stores	Sales (thousands)[2]	Horizontal	Other
1961	Acme Markets	Alpha Beta Food Markets	45	$79,042		X
	Boys Markets	Korys Markets	5	10,000	X	
	Food Giant Markets	McDaniels Markets	9	21,500	X[3]	
	Mayfair Markets	Yorway Markets	1	1,500	X	
		Alpha Beta Food Markets	1	1,700	X	
1962	Mayfair Markets	Schaubs Market	1	1,800	X	
		Fox Markets	1	2,200	X	
	Ralph's Grocery Co.	Imperial Supreme Markets	1	916	X	
1963	Food Fair Stores	Fox Markets	22	44,419		X
	Kroger	Market Basket	23	110,860		X
	Mayfair Markets	Bi Rite Markets	1	2,500	X	
		Dales Food Market	1	2,200	X	
		Food Giant Markets	1	1,700	X	
1964	Albertson's, Inc	Greater All American	14	30,308		X
	Mayfair Markets	Gateway Market	4	8,000	X	
		Pattons Markets	4	10,400	X	
	Ralph's Grocery Co.	Cracker Barrel Supermarket	1	1,000	X	
	Food Giant Markets	McDaniels Markets	7	13,350	X	
	Total horisontal mergers.		28	83,535		
	Total market extension mergers.		134	304,626		

[1] Consists of Los Angeles and Orange Counties. (1963 census defined the Los Angeles metropolitan area as Los Angeles County only.)

[2] In most cases, sales are for the 12-month period prior to acquisition.

[3] According to a statement made by Von's counsel at oral argument, this acquisition did not take place in 1961, but instead Food Giant bought seven of McDaniels' stores in 1964. The acquisition in 1964 is listed in this table.

SUPREME COURT OF THE UNITED STATES

No. 303.—October Term, 1965.

United States, Appellant, v. Von's Grocery Company et al.	On Appeal From the United States District Court for the Southern District of California.

[May 31, 1966.]

Mr. Justice White, concurring.

As I read the Court's opinion, which I join, it does not hold that in any industry exhibiting a decided trend towards concentration, any merger between competing firms violates § 7 unless saved by the failing company doctrine; nor does it declare illegal each and every merger in such an industry where the resulting firm has as much as a 7.5% share of the relevant market. But here, before the merger in 1958, the largest firm had 8% of the sales, Von's was third with 4.7% and Shopping Bag was sixth with 4.2%. The four largest firms had 24.4% of the market, the top eight had 40.9% and the top 12 had 48.8% as compared with 25.9%, 33.7% and 38.8% in 1948. All but two of the top 10 firms in 1958 were very probably also among the top 10 in 1948 or had acquired a firm that was among the top 10. Further, all but three of the top 10 had increased their market share between 1948 and 1958 and those who gained gained more than the three lost. Also, although three companies declined in market share their total sales increased in substantial amounts.

Given a trend towards fewer and fewer sellers which promises to continue, it is clear to me that where the eight leading firms have over 40% of the market, any merger between the leaders or between one of them and a lesser company is vulnerable under § 7, absent some

special proof to the contrary. Here Von's acquired Shopping Bag. Both were among the eight largest companies, both had grown substantially since 1948 and they were substantial competitors. After the merger the four largest firms had 28.8%, the eight largest had 44% and the 12 largest had 50%. The merger not only disposed of a substantial competitor but increased the concentration in the leading firms. In my view the Government made out a prima facie case that the effect of this merger may be substantially to lessen competition or to tend to create a monopoly.

SUPREME COURT OF THE UNITED STATES

No. 303.—October Term, 1965.

United States, Appellant, v. Von's Grocery Company et al.	On Appeal From the United States District Court for the Southern District of California.

[May 31, 1966.]

Mr. Justice Stewart, with whom Mr. Justice Harlan joins, dissenting.

We first gave consideration to the 1950 amendment of § 7 of the Clayton Act in *Brown Shoe Co.* v. *United States*, 370 U. S. 294. The thorough opinion The Chief Justice wrote for the Court in that case made two things plain: First, the standards of § 7 require that every corporate acquisition be judged in the light of the contemporary economic context of its industry.[1] Second, the purpose of § 7 is to protect competition, not to protect competitors, and every § 7 case must be decided in the light of that clear statutory purpose.[2] Today the Court turns its back on these two basic principles and on all the decisions that have followed them.

The Court makes no effort to appraise the competitive effects of this acquisition in terms of the contemporary

[1] "[A] merger had to be functionally viewed, in the context of its particular industry." "[B]oth the Federal Trade Commission and the courts have, in the light of Congress' expressed intent, recognized the relevance and importance of economic data that places any given merger under consideration within an industry framework almost inevitably unique in every case." *Brown Shoe Co.* v. *United States*, 370 U. S., at 321–322.

[2] "Taken as a whole, the legislative history illuminates congressional concern with protection of *competition*, not *competitors*, and its desire to restrain mergers only to the extent that such combinations may tend to lessen competition." *Brown Shoe Co.* v. *United States*, *supra*, at 320.

economy of the retail food industry in the Los Angeles area.[3] Instead, through a simple exercise in sums, it finds that the number of individual competitors in the market has decreased over the years, and, apparently on the theory that the degree of competition is invariably proportional to the number of competitors, it holds that this historic reduction in the number of competing units is enough under § 7 to invalidate a merger within the market, with no need to examine the economic concentration of the market, the level of competition in the market, or the potential adverse effect of the merger on that competition. This startling *per se* rule is contrary not only to our previous decisions, but contrary to the language of § 7, contrary to the legislative history of the 1950 amendment, and contrary to economic reality.

Under § 7, as amended, a merger can be invalidated if, and only if, "the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly." No question is raised here as to the tendency of the present merger to create a monopoly. Our sole concern is with the question whether the effect of the merger may be substantially to lessen competition.

The principal danger against which the 1950 amendment was addressed was the erosion of competition through the cumulative centripetal effect of acquisitions

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[3] This is the first case to reach the Court under the 1950 amendment to § 7 that involves a merger between firms engaged solely in retail food distribution. Kaysen & Turner, Antitrust Policy 40 (1959), have discussed this industry in the following terms:

"As a guess, we can say that the most important distributive trades, especially the food trades, are structurally unconcentrated in the metropolitan areas . . . . [T]he significance of structural oligopoly in terms of policy is far different in [these trades] than in manufacturing and mining. . . . [T]he traditional view that the local-market industries are essentially competitive in character is probably correct . . . ."

by large corporations, none of which by itself might be sufficient to constitute a violation of the Sherman Act. Congress' immediate fear was that of large corporations buying out small companies.[4] A major aspect of that fear was the perceived trend toward absentee ownership of local business.[5] Another, more generalized, congressional purpose revealed by the legislative history was to protect small businessmen and to stem the rising tide of concentration in the economy.[6] These goals, Congress thought, could be achieved by "arresting mergers at a time when the trend to a lessening of competition in a line of commerce was still in its incipiency." *Brown Shoe Co.* v. *United States, supra,* at 317.

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[4] See, *e. g.*, H. R. Rep. No. 1191, 81st Cong., 2d Sess., p. 3, quoted in footnote 9 of the Court's opinion. Mention of the retail food industry is notably absent in the legislative history. Although it is clear that, in addition to the already highly oligopolized industries, Congress was also concerned with trends toward concentration in industries that were still highly fragmented, this case involves not even a remote approach to the "monster concentration" of which Representative Celler spoke in introducing the 1950 amendment to the House of Representatives. 95 Cong. Rec. 11486.

[5] See, *e. g.*, H. R. Hearing on H. R. 2734, p. 12 (remarks of Senator Kefauver).

[6] Much of the fuel for the congressional debates on concentration in the American economy was derived from a contemporary study by the Federal Trade Commission on corporate acquisitions between 1940 and 1947. See Report of the Federal Trade Commission on the Merger Movement: A Summary Report (1948). A critical study of the FTC report, published while the 1950 amendment was pending in Congress, concluded that the effect of the recent merger movement on concentration had been slight. Lintner & Butters, Effect of Mergers on Industrial Concentration, 1940–1947, 32 Rev. of Econ. & Statistics 30 (1950). Two economists for the Federal Trade Commission later acquiesced in that conclusion. Blair & Houghton, The Lintner-Butters Analysis of the Effect of Mergers on Industrial Concentration, 1940–1947, 33 Rev. of Econ. & Statistics 63, 67, n. 12 (1951).

The concept of arresting restraints of trade in their "incipiency" was not an innovation of the 1950 amendment. The notion of incipiency was part of the report on the original Clayton Act by the Senate Committee on the Judiciary in 1914, and it was reiterated in the Senate report in 1950.[7] That notion was not left undefined. The legislative history leaves no doubt that the applicable standard for measuring the substantiality of the effect of a merger on competition was that of a "reasonable probability" of lessening competition.[8] The standard was

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[7] See S. Rep. No. 698, 63d Cong., 2d Sess., p. 1:

"Broadly stated, the bill, in its treatment of unlawful restraints and monopolies, seeks to prohibit and make unlawful certain trade practices which, as a rule, singly and in themselves, are not covered by the Act of July 2, 1890 [the Sherman Act] or other existing antitrust acts, and thus, by making these practices illegal, to arrest the creation of trusts, conspiracies, and monopolies in their incipiency and before consummation."

See also S. Rep. No. 1775, 81st Cong., 2d Sess., pp. 4–5: "The intent here, as in other parts of the Clayton Act, is to cope with monopolistic tendencies in their incipiency and well before they have attained such effects as would justify a Sherman Act proceeding;" *id.*, p. 6: "The concept of reasonable probability conveyed by these words ['may be'] is a necessary element in any statute which seeks to arrest restraints of trade in their incipiency and before they develop into full-fledged restraints violative of the Sherman Act."

Thus, the Senate Reports on both the original Clayton Act and the 1950 amendment carefully delineate the "incipiency" with which the provisions are concerned as that of monopolization or classical restraints of trade under the Sherman Act. The notion that "incipiency" might be expanded to refer also to a lessening of competition first appeared in *Brown Shoe Co.* v. *United States*, 370 U. S. 294, 317.

[8] The Senate Report is clear on this point:

"The use of these words ['may be substantially to lessen competition'] means that the bill, if enacted, would not apply to the mere possibility but only to the reasonable probability of the prescribed [*sic*] effect . . . . The words 'may be' have been in section 7 of

thus more stringent than that of a "mere possibility" on the one hand and more lenient than that of a "certainty" on the other.[9] I cannot agree that the retail grocery business in Los Angeles is in an incipient or any other stage of a trend toward a lessening of competition, or that the effective level of concentration in the industry has increased. Moreover, there is no indication that the present merger, or the trend in this industry as a whole, augurs any danger whatsoever for the small businessman. The Court has substituted bare conjecture for the statutory standard of a reasonable probability that competition may be lessened.[10]

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the Clayton Act since 1914. The concept of reasonable probability conveyed by these words is a necessary element in any statute which seeks to arrest restraints of trade in their incipiency and before they develop into full-fledged restraints violative of the Sherman Act." S. Rep. No. 1775, 81st Cong., 2d Sess., p. 6.

See also 96 Cong. Rec. 16453 (remarks of Senator Kefauver). Cf. 51 Cong. Rec. 14463–14464 (amendment of Senator Reed).

[9] Although Congress eschewed exclusively mathematical tests for assessing the impact of a merger, it offered several generalizations indicative of the sort of merger that might be proscribed, *e. g.*: Whether the merger eliminated an enterprise that had been a substantial factor in competition; whether the increased size of the acquiring corporation threatened to give it a decisive advantage over competitors; whether an undue number of competing enterprises had been eliminated. H. R. Rep. No. 1191, 81st Cong., 1st Sess., p. 8. See *Brown Shoe Co.* v. *United States*, 370 U. S. 294, 321, n. 36. Only the first of these generalizations is arguably applicable to the present merger; the market-extension aspects of the merger, as well as the evidence of Shopping Bag's declining profit margin and weak price competition, suggest that any conclusion under this test would be equivocal. See pp. 15–16, 17, n. 30, *infra*. Senator Kefauver stated explicitly on the Senate Floor that the mere elimination of competition between the merged firms would not make the acquisition illegal; rather, "the merger would have to have the effect of lessening competition generally." 96 Cong. Rec. 16456.

[10] Eighteen years ago, a dictum in *Federal Trade Commission* v. *Morton Salt Co.*, 334 U. S. 37, 46, adverted to a "reasonable possi-

The Court rests its conclusion on the "crucial point" that, in the 11-year period between 1950 and 1961, the number of single-store grocery firms in Los Angeles decreased 29% from 5,365 to 3,818.[11] Such a decline should, of course, be no more than a fact calling for further investigation of the competitive trend in the industry. For the Court, however, that decline is made the end, not the beginning, of the analysis. In the counting-of-heads game played today by the Court, the reduction in the number of single-store operators becomes a yardstick for automatic disposition of cases under § 7.

I believe that even the most superficial analysis of the record makes plain the fallacy of the Court's syllogism that competition is necessarily reduced when the bare

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bility" as the appropriate standard for the corresponding language ("may be to substantially lessen competition") under § 3 of the Clayton Act, 15 U. S. C. § 14. The dictum provoked a sharp dissent in that case, *id.*, at 55, 57–58, and the Court subsequently withdrew it, *Standard Oil Co.* v. *United States*, 337 U. S. 293, only to reinstate it again today. This issue, which appeared settled at the time of the 1950 amendment, provoked an acrimonious exchange during the Senate hearings. S. Hearings on H. R. 2734, pp. 160–168.

[11] The decline continued at approximately the same rate to 1963, the last year for which data are available, when there were 3,590 single-story grocery firms in the area. The record contains no breakdown of the figures on single-store concerns. In an extensive study of the retail grocery industry on a national scale, the Federal Trade Commission found that between 1939 and 1954 the total number of grocery stores in the United States declined by 109,000, or 28%. The entire decrease was suffered by stores with annual *gross* sales of less than $50,000. During the same period, the number of stores in all higher sales brackets increased. The Commission noted that the census figures, from which its data were taken, included an undetermined number of grocery firms liquidating after 1948 that merely closed their grocery operations and continued their remaining lines of business, such as nongrocery retailing, food wholesaling, food manufacturing, etc. Staff Report to the Federal Trade Commission, Economic Inquiry Into Food Marketing, Part I, Concentration and Integration in Retailing 48, 54 (1960).

number of competitors has declined.[12] In any meaningful sense, the structure of the Los Angeles grocery market remains unthreatened by concentration. Local competition is vigorous to a fault, not only among chain stores themselves but also between chain stores and single-store operators. The continuing population explosion of the Los Angeles area, which has outrun the expansion plans of even the largest chains, offers a surfeit of business opportunity for stores of all sizes.[13] Affiliated with cooperatives that give the smallest store the buying strength of its largest competitor, new stores have taken full advantage of the remarkable ease of entry into the market. And, most important of all, the record simply cries out that the numerical decline in the number of single-store owners is the result of transcending social and technological changes that positively preclude the inference that competition has suffered because of the attrition of competitors.

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[12] The generalized case against the Court's numerical approach is stated in Bok, Section 7 of the Clayton Act and the Merging of Law and Economics, 74 Harv. L. Rev. 226, 312, n. 261:

"[T]here are serious problems connected with the use of this yardstick. First, not every firm contributes equally to competition. In particular, there may be a fringe of firms too small to be able to affect price and production policies in the market as a whole. Alternatively, certain firms may be marginal in the sense that their costs and financial situations preclude them from having much, if any, impact on market conditions; indeed they may be able to remain in operation only because excessive profits are being earned by the stronger firms. An [exit] of companies of this sort would have much less significance than a counting of corporate heads would imply."

[13] Between 1953 and 1961, the population of the Los Angeles metropolitan area increased from 4,300,000 to 6,800,000 and the average population per grocery store increased from 695 to 1,439. Additional opportunity for new stores in the area results from the geographical division of the city into numerous suburbs, as well as from the lack of specific store loyalty among new residents.

Section 7 was never intended by Congress for use by the Court as a charter to roll back the supermarket revolution. Yet the Court's opinion is hardly more than a requiem for the so-called "Mom and Pop" grocery stores—the bakery and butcher shops, the vegetable and fish markets—that are now economically and technologically obsolete in many parts of the country. No action by this Court can resurrect the old single-line Los Angeles food stores that have been run over by the automobile or obliterated by the freeway. The transformation of American society since the Second World War has not completely shelved these specialty stores, but it has relegated them to a much less central role in our food economy. Today's dominant enterprise in food retailing is the supermarket. Accessible to the housewife's automobile from a wide radius, it houses under a single roof the entire food requirements of the family. Only through the sort of reactionary philosophy that this Court long ago rejected in the Due Process Clause area can the Court read into the legislative history of § 7 its attempt to make the automobile stand still, to mold the food economy of today into the market pattern of another era.[14]

This is not a case in which the record is equivocal with regard to the status of competition in the industry in question. To the contrary, the record offers abundant

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[14] Cf. *Ferguson* v. *Skrupa*, 372 U. S. 726. In criticizing a recent decision of the Federal Trade Commission, one commentator has stated, in terms applicable *mutatis mutandis* to the Court's decision in the present case:

". . . Any child alive in the 1950's could see that a restructuring of food retailing was then going on. The business was adjusting itself, through market mechanisms that included merger, to vast and profound changes in the American way of life. There is not a word in the FTC majority opinion that relates changes in the number of stores and chains to the proliferation of suburbs, the construction of shopping centers, and the final triumph of the supermarket—an innovation in retailing that has since spread across the Western

evidence of the dramatic history of growth and prosperity of the retail food business in Los Angeles.

The District Court's finding of fact that there was no increase in market concentration before or after the merger is amply supported by the evidence if concentration is gauged by any measure other than that of a census of the number of competing units. Between 1948 and 1958, the market share of Safeway, the leading grocery chain in Los Angeles, declined from 14% to 8%. The combined market shares of the top two chains declined from 21% to 14% over the same period; for the period 1952–1958, the combined shares of the three, four,

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world. The most important cause of these changes was the automobile revolution . . . which not even the FTC can stop.

. . . . . .

". . . Plenty of living American men and women remember an era when virtually all groceries were sold through very small stores none of which had 'any significant market share.' Was this era the high point of competition in food retailing? Many little towns had, in fact, only one place where a given kind of food could be bought. In a typical city neighborhood, defined by the range of a housewife's willingness to lug groceries home on foot, there might be three or four relaxed 'competitors.' If she did not like the price or quality offered by them, she could take her black-string market bag, board a trolley car, and try her luck among the relaxed 'competitors' of some other neighborhood." Ways, A New "Worst" in Antitrust, Fortune, April 1966, pp. 111–112.

In the present case, the District Court found that in the era preceding the rise of the supermarkets, "the area from which the typical store drew most of its customers was limited to a block or two in any direction and if a particular grocery store happened to be the only one in its immediate neighborhood, it had a virtual monopoly of local trade." Thus, the Court's aphorism in *United States* v. *Philadelphia National Bank*, 374 U. S. 321, 363—that "[c]ompetition is likely to be greatest when there are many sellers, none of which has any significant market share"—is peculiarly maladroit in the historic context of the retail food industry. See also Hampe and Wittenberg, The Lifeline of America: Development of the Food Industry 313–372 (1964); Lebhar, Chain Stores in America 1859 to 1962, pp. 348–390 (1963).

and five largest firms also declined. It is true that between 1948 and 1958, the combined shares of the top 20 firms in the market increased from 44% to 57%. The crucial fact here, however, is that seven of these top 20 firms in 1958 were not even in existence as chains in 1948. Because of the substantial turnover in the membership of the top 20 firms, the increase in market share of the top 20 as a group is hardly a reliable indicator of any tendency toward market concentration.[15]

In addition, statistics in the record for the period 1953–1962 strongly suggest that the retail grocery industry in Los Angeles is less concentrated today than it was a decade ago. During this period, the number of chain store firms in the area rose from 96 to 150, or 56%. That increase occurred overwhelmingly among chains of the very smallest size, those composed of two or three grocery stores. Between 1953 and 1962, the number of such "chains" increased from 56 to 104, or 86%. Although chains of 10 or more stores increased from 10 to 24 during the period, seven of these 24 chains were not even in existence as chains in Los Angeles in 1953.[16]

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[15] See Joskow, Structural Indicia: Rank-Shift Analysis as a Supplement to Concentration Ratios, 6 Antitrust Bulletin 9 (1961). In addition, the overall market share of the top 20 firms in fact showed a slight decline between 1958 and 1960. The statement in the concurring opinion in the present case, that "All but two of the top 10 firms in 1958 were very probably also among the top 10 in 1948 or had acquired a firm that was among the top 10," is based on conjecture. The record demonstrates only that the top four firms in 1948 were among the top 10 firms in 1958; the record neither identifies the remaining six of the top 10 firms in 1948 nor charts their subsequent history.

[16] For a similar study of the retail food industry at the national level, see Lebhar, "Small chain virility a bar to monopoly," Chain Store Age, Jan. 1962, p. 20. See also Gould, The Relation of Sales Growth to the Size of Multi-Store Food Retailers 6 (1966) (inverse correlation found between sales growth and size of chains with four or more stores).

Yet even these dramatic statistics do not fully reveal the dynamism and vitality of competition in the retail grocery business in Los Angeles during the period. The record shows that at various times during the period 1953–1962, no less than 269 separate chains were doing business in Los Angeles, of which 208 were two- or three-store chains. During that period, therefore, 173 new chains made their appearance in the market area, and 119 chains went out of existence as chain stores.[17] The vast majority of this market turbulence represented turnover in chains of two or three stores; 143 of the 173 new chains born during the period were chains of this size. Testimony in the record shows that, almost without exception, these new chains were the outgrowth of successful one-store operations.[18] There is no indication

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[17] Of these latter 119 chains, 66 went out of business altogether, 28 reduced their operations to a single store, and 25 were eliminated as separate competitors as a result of acquisitions by other chains.

[18] On the basis of these facts, one witness concluded:

"The apparent willingness and ability of grocers to expand and create new chain entities at the staggering rate of more than 17 a year, and the growth potential of new chains, precludes in my opinion the possibility that the retail grocery business in Los Angeles will become either monopolistic or oligopolistic in the foreseeable future. It must be remembered that in 1953, only ten chains with as many as ten stores each were operating in the area. These chains are recognized as being among the best managed, most successful and aggressive supermarket operators in the country. They themselves have engaged in expansion programs of significant proportions since 1953. Yet, 10 years later, instead of having swept aside all competition and being left alone to compete among themselves, these same 10 chains are now faced with the necessity of competing against no less than 14 new chains of 10 or more stores each, a significantly greater number of smaller chains and a host of successful single store operators, of whom many are affiliated with powerful voluntary chains or other cooperative groups . . . . The growth of independents into chains and of small chains into larger ones . . . demonstrates convincingly that small concerns don't have to remain small in Los Angeles."

that comparable turmoil did not equally permeate single-store operations in the area.[19] In fashioning its *per se* rule, based on the net arithmetical decline in the number of single-store operators, the Court completely disregards the obvious procreative vigor of competition in the market as reflected in the turbulent history of entry and exit of competing small chains.

To support its conclusion the Court invokes three sets of data regarding absorption of smaller firms by merger with larger firms. In each of the acquisitions detailed in footnotes 3 and 4 of the Court's opinion, the acquired units were grocery *chains*. Not one of these acquisitions was of a firm operating only a single store.[20] The Court cannot have it both ways. It is only among single-store operators that the decline in the unit number of competitors, so heavily relied upon by the Court, has taken place. Yet the tables reproduced in these footnotes show not a trace of merger activity involving the acquisition of single-store operators. And the number of *chains* in the area has in fact shown a substantial net increase during the period, in spite of the fact that some of the chains have been absorbed by larger firms. How then can the Court rely on these acquisitions as evidence of a tendency toward market concentration in the area?

The Court's use of market acquisition data for the period 1953–1961,[21] prepared by the Government from

[19] Data for 1960, the only year for which such figures are available in the record, reveal a comparable agitation of entry and exit among operators of single stores. Although there was a net loss of 132 single outlet stores in 1960, 128 new single outlet stores opened during the year.

[20] As to footnote 3 of the Court's opinion, this fact is obvious on the face of the table. As to footnote 4, examination of the record discloses that each of the nine acquisitions listed as involving a single store represented purchases of single stores from chains ranging in size from two to 49 stores.

[21] See footnote 3 of the Court's opinion.

the work sheets of a defense witness, is also questionable for another reason. During that period, Food Giant, Alpha Beta, Fox, and Mayfair were ranked 7th, 8th, 9th, and 10th, respectively, on the basis of the percentage of their sales in Los Angeles in 1958, so that the impact of their acquisitions, made in the face of competition by the top six chains, is considerably blunted. The remarkable feature disclosed by these data is that none of the top six firms in the area expanded by acquisition during the period.[22]

The Court's reliance on the fact that nine of the top 20 chains acquired 120 stores in the Los Angeles area between 1949 and 1958 does not withstand analysis in light of the complete record. Forty percent of these acquisitions, representing 48 stores with gross sales of more than $71,000,000, were made by Fox, Yor-Way, and McDaniels, which ranked 9th, 11th, and 20th, respectively, according to 1958 sales in the market. Each of these firms subsequently went into bankruptcy as a result of over-expansion, under-capitalization, or inadequate managerial experience. This substantial post-acquisition demise of relatively large chains hardly comports with the Court's tacit portrayal of the inexorable march of the market toward oligopoly.

Further, the table relied on by the Court to sustain its view that acquisitions have continued in the Los Angeles area at a rapid rate in the three-year period following this merger indiscriminately lumps together hori-

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[22] Footnote 3 of the Court's opinion is somewhat misleading in that it weights the data from which it is drawn in favor of the acquisition by grocery chains of other chains consisting of relatively larger numbers of store units. The complete data of the witness included several acquisitions of one- and two-store concerns, together with the disposition of one ten-store chain to various individuals.

zontal and market extension mergers.[23] Only 29 stores, representing 13 acquisitions, were acquired in horizontal mergers, and the record reveals that nine of these 29 stores were acquired in the course of dispositions in bankruptcy. Such acquisitions of failing companies, of course, are immune from the Clayton Act. *International Shoe Company* v. *Federal Trade Commission*, 280 U. S. 291, 301–303. Thus, at a time when the number of single-store concerns was well over 3,500, horizontal mergers over a three-year period between going concerns achieved at most only the *de minimis* level of 10 acquisitions involving 20 stores. It cannot seriously be maintained that the effect of the negligible market share foreclosed by these horizontal mergers may be substantially to lessen competition within the meaning of § 7. Cf. *Brown Shoe Co.* v. *United States*, 370 U. S. 294, 329.

The great majority of the post-merger acquisitions detailed in footnote 4 of the Court's opinion, *ante*, were of the market-extension type, involving neither the elimination of direct competitors in the Los Angeles market nor increased concentration of the market. There are substantial economic distinctions between such market-extension mergers and classical horizontal mergers.[24] Whatever the wisdom or logic of the Court's assumed arithmetic proportion between the number of single-store concerns and the level of competition within the meaning of § 7 as applied to horizontal mergers, it is simply

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[23] See footnote 4 of the Court's opinion, *ante*. This table, not a part of the record, was submitted by the Government in its reply brief, filed on the eve of oral argument.

[24] See *Foremost Dairies, Inc.*, 60 F. T. C. 944; *Beatrice Foods Co.*, F. T. C. Docket No. 6653 (April 26, 1965); *National Tea Co.*, F. T. C. Docket No. 7453 (March 4, 1966). Cf. *United States* v. *Penn-Olin Chemical Co.*, 378 U. S. 158; *The Procter & Gamble Co.*, F. T. C. Docket No. 6901 (Nov. 26, 1963), rev'd — F. 2d — (C. A. 6th Cir.); Turner, Conglomerate Mergers and Section 7 of the Clayton Act, 78 Harv. L. Rev. 1313.

not possible to make the further assumption that the mere occurrence of market extension mergers is adequate to prove a tendency of the local market toward decreased competition.

Moreover, contrary to the assumption on which the Court proceeds, the record establishes that the present merger itself has substantial, even predominant, market-extension overtones. The District Court found that the Von's stores were located in the southern and western portions of the Los Angeles metropolitan area, and that the Shopping Bag stores were located in the northern and eastern portions. In each of the areas in which Von's and Shopping Bag stores competed directly, there were also at least six other chain stores and several smaller stores competing for the patronage of customers. On the basis of a "housewife's 10-minute driving time" test conducted for the Justice Department by a government witness, it was shown that slightly more than half of the Von's and Shopping Bag stores were not in a position to compete at all with one another in the market.[25] Even among those stores which competed at least partially with one another, the overlap in sales represented only approximately 25% of the combined sales of the two chains in the overall Los Angeles area. The present merger was thus three parts market-extension and only one part horizontal, but the Court nowhere recognizes this market-extension aspect that exists within the local market itself. The actual market share foreclosed by the elimination of Shopping Bag as an independent competitor was thus slightly less than 1% of the total grocery store sales in the area. The share of the market preempted by the present merger was therefore practically

[25] Evidence introduced by the defendants indicated that the overlap between the Von's and Shopping Bag stores was significantly smaller than that proposed by the government witness.

identical with the 0.77% market foreclosure accepted as "quite insubstantial" by the Court in *Tampa Electric Co.* v. *Nashville Coal Co.*, 365 U. S. 320, 331–333.

The irony of this case is that the Court invokes its sweeping new construction of § 7 to the detriment of a merger between two relatively successful, local, largely family-owned concerns, each of which had less than 5% of the local market and neither of which had any prior history of growth by acquisition.[26] In a sense, the defendants are being punished for the sin of aggressive competition.[27] The Court is inaccurate in its sugges-

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[26] At the time of the merger in 1960, Von's operated 28 retail grocery stores in the Los Angeles area. It commenced operation as a partnership of the Von de Ahe family in 1932, during the depression, with a food concession in a small grocery store. Shopping Bag operated 36 stores in Los Angeles at the time of the merger; it commenced operation as a partnership in a small grocery store in 1930. So far as the record reveals, the competitive behavior of these firms was impeccable throughout their expansion, which took place solely by internal growth. In discussing the success of comparable firms *vis-à-vis* the Sherman Act, Judge Learned Hand stated, "[T]he Act does not mean to condemn the resultant of those very forces which it is its prime object to foster: finis opus coronat. The successful competitor, having been urged to compete, must not be turned upon when he wins." *United States* v. *Aluminum Co. of America*, 148 F. 2d 416, 430.

[27] Nor is it altogether easy to escape the feeling that it is not so much this merger, but Los Angeles itself, that is being invalidated here. Cf. Adelman, Antitrust Problems: The Antimerger Act, 1950–1960, 51 Am. Econ. Rev. 236, 243 (May 1961): "In the antitrust dictionary, 'powerful' has no necessary connection with monopoly power or market control or even market share. It means . . . one four-letter word: size." Los Angeles is, to be sure, a big place. Although Shopping Bag's share of the Los Angeles market was only 4.2%, its sales in 1958 totaled $84,000,000. Compare the Court's statement in *Tampa Electric Co.* v. *Nashville Coal Co.*, 365 U. S. 320, 333–334:

"It is urged that the present contract pre-empts competition to the extent of purchases worth perhaps $128,000,000, and that this 'is,

tions, *ante*, p. 7, that the merger makes these firms more "powerful" than they were before, and that Shopping Bag was itself a "powerful" competitor at the time of the merger. There is simply no evidence in the record, and the Court makes no attempt to demonstrate, that the increment in market *share* obtained by the combined stores can be equated with an increase in the market *power* of the combined firm. And, although Shopping Bag was not a "failing company" within the meaning of our decision in *International Shoe Company* v. *Federal Trade Commission*, 280 U. S. 291, 301–303, the record at least casts strong doubt on the contention that it was a powerful competitor.[28] The District Court found that Shopping Bag suffered from a lack of qualified executive personnel [29] and that, although overall sales of the chain had been increasing, its earnings and profits were declining.[30] Further, the merger clearly comported with "the

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of course, not insignificant or insubstantial.' While $128,000,000 is a considerable sum of money, even in these days, the dollar volume, by itself, is not the test . . . ."

[28] This is not a "merger between two small companies to enable the combination to compete more effectively with larger corporations dominating the relevant market," *Brown Shoe Co.* v. *United States*, 370 U. S. 294, 319; cf. H. R. Hearing on H. R. 2734, pp. 40–41; S. Hearings on H. R. 2734, pp. 6, 51; 95 Cong. Rec. 11486, 11488, 11506; 96 Cong. Rec. 16436; H. R. Rep. No. 1191, 81st Cong., 1st Sess., pp. 6–8; S. Rep. No. 1775, 81st Cong., 2d Sess., p. 4. However, the Court today in a gratuitous dictum, *ante*, p. 7, undercuts even that principle by confining it to cases in which competitors are obliged to merge to save themselves from *destruction* by a larger and more powerful competitor.

[29] Mr. Hayden, the president and principal stockholder of Shopping Bag, was advanced in years and was concerned over the absence of a strong management staff that could take over his responsibilities.

[30] Von's was a considerably more successful competitor than Shopping Bag. Shopping Bag's net income as a percentage of total sales declined from 1.6% in 1957 to 0.9% in 1959, and its net profit as a percentage of total assets declined from 6.6% to 3.2%. During

desirability of retaining 'local control' over industry" that the Court noted in *Brown Shoe Co.* v. *United States*, 370 U. S. 294, 315–316.

With regard to the "plight" of the small businessman, the record is unequivocal that his competitive position is strong and secure in the Los Angeles retail grocery industry. The most aggressive competitors against the larger retail chains are frequently the operators of single stores.[31] The vitality of these independents is directly attributable to the recent and spectacular growth in California of three large cooperative buying organizations. Membership in these groups is unrestricted; through them, single-store operators are able to purchase their goods at prices competitive with those offered by suppliers even to the largest chains.[32] The rise of these

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the same period, the net income of Von's increased from 2.1% to 2.3%, and its net profits declined from 12.7% to 10.8%.

[31] One single-store operator, located adjacent to one supermarket and within a mile of two others, testified, "I have often been asked if I could compete successfully against this sort of competition. My answer is and always has been that the question is not whether I can compete against them, but whether they can compete against me."

Another single-store operator testified, "Competition in the grocery business is on a store-by-store basis and any aggressive and able operator like myself can out-compete the store of any of the chains because of personalized service, better labor relations, and being in personal charge of the store and seeing that it is run properly."

A third single-store operator testified, "The chains in this area are good operators, but when they grow too large, they are actually easier to compete with from an independent's viewpoint. If I had a choice, I would rather operate a store near a chain unit than near another independent."

[32] See generally Staff Report to the Federal Trade Commission, Economic Inquiry Into Food Marketing, Part I, Concentration and Integration in Retailing, c. VI, "Retailer-owned Cooperative Food Wholesalers"; c. VII, "Wholesaler-sponsored Voluntary Retail Groups" (1960). The annual sales of Certified Grocers of California, Ltd., a retailer-owned cooperative whose members do business principally in the Los Angeles area, rose fourfold from

cooperative organizations has introduced a significant new source of countervailing power against the market power of the chain stores, without in any way sacrificing the advantages of independent operation. In the face of the substantial assistance available to independents through membership in such cooperatives, the Court's implicit equation between the market power and the market share resulting from the present merger seems completely invalid.

Moreover, it is clear that there are no substantial barriers to market entry. The record contains references to numerous highly successful instances of entry with modest initial investments. Many of the stores opened by new entrants were obtained through the disposition of unwanted outlets by chains; frequently the new competitors were themselves chain-store executives who had resigned to enter the market on their own. Enhancing free access to the market is the absence of any such restrictive factors as patented technology, trade secrets, or substantial product differentiation.

Numerous other factors attest to the pugnacious level of grocery competition in Los Angeles, all of them silently ignored by the Court in its emphasis solely on the declining number of single-store competitors in the market. 3,590 single-store firms is a lot of grocery stores. The large number of separate competitors and the frequent

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$87,000,000 in 1948 to $345,000,000 in 1962, and the volume of its purchases exceeded that of all but the largest national chains doing business in Los Angeles. Most of the leading chains in the area began development in association with Certified Grocers, called the "mother" of the industry. In some cases the cooperatives were able to offer even lower prices to their members than competing chains could obtain. The District Court found that the cooperatives also provided their members with assistance in merchandising, advertising, promotions, inventory control, and even the financing of new entry.

price battles between them belie any suggestion that price competition in the area is even remotely threatened by a descent to the sort of consciously interdependent pricing that is characteristic of a market turning the corner toward oligopoly. The birth of dynamic new competitive forces—discount food houses and food departments in department stores, bantams and superettes, deli-liquor stores and drive-in dairies—promises unremitting competition in the future. In the more than four years following the merger, the District Court found not a shred of evidence that competition had been in any way impaired by the merger. Industry witnesses testified overwhelmingly to the same effect. By any realistic criterion, retail food competition in Los Angeles is today more intense than ever.

The harsh standard now applied by the Court to horizontal mergers may prejudice irrevocably the already difficult choice faced by numerous successful small and medium-sized businessmen in the myriad smaller markets where the effect of today's decision will be felt, whether to expand by buying or by building additional facilities.[33] And by foreclosing future sale as one attractive avenue of eventual market exit, the Court's decision may over the long run deter new market entry and tend to stifle the very competition it seeks to foster.

In a single sentence and an omnibus footnote at the close of its opinion, the Court pronounces its work consistent with the line of our decisions under § 7 since the passage of the 1950 amendment. The sole consistency that I can find is that in litigation under § 7, the Government always wins. The only precedent that is even within sight of today's holding is *United States* v. *Philadelphia National Bank*, 374 U. S. 321. In that case,

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[33] See Bok, Section 7 of the Clayton Act and the Merging of Law and Economics, 74 Harv. L. Rev. 226, 302–303 (1960).

in the interest of practical judicial administration, the Court proposed a simplified test of merger illegality: "[W]e think that a merger which produces a firm controlling an undue percentage share of the relevant market, and results in a significant increase in the concentration of firms in that market, is so inherently likely to lessen competition substantially that it must be enjoined in the absence of evidence clearly showing that the merger is not likely to have such anticompetitive effects." *United States* v. *Philadelphia National Bank*, *supra*, at 363.[34] The merger between Von's and Shopping Bag produced a firm with 1.4% of the grocery stores and 7.5% of grocery sales in Los Angeles, and resulted in an increase of 1.1% in the market share enjoyed by the two largest firms in the market and 3.3% in the market share of the six largest firms. The former two figures are hardly the "undue percentage" of the market, nor are the latter two figures the "significant increase" in concentration, that would make this merger inherently suspect under the standard of *Philadelphia National Bank*. Instead, the circumstances of the present

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[34] In a footnote, the Court emphasized the corollary principle that, "if concentration is already great, the importance of preventing even slight increases in concentration and so preserving the possibility of eventual deconcentration is correspondingly great." *United States* v. *Philadelphia National Bank*, 374 U. S. 321, 365, n. 42. That corollary, of course, has no application here, since the Los Angeles retail grocery market can in no sense be characterized as one in which "concentration is already great." Compare *United States* v. *Aluminum Co. of America*, 377 U. S. 271; *United States* v. *Continental Can Co.*, 378 U. S. 441. The importance of a trend toward concentration in the particular industry in question was recognized in *Brown Shoe Co.* v. *United States*, 370 U. S. 294, 332. See also *Pillsbury Mills, Inc.*, 50 F. T. C. 555, 572–573; *United States* v. *Bethlehem Steel Corporation*, 168 F. Supp. 576, 604–607 (D. C. S. D. N. Y.); U. S. Atty. Gen. Nat. Comm. to Study the Antitrust Laws, Report 124 (1955).

merger fall far outside the simplified test established by that case for precisely the sort of merger here involved.[35]

The tests of illegality under § 7 were "intended to be similar to those which the courts have applied in interpreting the same language as used in other sections of the Clayton Act." H. R. Rep. No. 1191, 81st Cong., 1st Sess., p. 8. In *Philadelphia National Bank*, the Court

[35] As a result of the merger, the market share of the two largest firms increased from 14.4% to 15.5%, and the share of the six largest firms increased from 32.1% to 35.4%. The merger involved in *Philadelphia National Bank* produced a single firm controlling 30% of the market, and resulted in an increase of 33% in the market share of the two largest firms in the market. The Court's opinion is remarkable for its failure to support its conclusion by reference to even a single piece of economic theory. I shall not dwell here on the barometers of competition that have been proposed by various commentators. But it seems important to note that no test of which I am aware would invalidate the present merger. See, *e. g.*, Kaysen & Turner, Antitrust Policy 133–136 (1959) (horizontal merger with direct competitor is prima facie unlawful where acquiring company accounts for 20% or more of the market, or where merging companies together constitute 20% or more of the market; acquisitions producing less than 20% market control unlawful only where special circumstances are present, such as serious barriers to entry or substantial influence on prices by the acquired company); Stigler, Mergers and Preventive Antitrust Policy, 104 U. Pa. L. Rev. 176, 179–182 (1955) (acquisition unlawful if it produces a combined market share of 20% or more; acquisition permitted if the combined share is less than 5–10%); Bok, Section 7 of the Clayton Act and the Merging of Law and Economics, 74 Harv. L. Rev. 226, 308–329 (1960) (no merger by the dominant firm in an industry if its market share is increased by more than 2–3%; no merger by other large firms in the industry where the combined market shares of the two-to-eight largest firms after the merger are increased by more than 7–8% over the shares that existed at any time during the preceding 5–10 years; no merger where acquired firm has 5% market share or more). See also Markham, Merger Policy Under the New Section 7: A Six Year Appraisal, 43 Va. L. Rev. 489, 521–522 (1957). The 40% rule promoted by the concurring opinion in the present case seems no more than an *ad hoc* endeavor to rationalize the holding of the Court.

was at pains to demonstrate that its conclusion was consistent with cases under § 3 of the Clayton Act. See *United States* v. *Philadelphia National Bank*, 374 U. S. 321, 365–366. The Court disdains any such effort today. Untroubled by the language of § 7, its legislative history, and the cases construing either that section or any other provision of the antitrust laws, the Court grounds its conclusion solely on the impressionistic assertion that the Los Angeles retail food industry is becoming "concentrated" because the number of single-store concerns has declined.

The emotional impact of a merger between the third and sixth largest competitors in a given market, however fragmented, is understandable, but that impact cannot substitute for the analysis of the effect of the merger on competition that Congress required by the 1950 amendment. Nothing in the present record indicates that there is more than an ephemeral possibility that the effect of this merger may be substantially to lessen competition. Section 7 clearly takes "reasonable probability" as its standard. That standard has not been met here, and I would therefore affirm the judgment of the District Court.